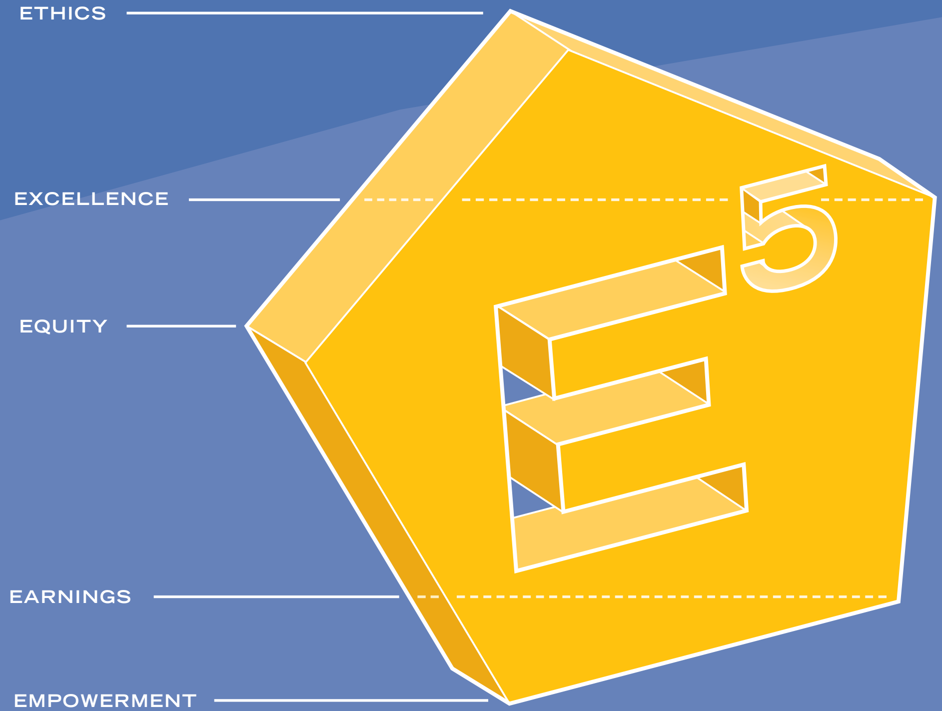
ITC

ILLAWARRA TECHNOLOGY CORPORATION LIMITED

CORPORATE REPORT 2004

INCLUDING THE FINANCIAL STATEMENTS FOR 2004

MANAGING FOR THE FUTURE



THE E5 VALUE STATEMENT is designed to enunciate to both business partners of Illawarra Technology Corporation (ITC) and staff world wide the values the ITC group believes in and demonstrates. All ITC staff are expected to demonstrate these values in their day to day dealings with customers, suppliers and other staff.

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

ETHICS – ITC will conduct its business in accordance with moral and professional principles, ensuring its employees always carry out their roles and responsibilities with honesty and diligence and an understanding of the 'right' approach to best practice within the organisation and with stakeholders.

EQUITY – ITC will conduct its business with fairness, impartiality, equality and within the principles of natural justice towards its employees and stakeholders.

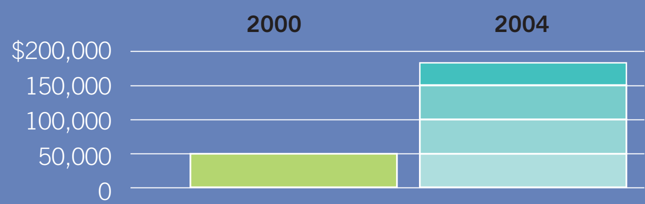
EMPOWERMENT – ITC will conduct its business in a way that allows its employees to feel a sense of authority, accomplishment in and responsibility for their achievements, and makes a point of celebrating the successes of the individual and the organisation as a whole.

EXCELLENCE – ITC will conduct its business with the purpose of leadership in the fields of operations in which it is involved, currently being education and project management. As an organisation our aim is to excel in providing services of superior quality to our stakeholders and pre-eminence when compared to that of our competitors.

EARNINGS – ITC will conduct its business so that its employees are remunerated and rewarded appropriately, in accordance with the scope of their individual roles and in return expect a commitment to achieving financial and non-financial results for the betterment of the Company's position in the marketplace.

James Langridge
CEO and Managing Director
Illawarra Technology Corporation Limited

INVESTMENT IN ITC PROFESSIONAL DEVELOPMENT



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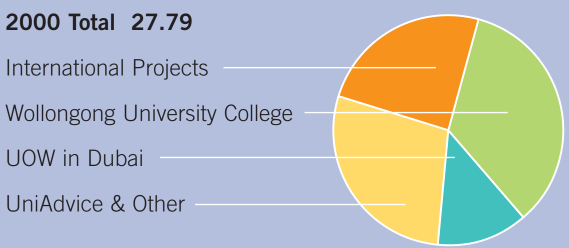
FACTS AT A GLANCE

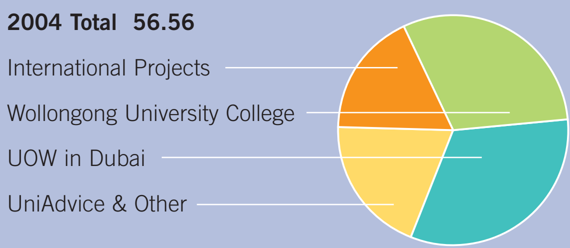
A$mil	Revenue ITC direct (our sales)	Revenue international student fees (UniAdvice)	Revenue aggregate (ITC responsibility within UOW Group)	Profit (before tax)	Contribution to UOW
2004	56.56	53.30	109.86	0.69	2.58
2003	53.11	43.00	96.11	1.30	2.65
2002	50.95	39.10	90.05	1.27	2.11
2001	41.59	33.20	74.79	0.13	0.97
2000	27.79	26.00	53.79	0.44	1.14

REVENUE DIVISIONAL SPLIT A$MIL

2000 Total 27.79



2004 Total 56.56



MANAGING FOR THE FUTURE

Brian Hickman James Langridge

REPORT

2004 was quite a successful year for the Illawarra Technology Corporation (ITC) Group despite a number of adverse market trends influencing the final results. A total revenue for the year of $56,560,514 (2003: $53,113,728) represented a growth of 6.5%.

This growth was particularly pleasing given the significant adverse movements in exchange rates, the dramatic changes in the United Arab Emirates education environment and the slowdown in the New Zealand education industry. The net profit (before tax) for the year at $693,062 (2003: $1,297,429) was ahead of budget, and was after recognising substantial costs relating to the establishment of our second facility at Knowledge Village in Dubai.

The University of Wollongong in Dubai (UOWD), owned and operated by ITC on behalf of the University of Wollongong (UOW), tripled the capacity of its facilities during the year with the completion and opening of a new building at Knowledge Village. The landmark building that UOWD has operated in Jumeirah Beach has now been vacated.

The international focus of the ITC group was consolidated in 2004, with increasing opportunities and activities in almost every country in which the group operates. ITC continues to seek new business and joint venture opportunities to strengthen and underpin future plans.

The solid revenue and profit growth in 2004 does not indicate clearly the difficult and demanding trading conditions experienced during the year; the considerable strengthening of the Australian dollar and the impact on international competitiveness; the downturn in the New Zealand education market; the ever-changing United Arab Emirates education regulations, and the continuing tensions in the Middle East.

Equally, the strong performance enabled the Group to make a direct contribution to the University in excess of $2.57 million in the year under review.

Our very special thanks go to Mr George Maltby, who retired as Chairman of the Board of Directors of ITC after a distinguished period of leadership of the Board over a twelve year period. This represents a significant change in the Board, with both a new Chairman and Deputy Chairman being appointed in late 2004, and some resultant changes in the membership of the various Board sub-committees.

Thank you also to the Board of Directors, the shareholder and the staff of the Corporation for a very successful 2004. We look forward with anticipation to another challenging and rewarding year ahead.

Brian Hickman
Chairman
Illawarra Technology Corporation Limited

James Langridge
CEO and Managing Director
Illawarra Technology Corporation Limited

George Maltby

HIGHLIGHTS FOR 2004

- Accreditation of all undergraduate and postgraduate courses offered at UOW in Dubai to UAE Ministry of Education new standards
- Opening of the new second stage of UOW in Dubai's presence in Knowledge Village to accommodate the continuing growth in Dubai
- Further development of the facilities at WUC Sydney, and closure of the old premises
- Changes to the Board of Directors with the appointment of a new Chairman and Deputy Chairman
- Record revenue at $56.56 million
- Continuing expansion of business opportunities throughout the Middle East
- Accreditation of WUC New Zealand operations to AS/NZS ISO 9001:2000
- Recipient of Employer of Choice for Women (EOWA), the third year in succession

PRIORITIES FOR 2005/6

- Maintaining growth strategies for sustainable development of the ITC Group across all its activities
- Continue to hold and defend UOW in Dubai's position as the pre-eminent western university in the region, in an increasingly competitive marketplace
- Working to achieve accreditation to the ISO standards on customer service across the organisation
- Continue to develop best practice governance practices across the group, with development of governance, risk and compliance policies and processes
- Continue to support and develop staff through sponsored education and development programs, supported formal education and confidential programs of employee assistance
- Continuous development of ITC's systems, including enhanced integration tools and systems functionality
- Ongoing commitment to the "E to the Power of 5" (E5) program of staff development and support

THANKS TO DEPARTING CHAIRMAN, MR GEORGE MALTBY AO

After 12 years of dedicated service to the ITC Board, George Frederick Maltby resigned as Chairman and moved to the position of Director.

Mr Maltby came to the Board after a distinguished career with the Overseas Telecommunications Commission (OTC) and as a member of the Business Council of Australia. As Managing Director of OTC, he headed an efficient and progressive organisation with a staff of approximately 2,000, annual revenue of over $1 billion and an enviable track record of rapid business growth. Among his many achievements, Mr Maltby was directly responsible for the first public online data connection in Australia to any overseas database.

Mr Maltby has given generously of his time to the higher education sector. In 1989, he began what has become an invaluable relationship with ITC when he accepted an invitation to the Board. He was appointed Chairman in 1992 and has given outstanding leadership in the development and management of ITC. At the time Mr Maltby commenced with the Board, ITC had an annual turnover of $14.4 million, and by the end of his Chairmanship, the company was turning over $56.6 million per annum. The character of the organisation has also changed during his chairmanship: from a technology commercialisation company into a world-leading educational services provider. His open mind, extraordinary capacity for business and challenges were recognised in 1996, when UOW admitted Mr Maltby as a Fellow of the University. In 2001 he was awarded the Order of Australia.

It is with humility the Board thanks Mr Maltby for his contribution – a man who continues to inspire all who have the privilege to work with him.

MANAGING FOR THE FUTURE

Lloyds' Assessor Anwar Osman, Stuart McDonell and Cecilia Milani

ITC VISION:

TO DELIVER SERVICES OF SUPERIOR VALUE IN EDUCATION, TRAINING AND CONSULTING, AND PROJECT MANAGEMENT

ITC MISSION STATEMENT

- To undertake activities which enable ITC to support and add value to the strategic goals and objectives of the University of Wollongong
- To continually strive to provide, maintain and improve the highest quality service and product standards through ITC's commitment to quality management undertaken in a commercially responsible manner. In so doing, ITC aims to maximise customer satisfaction and profitable growth for the benefit of the University of Wollongong, our employees, customers and all other stakeholders

OVERVIEW FOR 2004

Governance Practices

2004 has seen ongoing consolidation and improvement in the governance practices for ITC. These include:

- The appointment of a new Company Secretary and Legal Officer
- The issue of a number of additional Board governance policies and consolidation of all Board and committee governance policies into a single 'Corporate Governance Handbook' for Directors
- AS/NZS ISO 9001:2000 re-accreditation by Lloyds Register Quality Assurance
- The appointment of a new Chair of the Board Audit Sub-Committee
- The formation of a Compliance Committee within ITC responsible for developing a framework to assist the ITC group fulfil their legal and regulatory compliance obligations
- Continuation of an active risk management and internal audit program, which saw the conduct of a range of internal reviews, including a Senior Executive Strategic Risk Assessment and a review of non-financial reporting for the organisation
- Continuation of the activities of ITC's internal staff-based committees (OH&S, DEC and QA) aimed at continuous improvement of ITC's policies, practices and procedures

ITC BOARD

LEFT TO RIGHT: CHAIRMAN DR BRIAN HICKMAN, DEPUTY CHAIR MR PETER ROBSON, CEO & MANAGING DIRECTOR MR JAMES LANGRIDGE, MR GEORGE MALTBY, PROFESSOR GERARD SUTTON, MR JOE SCIMONE, MS ROSEMARY SINCLAIR, MR GREG WEST, CHIEF FINANCIAL OFFICER, MR STUART MCDONELL, COMPANY SECRETARY, MS TEMPE LEES.

ITC QUALITY POLICY STATEMENT

It is our objective to diligently pursue the requirements of the Mission Statement and in so doing:

- Understand client needs and expectations resulting in strengthened customer confidence and relationships
- Support the discipline of continuous improvement in all aspects of ITC's activities
- Create an environment among all staff that fosters a shared vision, cooperation and teamwork

To meet these commitments it is planned to establish each division of ITC as the leading business of its type in the relevant market, and for all the divisions within the ITC Group to meet world best practice. To do that, ITC has developed documented management systems in the form of policies, procedures and instructions that comply with third party certification to AS/NZS ISO 9001:2000.

The quality of the ITC Group's services and products are the responsibility of every person in the organisation. This is sustained by ITC's commitment to a continuing development program for all staff, which attracts and retains quality staff.

Employees are supported and encouraged to participate in quality improvement programs and to identify and initiate actions designed to improve the service or product provided to our customers.

Full responsibility and authority for achieving, implementing and maintaining the quality management system is vested by me in the Chief Financial Officer of ITC Group.

James Langridge
CEO and Managing Director
Illawarra Technology Corporation Limited

MANAGING FOR THE FUTURE

Corporate Policy Development & Review Officer Cecilia Milani holds the Employer of Choice for Women award. ITC has celebrated this accolade for three successive years.

OVERVIEW

The future success of ITC will rest heavily on having a skilled workforce ready and able to meet the changing needs of our work and the workplace. Human Resources, as a business partner, regularly reviews employment-related policies, procedures, professional and personal support mechanisms to ensure they are meeting the needs of the Corporation and its people. This reflects the commitment the Corporation has made to the fair and equitable treatment of its people, in a supportive and rewarding environment, striving to also identify and enable personal and professional growth opportunities.

HIGHLIGHTS FOR 2004

- The Corporation's pursuit of excellence was enhanced in 2004 with an ongoing program of facility based accreditation being completed
- Organisational governance was in focus with organisational policies and procedures being reviewed in such areas as Job Evaluation and Performance Management at the senior levels of management
- A review of the capability of the Human Resources Department to meet the increasing demand for workforce management assistance was undertaken and a commitment to enhance the staff of Human Resources in 2005 was given as a result

QUALITY

- Maintained Accreditation to AS/NZS ISO 9001:2000 for all domestic operations
- Achieved Accreditation to AS/NZS ISO 9001:2000 of Wollongong College - Auckland
- Business improvements undertaken in relation to policies, procedures and processes as a result of audits, feedback from staff and business unit representatives

OH&S

- Nil lost time injuries reported
- Second year WorkCover audit undertaken in May confirmed eligibility for WorkCover premium discount at the maximum allowable discount
- Free on-site skin cancer screening initiative for all employees
- A health assessment program trialled with select group of employees was deemed successful
- Free employee health seminar

DIVERSITY AND EQUITY

- 'Employer of Choice for Women' status maintained for 3 consecutive years
- Joint ITC/Equal Opportunity for Women in the Workplace Agency 'Equity Audit Project' completed
- Launched 'An Excellent Place to Work' professional development program across all domestic operations

PRIORITIES FOR 2005/6

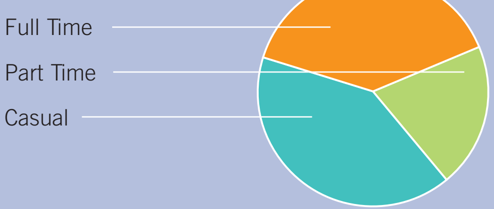
- The second annual E5 Professional Development Workshop will be held in July 2005. The topics of this workshop are Leadership Development and Strategic Planning. These will form the basis for the Corporation's Learning and Development Program for 2005/2006. These workshops are an investment in our senior staff allowing them to contribute to and assist in the planning of the future prosperity of the Corporation
- During 2005 ITC will develop its first Workforce Management Strategy. This multi-dimensional strategy will provide the framework for the future management, support and development of our staff. Further, the strategy will pave the way for an improvement in workforce-related systems including the ability to report on various aspects of our people in a more informative way
- In 2005 there will be a comprehensive corporate review. It will examine the adequacy of our current management structure and related frameworks to ensure ITC is efficient and effective in the way we govern the activity of the Corporation. A major aim of this review is to ensure communication channels for staff are well designed and operating successfully

CASE STUDY

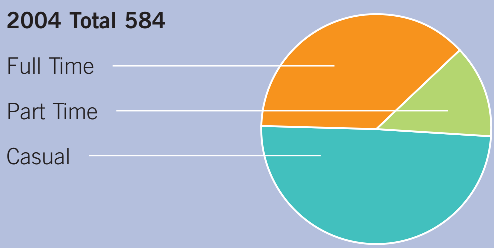
In 2004 the inaugural 'E5 Professional Development Workshop' was held. The focus of this two day development session for senior staff was the management of staff performance, career development and rewarding and recognising staff. The workshop received excellent feedback, with participants communicating they had personally benefited and become more skilled in respect of their responsibilities. They also relished the chance to contribute to the way in which ITC manages its people. The workshop allowed input to workforce learning and development needs. As a result a learning and development program for staff for 2004/2005 has been developed. This program includes training for officers involved in staff recruitment and a program for all staff aimed at increasing knowledge of bullying and harassment in the interest of preventing this kind of inappropriate behaviour.

STAFFING LEVELS

2000 Total 312



2004 Total 584



UNIVERSITY OF WOLLONGONG IN DUBAI

INTRODUCTION AND OVERVIEW FOR 2004

The University of Wollongong in Dubai (UOWD) has been owned and operated by ITC since 1993. Until recently, it was the only western university operating offshore in the Emirates. However, 2004 has seen some major changes in the UAE education marketplace with the establishment of several western university campuses in Dubai's 'Knowledge Village' educational free zone. With this increase in competition, UOWD sought to become more efficient and effective through several important initiatives aimed at improving administrative processes and enhancing program quality assurance systems.

There were two major achievements in 2004. Firstly, the University consolidated its presence in Dubai by establishing and occupying a second major facility at Knowledge Village late in the year. This includes an expanded library, and excellent classroom and office accommodation. UOWD is widely recognised as the best university campus at Knowledge Village. Secondly, the University received accreditation for all of its academic programs from the UAE Ministry of Education. This will enable UOWD to attract students from the many Arab countries which require their nationals to study at universities with such accreditation.

HIGHLIGHTS FOR 2004

- Accreditation by the UAE Ministry of Education for all UOWD academic programs
- Consolidation of the University's presence in the UAE with the opening of a second facility in Knowledge Village
- Significant growth in student numbers and revenue
- Another very successful and productive year in research with more staff publishing in refereed international journals and participating in international conferences
- Hosting of the 'Business Environment of Dubai and the Emirates – Present and the Future' conference in November
- More staff development workshops than ever before including eighteen teaching staff participating in the 'Introduction to Tertiary Teaching' program
- Growth in academic and general staff levels
- Establishment of 'UniContact' – a 'one stop shop' for prospective students
- Continuing development of the interface between business communities and UOWD as evidenced by the revitalisation of the Alumni Network and academic faculty presence on various committees including the Dubai Quality Group, Australian Business in the Gulf and Dubai Quality Awards

Kasia Newton

PRIORITIES FOR 2005/6

The University of Wollongong in Dubai begins 2005 with confidence that it will meet the challenges of the Dubai marketplace and continue to attract a growing number of students from the region. There are four critically important targets for the year ahead:

- UOWD will consider a number of business development opportunities that promise to diversify its operations and increase revenue.
- As the University expands its recruitment of international students it must ensure a high quality of student accommodation is provided.
- The University will undertake feasibility studies for several new programs to ensure the market uptake of any new offerings.
- All of UOWD's academic programs are now accredited by the UAE Ministry of Education. It is important that this status is maintained in 2005 and beyond through careful monitoring and quality control.

CASE STUDY

STUDYING AT THE UNIVERSITY OF WOLLONGONG IN DUBAI

Polish-Australian Kasia Newton joined the UOWD MBA program in September 2002 and successfully completed the requirements for the degree in December 2004. Her excellent academic performance was rewarded with a 100% scholarship to continue with a second postgraduate program, the Master of Quality Management. Kasia says:

"The University of Wollongong in Dubai gave me what I was looking for: a blend of top quality facilities with students from a variety of backgrounds who possess a wealth of experience and ambition. This combination blends coursework with practical international study and work experience. It produces an experience which broadens horizons and equips the individual to embrace challenges as well as build valuable networks of associates and friends. But apart from delivering a top education, UOWD has given me more: caring and helpful administration staff, a warm atmosphere, guidance to ensure the most appropriate choice of program and subjects, and overall quality and professional service."

Kasia Newton

Master of Business Administration –
University of Wollongong in Dubai

MANAGING FOR THE FUT

WOLLONGONG UNIVERSITY COLLEGE NETWORK

INTRODUCTION AND OVERVIEW FOR 2004

Wollongong University College (WUC) has acted as a pathway for international and domestic students into UOW since 1988, through its English language and academic preparation courses. It has also delivered similar programs at the Sydney campus since 1997, and Auckland since 2003, mainly for international students; most of these students progress to other universities in their respective locations.

Enrolments were static at Wollongong in line with the difficult market conditions experienced by the sector and declined slightly at Sydney in the face of stronger competition and the negative impact of some changes to the student visa regulations. However, the Auckland College showed sustained growth in the diploma programs, albeit from a start-up situation.

HIGHLIGHTS FOR 2004

- Development of monitoring and reporting systems to better inform the enterprise, including UOW Student Management Package and CRM
- The Marketing Unit expanded to increase reach in traditional markets, and to also extend and maintain presence in new ones, with a focus on Southern Asia
- Close collaboration with the restructured ITC International in exploring new project activities offshore
- Development of coherent academic policies and student assessment practices, including incorporation of UOW procedures where appropriate, in preparation for the Australian University Quality Agency (AUQA) audit
- Tracking study carried out of WUC graduates showing strong performance at UOW
- Accreditation of academic programs through UOW Academic Senate, and issue of UOW testamurs to WUC graduates

PRIORITIES FOR 2005/6

- Grow enrolments in conventional programs, English and academic through diversification of markets, especially in Southern Asia - a market which is generally expected to be static onshore
- Build institutional relationships, especially in Korea, Japan and China
- Develop niche markets in conjunction with ITC International, such as hosting institutional study and internship tours, and becoming a recognised provider of specialised professional English courses and customised academic programs offshore
- Expand eLearning capability and applications in online English and support platform (WebCT or alternative) for academic programs
- Improve student support services, advising and careers counselling, and value-added experiences; continue to develop improved information systems, including student application processing across the network
- Begin to deliver undergraduate programs away from the main Wollongong campus

Avinash Mohinani

CASE STUDY

WOLLONGONG UNIVERSITY COLLEGE – A SUCCESS STORY

Former student Avinash Mohinani recently returned to WUC to help his sister settle in to the College's Senior Secondary Program and Wollongong life. Avinash commenced in the same program in 1998 before progressing to a Bachelor of Arts (Information Systems and Marketing) and graduating from UOW in December 2003. Avinash immediately put his specialisation to use for a marketing company in Taiwan and is now based in Hong Kong. He says:

"I arrived to study the Senior Secondary course at Wollongong University College at 17 years of age and was impressed by the mature learning environment. Not only are the teachers extremely professional but I was also able to experience some independence and I felt this prepared me better for university study as well as for my personal development. The WUC pathway was a faster way into university so this was the best choice for me.

My sister is now looking forward to following a similarly successful path."

Avinash Mohinani

Senior Secondary and Foundation Studies – Wollongong University College

Bachelor of Arts (Information Systems and Marketing) – University of Wollongong

MANAGING FOR

Finance Advisor Claire Taylor assists the Truth and Reconciliation Commission Finance Advisor Ligia da Costa at ITC's East Timor Capacity Building Facility in Dili.

ITC INTERNATIONAL

INTRODUCTION AND OVERVIEW FOR 2004

2004 was a year of consolidating existing work and establishing new directions for ITC International, the international development projects, project management and consulting division of ITC. The Division completed its internal restructuring and finished the year with a strong list of opportunities to take forward in 2005.

The AusAID market has remained extremely competitive, with more firms competing for fewer projects. While AusAID will remain an important client for ITC International, the Division has broadened its focus to include development assistance projects funded by other donors, and has sought new commercial opportunities.

One key area in relation to development assistance has been the establishment of new strategic partnerships that will assist ITC International in being included in consortia bidding for projects funded by the United States Agency for International Development (USAID). ITC International has also continued the successful delivery of its AusAID projects, with the major projects being in East Timor, the Solomon Islands and the Lao Peoples' Democratic Republic.

HIGHLIGHTS FOR 2004

- ITC established an office in Jakarta to provide a regional base for key business development work being undertaken in the Southeast Asian region
- The Technical Assistance Governance Facility for the Solomon Islands was extended by one year, continuing ITC's involvement in the major Australian effort to stabilise the Solomon Islands
- ITC was requested to submit proposals for extensions to two other ongoing projects, namely the Curriculum Reform Impact Study in Papua New Guinea and the Lao-Australia Basic Education Project
- ITC entered the third year of operations on the Australia-East Timor Capacity Building Facility, which remains one of AusAID's most significant projects in East Timor
- ITC identified several commercial opportunities focused largely around managing educational facilities in Southeast Asia and the Middle East

PRIORITIES FOR 2005/6

ITC International's priorities for the next two years include:

- Continuing to develop the Division's portfolio of projects with AusAID, focusing in particular on opportunities in the Pacific region
- Developing new strategic relationships with other donors (including USAID), and identifying new partners to assist in breaking into new markets
- Developing commercial opportunities with a particular focus on education, training and managing education facilities
- Strengthening collaboration with UOW and the WUC Network to provide integrated education solutions for both donor-funded and commercial projects

Megan Gilmour, Debbie Hughes and Gary Eliem

CASE STUDY

PROMOTING FINANCIAL SECTOR INTEGRITY IN MONGOLIA

ITC and UOW's Centre for Transnational Crime Prevention (CTCP) were one of five international teams to be invited to submit a proposal to the Asian Development Bank for the project, 'Establishing an Effective Anti-Money Laundering Regime in Mongolia'. This is a four month Technical Assistance Project valued at US $500,000 which was awarded to ITC in March 2005. The partnership was formed to bring together ITC's project and contract management expertise with the technical expertise of CTCP. It is a good example of the way UOW and ITC can work together to provide attractive solutions to international clients. Based on this initial success, ITC and CTCP plan to explore future opportunities for collaboration in the Philippines and China.

MANAGING FOR THE FUTURE AND

UNIADVICE

INTRODUCTION AND OVERVIEW FOR 2004

Success in a competitive environment requires strategic decisions underpinned by solid market intelligence and well-executed marketing, recruitment, community relations and partnership building. UniAdvice's tailored marketing and promotional activities, research, and commitment to customer service helps position ITC and UOW in the global education market.

International Student Recruitment and Service Centre

INTRODUCTION AND OVERVIEW

International Student Recruitment undertook a number of initiatives in 2004. There was a focused effort on offshore event participation, especially in Malaysia, Singapore and India.

The Service Centre implemented the first phase of the Customer Relationship Management System, with all prospective student interactions tracked and allocated to individual case officers from the point of application submission. The Service Centre has been restructured into two admissions teams (each with territory responsibilities as well as faculty responsibilities) and a customer management team, focused on email and telephone response.

A complete renovation to the area occupied by the Service Centre, as well as International Student Recruitment and National Marketing & Student Recruitment, with improved facilities for visitors and front-counter enquiries, has improved the work environment.

HIGHLIGHTS FOR 2004

- Increased total international student income from $43 million in 2003 to more than $53 million in 2004
- Achieved turnaround in incoming study abroad students for 2005, and increases in paid students for 2005 courses from United States, China, Canada, Indonesia and Taiwan

PRIORITIES FOR 2005/6

- Minimise the forecast downturn in international student commencements in 2005, specifically declines from key markets affected by the Australian dollar's sustained high value
- Manage the diversification strategy at the faculty/department level with improved internal communications
- Coordinate faculty-based recruitment with the Informatics, Arts and Commerce international offices and Dubai campus, and the foreshadowed Arts/Creative Arts office
- Revise the scholarship program to better reflect strategic onshore recruitment imperatives
- Increase outgoing study abroad student numbers by 10% by Autumn Session 2006
- Coordination of UOW Study Abroad Fair as part of the national 'Exchange Fair Circuit' in April 2005. All exchange partner institutions will be invited to attend

National Marketing and Student Recruitment

INTRODUCTION AND OVERVIEW

The National Marketing and Student Recruitment team maintains responsibility for the recruitment of domestic undergraduate and postgraduate students to UOW. It aims to meet quotas for students at the University's Wollongong campus and at UOW's satellite campuses on the South Coast and Southern Highlands of NSW, as well as its campus at Loftus in Sydney's Sutherland Shire.

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

2004 proved to be a highly successful year for the National Recruitment Team. The University experienced increases in school leaver first preferences in the majority of its core drawing areas and also experienced an increase in the quality of students indicating the desire to study at UOW. Postgraduate coursework and research offers also increased. The increased number of students applying to study undergraduate programs at UOW and the subsequent tightening of quotas in line with Government reforms to the higher education sector, proved to be the biggest challenge in 2004.

HIGHLIGHTS FOR 2004

- School leaver first preferences for UOW indicate that 2004 recruitment activities undertaken by UniAdvice were highly successful. A record number of school leavers indicated they wished to study at UOW in 2005, with an increase also in the quality of students. UOW's market share of school leaver first preferences in NSW and ACT reached 7.98%, up from 7.4% for 2004. The University's total number of applications in 2004, for study in 2005 reached 23,300, up from 21,573 in 2003
- At a regional level UOW saw an increase in school leaver first preferences in almost all core-drawing areas. Offers for postgraduate study in Autumn Session 2005 have increased 9% on offer numbers for Autumn Session in 2004, with an increase of 5% for coursework programs and 34% for research programs

PRIORITIES FOR 2005/6

- To maintain school leaver first preferences in the University's core drawing areas, and increase preferences in secondary drawing areas such as country NSW. Increasing the quality of all school leavers applying to UOW remains a core priority for 2005
- To refocus undergraduate communications strategies by implementing regular targeted direct mail and email campaigns to students and parents, and by continuing to focus on relationship marketing techniques using current students to convey positive messages about UOW
- To increase interest in low demand programs in faculties such as Engineering and Informatics. The team intends to work collaboratively with the individual faculties and departments to implement an integrated approach to marketing
- To increase the number of postgraduate coursework students applying to study at UOW. Communications will be aimed at increasing postgraduate applications and enrolments will also be delivered via targeted and direct methods

MANAGING FOR THE FUTURE AND

The Office of Community and Partnerships builds relationships with the business and community sectors to provide scholarships to students, including the Work Integrated Learning program.

Office of Community and Partnerships

INTRODUCTION AND OVERVIEW

UOW has a long history of strong community ties, has developed strong connections locally, as well as national and international partnerships. In April, the University brought all its community-related activities under one umbrella in the Office of Community and Partnerships (OCP). The Office is a division of UniAdvice and is responsible for developing, initiating and supporting programs that connect the University with its communities. OCP is responsible for expanding existing programs in areas such as Scholarships and Alumni Relations, as well as developing new programs in the areas of Community Engagement and Corporate Communications.

HIGHLIGHTS FOR 2004

- The establishment of OCP and the new position of Community Relations Coordinator was part of a move towards a more coordinated and strategic approach to the University's community engagement activities. A Community Engagement Strategic Plan has been developed as one of the University's four core function plans to replace a looser structure in which community activities operated under more general institutional goals. A Community Engagement Committee (CEC) was formed in December 2004 and is the formal outcome of a number of community consultative forums. The CEC will advise on the development and review of the Community Engagement Strategic Plan and priorities for 2005 and beyond. Late 2004 also saw the development of a Community Engagement Grants Scheme which has received in-principle approval and is set for implementation.
- The UOW Alumni Network continued its involvement in graduation giving the Alumni Benefits Card and a UOW lapel badge to all graduates. International alumni activities were strong in Thailand, Singapore, Malaysia, Vietnam and Dubai. The Alumni Development Group was active in 2004, distributing funding to Chapters and developing Chapter guidelines.
- 310 undergraduate scholarships worth in excess of $800,000 were awarded throughout the year and $65,600 worth of new scholarships were sourced. These were awarded in the latter half of 2004, or have been held and will be awarded in first session 2005. The scholarships office was approached by two individuals who expressed interest in leaving bequests to UOW. Both of these significant bequests have been secured.
- OCP provided a variety of marketing and communications support for ITC and UOW initiatives, including the development of a UniAdvice website and assistance with the developing brand identity guidelines for the Wollongong Innovation Campus.

Kirstin Ferguson

PRIORITIES FOR 2005/6

- Continued expansion and enhancement of the UOW Alumni Program to ensure the development of, and continued relationship between, the University and its Alumni
- Support the management of strategic community engagement activities including the development of the UOW Community Day and the awarding of the Community Engagement Grants Scheme
- Development of the UOW brand including the support of the marketing and communication activities for the Wollongong Innovation Campus
- Continued expansion of the UOW Scholarship Program to include the acquisition of new scholarships and enhancement of relationships with scholarship partners

CASE STUDY

UOW student Kirstin Ferguson graduated in 2004 with Distinction from the Faculty of Arts and majoring in History and Politics. She will complete her Law degree in 2005:

"During my time at UOW I have been involved in some voluntary work at Amnesty International as part of my law degree. As a Refugee Caseworker I assisted asylum-seekers who had fled their home countries for reasons such as their political beliefs, threat of arbitrary detention and torture. I have also been fortunate enough to be involved in two study abroad programs at UOW which have allowed me to combine my love for travel with study, without extending the duration of my degree. My first placement was at the University of Sheffield and most recently, I spent my summer holidays in Washington DC on an internship with US Congressman Alcee Hastings. During my placement I was involved in a number of tasks such as writing speeches, a resolution, a newsletter article, giving tours of the Capitol building and attending House and Senate Committee meetings. By living overseas I have made lifelong friends throughout the world and have gained a deeper insight into foreign cultures."

Kirstin Ferguson

Bachelor of Arts/Bachelor of Laws

University of Sheffield – Study Abroad Placement 2001

Uni-Capitol Internship Program,
Washington DC, Summer 2004

Professional Placement Faculty of Law – Winter 2004

MANAGING FOR THE FUTURE AND

The media team in the Public Affairs Division: Media Cadet Renee Pearce, Media Manager Bernie Goldie and Media Consultant Nick Hartgerink.

PUBLIC AFFAIRS UNIT

INTRODUCTION AND OVERVIEW

2004 saw a number of significant issues for UOW in the Public Affairs area. Strategic projects such as the Medical School and Innovation Campus enhanced media activities, both domestically and abroad. Accordingly, ITC created a separate Public Affairs Unit. The Public Affairs Unit provides a range of services to UOW including media, corporate profiling, government relations, protocol and issues management.

The media unit within the Unit liaises with the regional and national news media and, where appropriate, international media to ensure widespread coverage of the University's research and education achievements. The unit organises media conferences and opportunities for media interviews for the University's senior management, researchers, academic staff and students. It is also involved in the management of major issues which may impact on the University's reputation.

The Unit maintains an electronic "media room" on the UOW website that features regularly updated stories, photographs and media releases. It is also responsible for compiling and editing the quarterly UOW magazine, 'Campus News' and other special publications when necessary.

Government relations is another key function. This involves developing and maintaining key contacts in government at both national and state levels.

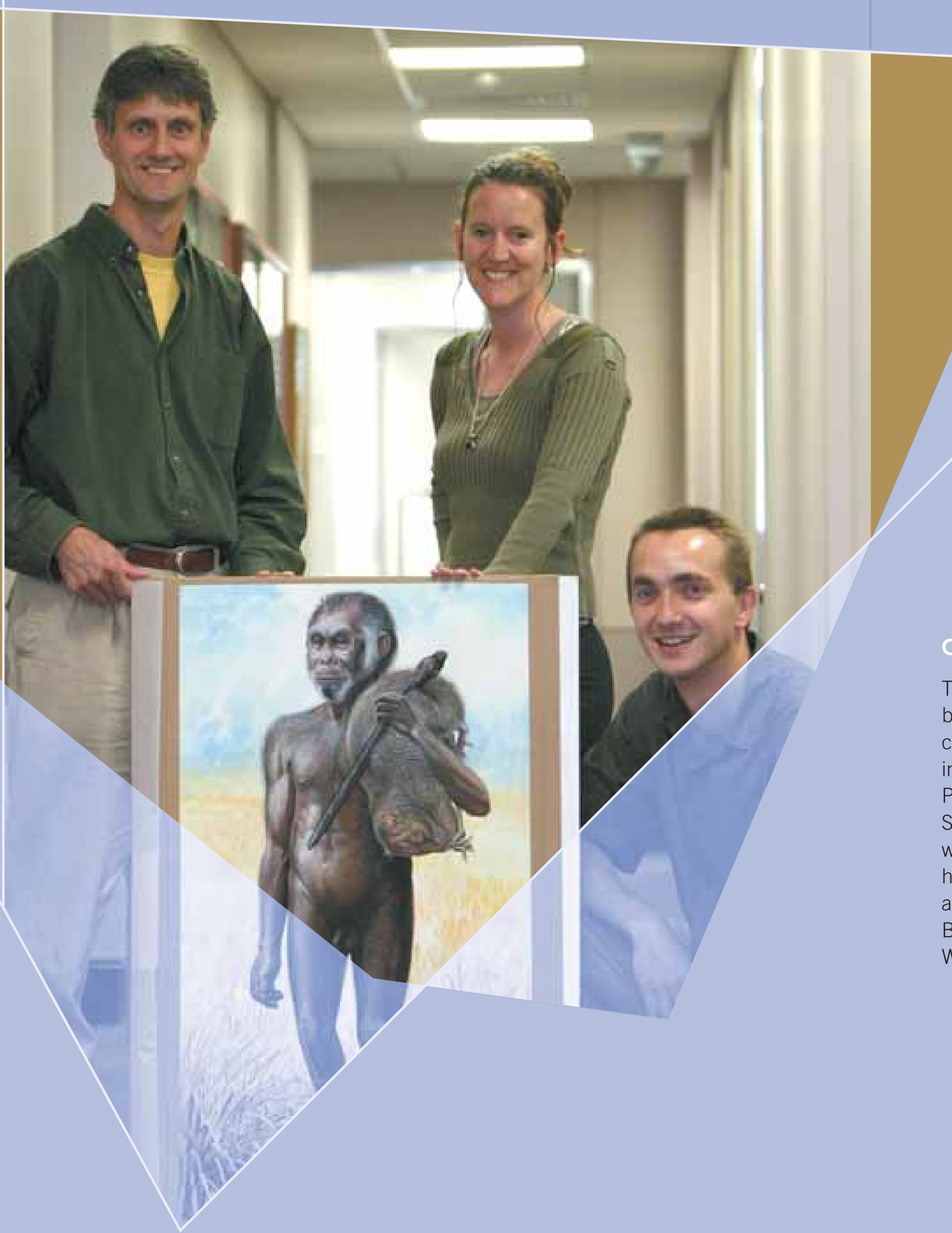
The Protocol Officer organises strategic VIP visits and events, and related activities at the University.

HIGHLIGHTS FOR 2004

- During the year the number of hits on the UOW media room website (http://media.uow.edu.au) doubled, and is now averaging 800 visits on a daily basis
- The on-line media room also registered visits from 89 countries
- UOW-related media coverage in 2004 was both widespread (averaging seven to eight stories/interviews daily) and overwhelmingly positive (97%). It included coverage about a UOW team from the GeoQuEST research centre which was closely involved in one of the biggest archaeological discoveries in decades – the previously unknown species of small humans, nicknamed "hobbits", found to have lived on the Indonesian island of Flores. This discovery generated massive worldwide publicity
- The Unit's government relations activities helped achieve a number of key policy outcomes during the year, including the Federal Government's in-principal agreement to establish a Graduate School of Medicine at UOW, with unconditional capital funding of $10 million and 72 HECS places per annum, and securing 345 undergraduate growth places per annum
- The Unit played a key role in the organisation of more than 30 VIP visits during 2004, including the official announcement of Commonwealth funding for the Medical School by the Federal Minister for Education, Science and Training, the Hon Dr Brendan Nelson at UOW's Shoalhaven Campus

PRIORITIES FOR 2005/6

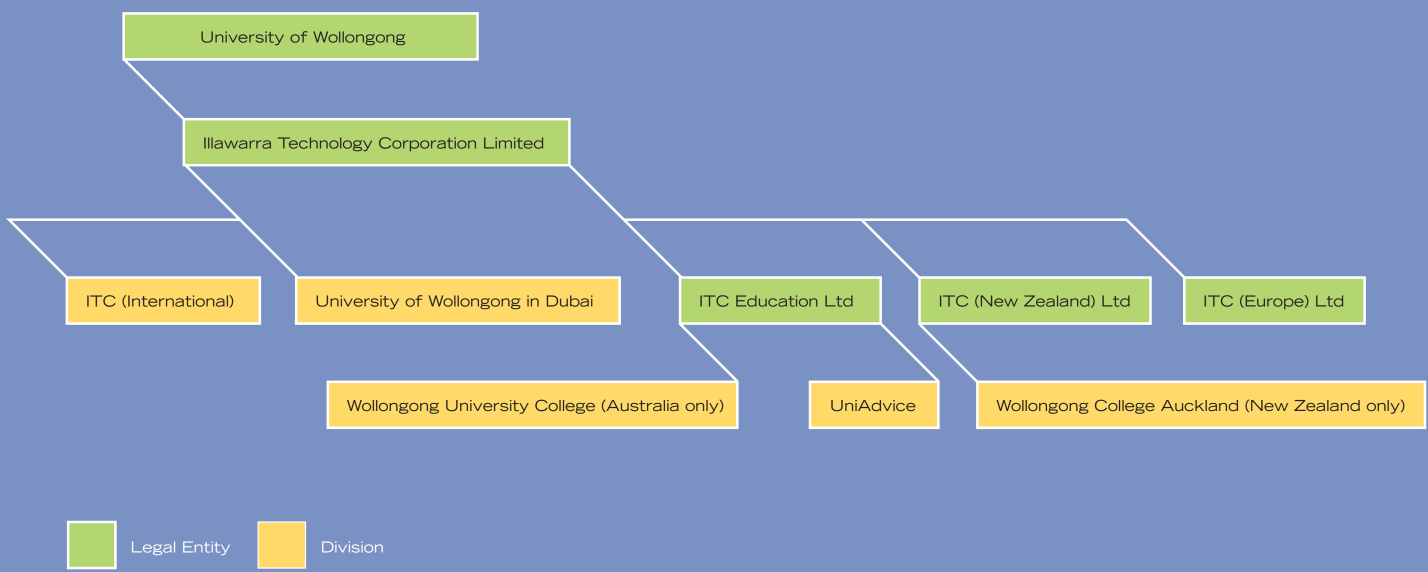
- Positioning UOW to take advantage of further higher education reforms
- Securing government funding for key strategic projects
- Development of a major international profiling strategy
- Continuation of a widespread and positive domestic media profile
- Coordinating several strategic VIP events and visits on-campus



CASE STUDY

The Flores 'Hobbit' story publicised by the Public Affairs Unit continues to generate national and international media interest. Pictured with artist Peter Schouten's life-size impression of what the smallest species of human ever discovered looked like are (from left) UOW's Professor Bert Roberts; PhD researcher Kira Westaway; and Dr Chris Turney.

LEGAL AND DIVISIONAL STRUCTURE



The Directors present their report together with the financial report of Illawarra Technology Corporation Limited ("the Company") and of the consolidated entity, being the company and its controlled entities ("the consolidated entity") for the year ended 31 December 2004 and the auditor's report thereon.

Directors

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

	Date of Appointment			
Director	**ITC Ltd**	**ITC Education Ltd**	**ITC (Europe) Ltd**	**ITC (New Zealand) Ltd**
Dr BS Hickman *Chairman from Oct 04* *Deputy Chair until Oct 04*	1 July 1992	-	-	-
Mr PH Robson *Deputy Chairman from Oct 04*	1 Nov 2003	-	-	-
Mr JW Langridge *CEO & Managing Director*	23 June 1989	27 June 2003	22 Nov 2000	12 Nov 2002
Mr GF Maltby *Chairman until Oct 04*	6 April 1990	-	-	-
Prof GR Sutton	17 Jan 1995	-	-	-
Mr J Scimone	1 Nov 2002	-	-	-
Mr S McDonell *Company Secretary ITC Ltd*	-	27 June 2003	22 Nov 2000	12 Nov 2002
Mr GC West	1 Nov 2003	-	-	-
Ms RA Sinclair	1 Nov 2003	-	-	-
Ms RE Buckham	-	27 June 2003	-	-

Company particulars

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

Building 39, 2 Northfields Avenue
Wollongong NSW 2522
Australia

Principal Activities

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

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

The marketing and recruitment activities undertaken under contract to the University of Wollongong generated a total of $53.5 million (2003: $43.0 million) in international fee income for the University in the period. Total costs to undertake international and domestic marketing and recruitment for the University were $10 million (2003: $8.8 million) in the period.

Review and results of operations

The operating profit before income tax of the consolidated entity for the year was $693,062 (2003: $1,297,429). The operating profit before income tax of the Company for the year was $601,751 (2003: $1,199,397).

Dividends

No dividends have been declared or paid during the period (2003: nil).

State of affairs

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

Environmental regulation

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

Events subsequent to reporting date

For reporting periods starting on or after 1 January 2005, the consolidated entity must comply with Australian equivalent International Financial Reporting Standards (A-IFRS) as issued by the Australian Accounting Standards Board. At balance date, it was not possible to quantify the effect of the convergence to A-IFRS as key IASs and AASBs are still under development.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

Likely Developments

As at the date of this report, the Directors continue to focus their attention on the diverse range of business opportunities in the Middle East, and are also assessing the potential implications of the recently announced Federal Government reforms to the higher education sector.

Information on Directors

Director	Experience	Special Delivery Responsibilities	Particulars of Director's interests in shares of the corporation
Dr BS Hickman	Chairman (November 2004) Former Deputy Chairman (1997 – 2004) Director, 12 years 9 months *Member of Council* • University of Wollongong *Chairman* • Audit Management and Review Committee, University of Wollongong Council *Director* • ARRB Transport Research Limited	Non-Executive Director Chairman, Remuneration Sub-Committee Member, Audit Sub-committee	Nil
Mr PH Robson	Deputy Chairman (November 2004) Director, 1 year 5 months *Chairman* • Hicom International Pty Ltd *Director* • CEA Technologies Pty Ltd • Southern Oil Refineries Pty Ltd	Non-Executive Director Member, Remuneration Sub-Committee	Nil
Mr JW Langridge	Managing Director, 14 years 9 months Director, 15 years 9 months *Vice Principal (International)* • University of Wollongong *Director* • Forum on Education Abroad Inc. • IELTS Australia Pty Ltd • ITC (Europe) Limited • ITC Education Ltd • ITC (New Zealand) Limited	Executive Director Member, Remuneration Sub-Committee	Nil
Mr GF Maltby	Former Chairman, 1992 - 2004 Director, 14 years 11 months *Chairman* • Australian Telecommunications Users Group (ATUG) • Whitesmiths Aust Pty Ltd • The Maltby Group Pty Ltd	Non-Executive Director Member, Audit Sub-Committee	Nil

Information on Directors (cont'd)

Director	Experience	Special Delivery Responsibilities	Particulars of Director's interests in shares of the corporation
Prof GR Sutton	Director, 10 years 2 months *Vice-Chancellor, and Principal* • University of Wollongong *Director* • Australian Vice Chancellors' Committee (AVCC) • Association of Commonwealth Universities	Non-Executive Director	Nil
Mr J Scimone	Director, 2 years 5 months *Member of Council* • University of Wollongong *Deputy Chairman* • Illawarra Area Health Service (to June 2004)	Non-Executive Director	Nil
Mr GC West	Director, 1 year 5 months *Chartered Accountant*	Non-Executive Director Chairman, Audit Sub-Committee	Nil
Ms RA Sinclair	Director, 1 year 5 months *Managing Director* • Australian Telecommunication User Group *Member* • Australian Communication Industry Forum, *Vice Chairman* • Asia Pacific Region, INTUG	Non-Executive Director	Nil

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

Mr S McDonell	Company Secretary, 10 years 10 months *Director and Company Secretary* • ITC (Europe) Limited • ITC (New Zealand) Limited • ITC Education Ltd	Executive Director	Nil
Ms RE Buckham	Director, 1 year 9 months ITC Education Ltd *Director* • Port Kembla Port Corporation *Member* • Advisory Council of TAFE Illawarra Institute *Chair* • Illawarra Area Consultative Committee	Executive Director	Nil
Ms TA Lees	Company Secretary, 10 months *Company Secretary* • ITC (Europe) Limited • ITC (New Zealand) Limited • ITC Education Ltd *Director* • University Recreation & Aquatic Centre Limited		Nil

Indemnification and insurance of officers

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

Directors' Meetings

The number of Directors' meetings and meetings of committees of Directors held in the period each Director held office during the financial year and the number of meetings attended by each Director are:

	ILLAWARRA TECHNOLOGY CORPORATION LTD						ITC (EUROPE) LTD		ITC (NEW ZEALAND) LTD		ITC EDUCATION LTD	
Director	Board Meetings		Audit Sub-Committee Meetings		Remuneration Sub-Committee Meetings		Board Meetings		Board Meetings		Board Meetings	
	Number Held	Number Attended	Number Held	Number Attended	Number Held	Number Attended	Number Held	Number Attended	Number Held	Number Attended	Number Held	Number Attended
Dr BS Hickman	8	8	6	6	5	5	-	-	-	-	-	-
Mr PH Robson	8	8	-	-	1	1	-	-	-	-	-	-
Mr GF Maltby	8	8	6	6	4	4	-	-	-	-	-	-
Mr JW Langridge	8	8	-	-	5	5	2	2	2	2	2	2
Prof GR Sutton	8	7	-	-	-	-	-	-	-	-	-	-
Mr J Scimone	8	6	-	-	-	-	-	-	-	-	-	-
Mr S McDonell	-	-	-	-	-	-	2	2	2	2	2	2
Mr GC West	8	7	6	6	-	-	-	-	-	-	-	-
Ms RA Sinclair	8	7	-	-	-	-	-	-	-	-	-	-
Ms RE Buckham	-	-	-	-	-	-	-	-	-	-	2	2

Signed in accordance with a Resolution of the Directors:

Director

Director

Dated at Wollongong this 16th day of March 2005.

AUDITOR-GENERAL NEW SOUTH WALES

GPO BOX 12
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT

Illawarra Technology Corporation Limited

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

Audit Opinion

In my opinion, the financial report of Illawarra Technology Corporation Limited is in accordance with:

- the *Corporations Act 2001*, including:

  giving a true and fair view of Illawarra Technology Corporation Limited's and the consolidated entity's financial position as at 31 December 2004 and financial performance for the year ended on that date, and

  complying with Accounting Standards in Australia, and the *Corporations Regulations 2001*,

- other mandatory financial reporting requirements in Australia, and
- section 41B of the *Public Finance and Audit Act 1983*.

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

The Directors' Role

The financial report is the responsibility of the company's directors. It consists of the statements of financial position, the statements of financial performance, the statements of cash flows, the accompanying notes and the directors' declaration for Illawarra Technology Corporation Limited and the consolidated entity. The consolidated entity comprises Illawarra Technology Corporation Limited and the entities controlled at the year's end, or during the financial year.

The Auditor's Role and the Audit Scope

As required by the *Public Finance and Audit Act 1983* and the *Corporations Act 2001*, I carried out an independent audit to enable me to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament and the members of Illawarra Technology Corporation Limited that the financial report is free of *material* misstatement.

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

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

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

My opinion does *not* provide assurance:

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

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. The *Public Finance and Audit Act 1983* further promotes independence by:

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

J Kheir B Ec, FCPA
Director, Financial Audit Services

SYDNEY
16 March 2005

CERTIFICATE UNDER THE PUBLIC FINANCE AND AUDIT ACT 1983

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

- The accompanying financial statements exhibit a true and fair view of the financial position of Illawarra Technology Corporation Limited and its controlled entities as at the 31st of December 2004 and transactions for the period then ended.
- The statements have been prepared in accordance with the provisions of the Public Finance and Audit Act, 1983, and the Public Finance and Audit Regulation 2000.

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

Director

Director

Dated at Wollongong this 16th day of March 2005.

DIRECTORS' DECLARATION

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

- The attached is a general purpose financial report and presents a true and fair view of the financial position and performance of the company as at 31 December 2004 and the results of its operations and transactions of the company for the year then ended;
- The financial report has been prepared in accordance with the provisions of the Public Finance and Audit Act 1983 and the Corporation Act 2001;
- The financial report has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views and authoritive pronouncements of the Australian Accounting Standards Board;
- We are not aware of any circumstances which would render any particulars included in the financial reports to be misleading or inaccurate; and,
- There are reasonable grounds to believe that the company will be able to pay its debts as and when they full due.

Signed in accordance with a resolution of the Directors:

Director

Director

Dated at Wollongong this 16th day of March 2005.

	Notes	Consolidated 2004 $	Consolidated 2003 $	The Company 2004 $	The Company 2003 $
Revenue					
Revenue from ordinary activities	3	56,560,514	53,113,728	47,590,414	52,049,566
Expenditure					
Borrowing costs	4	(211,443)	(210,871)	(211,274)	(210,866)
Other expenses from ordinary activities		(55,656,009)	(51,605,428)	(46,777,389)	(50,639,303)
Profit from ordinary activities before related income tax expense	29	693,062	1,297,429	601,751	1,199,397
Income tax expense relating to ordinary activities	5a	(216,330)	(212,469)	(216,330)	(212,469)
Net profit attributable to members of the parent entity		476,732	1,084,960	385,421	986,928
Non-owner transaction changes in equity					
Increase / (decrease) in foreign currency translation reserve arising on translation of self-sustaining foreign operations	18	225,651	(94,355)	307,851	(123,344)
Total changes in equity from non-owner related transactions attributable to the members of the parent entity		702,383	990,605	693,272	863,584

The statements of financial performance are to be read in conjunction with the notes to the financial statements set out on pages 32 to 56.

	Notes	Consolidated 2004 $	Consolidated 2003 $	The Company 2004 $	The Company 2003 $
CURRENT ASSETS					
Cash assets	7	5,679,273	7,829,449	1,463,850	3,987,872
Receivables	8	2,267,679	4,888,223	4,768,343	5,512,011
Inventories	9	2,606,848	980,295	2,575,366	978,799
Other current assets	10	2,624,742	1,965,248	1,197,827	890,277
TOTAL CURRENT ASSETS		**13,178,542**	**15,663,215**	**10,005,386**	**11,368,959**
NON-CURRENT ASSETS					
Receivables	8	-	-	3,149,968	2,436,503
Other financial assets	11	31,000	31,000	31,679	31,679
Property, plant and equipment	12	8,214,150	6,673,973	4,173,986	2,657,479
Deferred tax assets	5b	668,589	328,644	668,589	328,644
TOTAL NON-CURRENT ASSETS		**8,913,739**	**7,033,617**	**8,024,222**	**5,454,305**
TOTAL ASSETS		**22,092,281**	**22,696,832**	**18,029,608**	**16,823,264**
CURRENT LIABILITIES					
Payables	13	6,993,010	8,198,514	7,777,608	6,556,622
Interest bearing liabilities	14	970,378	840,322	970,378	840,322
Provisions	15	1,251,959	1,307,051	1,188,418	1,264,894
Current tax liabilities	5a	537,388	541,113	537,388	541,113
Other	16	6,612,369	6,506,306	1,933,216	2,412,253
TOTAL CURRENT LIABILITIES		**16,365,104**	**17,393,306**	**12,407,008**	**11,615,204**
NON-CURRENT LIABILITIES					
Interest bearing liabilities	14	1,458,061	2,225,468	1,458,061	2,225,468
Provisions	15	1,150,006	661,331	1,150,006	661,331
TOTAL NON-CURRENT LIABILITIES		**2,608,067**	**2,886,799**	**2,608,067**	**2,886,799**
TOTAL LIABILITIES		**18,973,171**	**20,280,105**	**15,015,075**	**14,502,003**
NET ASSETS		**3,119,110**	**2,416,727**	**3,014,533**	**2,321,261**
EQUITY					
Contributed equity	17	2	2	2	2
Reserves	18	131,296	(94,355)	184,507	(123,344)
Retained profits	19	2,987,812	2,511,080	2,830,024	2,444,603
TOTAL EQUITY		**3,119,110**	**2,416,727**	**3,014,533**	**2,321,261**

The statements of financial position are to be read in conjunction with the notes to the financial statements set out on pages 32 to 56.

	Notes	Consolidated 2004 $	Consolidated 2003 $	The Company 2004 $	The Company 2003 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		61,062,435	60,400,023	49,241,490	44,107,276
Payments to suppliers and employees		(58,640,372)	(55,676,649)	(49,012,662)	(41,298,271)
Interest received		361,546	359,538	95,738	279,243
Income tax paid		(560,000)	-	(560,000)	-
Dividend received from investments		44,100	44,100	44,100	44,100
Borrowing costs		(211,443)	(210,871)	(211,274)	(210,866)
Net cash provided by/(used in) operating activities	26(a)	2,056,266	4,916,141	(402,608)	2,921,482
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment		(3,467,722)	(4,896,860)	(2,823,316)	(2,239,225)
Cash transferred upon commencement of controlled entity		-	-	-	(2,065,945)
Proceeds from sale of property, plant and equipment		53,040	15,795	52,717	15,795
Loans to controlled entities		-	-	(1,452,507)	(3,072,273)
Repayment of loans by controlled entities		-	-	739,042	635,770
Net cash used in investing activities		(3,414,682)	(4,881,065)	(3,484,064)	(6,725,878)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of loan to ultimate controlling entity		(625,000)	-	(625,000)	-
Proceeds of loans from controlled entity		-	-	9,000,001	-
Repayment of loans to controlled entity		-	-	(7,000,000)	-
Proceeds of finance leases		-	-	154,409	-
Repayment of finance lease liability		(245,346)	(80,176)	(245,346)	(80,176)
Net cash provided by financing activities		**(870,346)**	**(80,176)**	**1,284,064**	**(80,176)**
Net increase/(decrease) in cash held		(2,228,762)	(45,100)	(2,602,608)	(3,884,572)
Cash at the beginning of the year		7,829,449	7,874,549	3,987,872	7,872,444
CASH AT THE END OF THE YEAR	26(b)	**5,600,687**	**7,829,449**	**1,385,264**	**3,987,872**

The statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 32 to 56.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Public Finance and Audit Act, 1983, Public Finance and Audit Regulation 2000, applicable Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards and the Corporations Act 2001.

It is prepared in accordance with the historical cost convention, and except where stated does not take into account changing money values or fair values of non-current assets.

These accounting policies have been consistently applied by each entity in the consolidated entity and are consistent with those of the previous year.

(b) Principles of consolidation

Controlled Entities

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

Unrealised gains and losses and inter-entity balance resulting from transactions with or between controlled entities are eliminated in full on consolidation.

(c) Revenue recognition

All revenue is recognised net of GST.

Rendering of services revenue

Student income is recognised over the period of course or program once paid by the student. Project and other revenue is not recognised until such time as it is invoiceable to the customer.

Interest revenue

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

Sale of non-current assets

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

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

(d) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (“GST”) except where the amount of GST is not recoverable from the Australian Taxation Office (“ATO”). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

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

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

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

(e) Foreign currency

Transactions

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at reporting date are translated at the rates of exchange ruling on that date.

Translation of controlled foreign operations

The assets and liabilities of foreign operations, including controlled entities that are self sustaining are translated at the rates of exchange ruling at reporting date. Equity items are translated at historical rates. The statements of financial performance are translated at a weighted average rate for the year. Exchange differences arising on translation are taken directly to the foreign currency translation reserve until the disposal, or partial disposal, of the operation.

The assets and liabilities of foreign operations, including controlled entities, that are integrated are translated using the temporal method. Monetary assets and liabilities are translated into Australian currency at rates of exchange current at reporting date, while non-monetary items and revenue and expense items are translated at exchange rates current when the transactions occurred. Exchange differences arising on translation are brought to account in the statement of financial performance.

(f) Borrowing costs

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

(g) Taxation

The consolidated entity adopts the income statement liability method of tax effect accounting.

Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the statement of financial position as a deferred tax asset or a deferred tax liability.

Deferred tax assets are not brought to account unless realisation of the asset is assured beyond reasonable doubt, or if relating to tax losses when realisation is virtually certain.

Change in taxable status

During the previous financial year, no income tax expense was recognised in the Company's accounts for the period 1 January 2003 to 30 June 2003, on the basis that the Company was exempt from income tax during this period. As a result of a restructure of the Company's operations from 1 July 2003, the Company ceased to satisfy the requirements of a tax-exempt entity. The Company has been treated as being taxable from 1 July 2003.

(h) Acquisition of assets

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

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

Subsequent additional costs

Costs incurred on assets subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the company in future years, otherwise, the costs are expensed as incurred.

(i) Use and revision of accounting estimates

The preparation of the financial report requires the making of estimations and assumptions that affect the recognised amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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.

(j) Receivables

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

Trade debtors

Trade debtors are to be settled within 30 days and are carried at amounts due.

(k) Inventories

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

(l) Investments

Controlled Entities

Investments in controlled entities are carried in the Company's financial statements at the lower of cost and recoverable amount.

The Directors estimate the market value of the investments to approximate the cost.

(m) Leased assets

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

Finance leases

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

Operating leases

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

(n) Recoverable amount of non-current assets valued on cost basis

The carrying amounts of non-current assets valued on the cost basis are reviewed to determine whether they are in excess of their recoverable amount at reporting date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write-down is expensed in the reporting period in which it occurs. Where an alternative basis is more appropriate, the expense is capitalised and amortised over the period in which the economic benefits are expected to be realised.

In assessing recoverable amounts of non-current assets, the relevant cash flows have been discounted to their present value.

(o) Depreciation and amortisation

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

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

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

	2004 %	2003 %
Plant and equipment	10 to 33 1/3	10 to 33 1/3
Furniture and fittings	10 to 25	10 to 20
Computer equipment	33 1/3	33 1/3
Motor vehicles	25	25

(p) Payables

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

(q) Interest bearing liabilities

Loans are recognised at their principal amount, subject to set-off arrangements.

(r) Employee entitlements

Wages, salaries and annual leave

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

Long service leave

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

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

Superannuation

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

(s) Provisions

A provision is recognised when there is a legal, equitable or constructive obligation as a result of a past event and it is probable that a future sacrifice of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain.

2 CONTROLLED ENTITIES

Particulars in relation to controlled entities

Name

Parent entity

Illawarra Technology Corporation Limited

	2004	2003
Controlled entities		
ITC (New Zealand) Limited (incorporated and carries on business in New Zealand)	100%	100%
ITC Education Ltd (incorporated and carries on business in Australia)	100%	100%
ITC (Europe) Limited (incorporated in England)	100%	100%

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

3 REVENUE FROM ORDINARY ACTIVITIES

	Consolidated		The Company	
	2004 $	2003 $	2004 $	2003 $
Sale of goods revenue from operating activities	299,735	359,435	282,918	357,538
Rendering of services revenue from operating activities	55,802,093	52,334,860	28,409,760	38,642,547
Other revenues:				
From operating activities				
• Interest income	361,546	359,538	95,738	279,243
• Service charge to subsidiary	-	-	18,705,181	10,941,690
• Dividends	44,100	44,100	44,100	44,100
From outside operating activities				
• Proceeds from sale of fixed assets	53,040	15,795	52,717	1,784,448
Total other revenues	458,686	419,433	18,897,736	13,049,481
Total revenue from ordinary activities	**56,560,514**	**53,113,728**	**47,590,414**	**52,049,566**

	Consolidated		The Company	
	2004	2003	2004	2003
	$	$	$	$

4 PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE

	Consolidated 2004 $	Consolidated 2003 $	The Company 2004 $	The Company 2003 $
The profit from ordinary activities is arrived at after charging/(crediting) the following items:				
Cost of sales	236,078	303,891	235,667	296,955
Borrowing costs:				
- ultimate parent entity	177,533	200,000	177,533	200,000
- other persons/corporations	2,729	40	2,560	35
- finance leases	31,181	10,831	31,181	10,831
	211,443	210,871	211,274	210,866
Depreciation:				
- Motor vehicles	9,688	16,120	9,688	16,120
- Computer equipment	724,402	631,372	492,874	502,595
- Other equipment	1,015,040	673,679	477,638	433,637
	1,749,130	1,321,171	980,200	952,352
Amortisation of:				
- Leased assets	110,430	80,176	110,430	80,176
Total depreciation and amortisation	1,859,560	1,401,347	1,090,630	1,032,528
Net bad and doubtful debts expense including movements :				
- Doubtful debts	23,181	21,740	31,365	21,740
Loss from sale of fixed assets	149,658	14,212	83,614	14,235
Net foreign exchange loss	133,533	52,166	141,525	52,166
Operating lease rental expense:				
- minimum lease payments	4,942,001	3,488,046	2,375,572	3,338,098

5 TAXATION

(a) Income tax expense

	Consolidated 2004 $	Consolidated 2003 $	The Company 2004 $	The Company 2003 $
Prima facie income tax expense calculated at 30% on the profit of ordinary activities (2003: 30%)	207,919	389,229	180,525	359,819
Increase in income tax expense due to:				
• employee leave payments	-	129,160	-	129,160
• entertainment expenses	32,669	-	32,669	-
• bad debts expense	3,477	23,346	3,477	23,346
• Imputation gross-up on dividends received	5,670	5,670	5,670	5,670
• Future income tax benefit not brought to account	247,961	-	-	-
• other	99,699	63,743	99,138	63,743
Decrease in income tax expense due to:				
• Tax exempt entities	(275,916)	(297,999)	-	(297,999)
• Franking credits on dividends received	(18,900)	(18,900)	(18,900)	(18,900)
• Non assessable income	-	(10,510)	-	-
• Other non-assessable items	-	(71,270)	-	(52,370)
Income tax expense attributable to profit from ordinary activities	302,579	212,469	302,579	212,469
Over provision in prior year	(86,249)	-	(86,249)	-
	216,330	212,469	216,330	212,469

5 TAXATION

(a) Income tax expense *(continued)*

	Consolidated 2004 $	Consolidated 2003 $	The Company 2004 $	The Company 2003 $
Income tax expense attributable to profit from ordinary activities is made up of:				
• Current income tax provision	563,693	541,113	563,693	541,113
• Future income tax benefit	(261,114)	(328,644)	(261,114)	(328,644)
• Over provision in prior year	(86,249)	-	(86,249)	-
	216,330	212,469	216,330	212,469

No income tax expense has been provided in the accounts of ITC (New Zealand) Ltd or ITC (Europe) Ltd as both companies traded at a loss during the reporting year and it is not appropriate to record a deferred tax asset as recovery is not considered certain at this time.

(b) Deferred tax assets

Future income tax benefit

	Consolidated 2004 $	Consolidated 2003 $	The Company 2004 $	The Company 2003 $
Future income tax benefit comprises the estimated future benefit at the applicable rate of 30% on the following items:				
• Provisions and accrued employee entitlements not currently deductible	438,962	127,359	438,962	127,359
• Difference in depreciation and amortisation of property, plant and equipment for accounting and income tax purposes	37,658	2,327	37,658	2,327
• Sundry items	191,969	198,958	191,969	198,958
	668,589	328,644	668,589	328,644

6 SEGMENT REPORTING

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

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

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

Business segments

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

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

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

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

Geographical segments

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

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

Australia

Middle East

New Zealand

	Education		Marketing		Project Management		Eliminations		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
PRIMARY REPORTING BUSINESS SEGMENTS										
Revenue										
External segment revenue	35,629,876	33,509,823	10,195,895	9,000,399	10,009,153	9,781,514	-	-	55,834,924	52,291,736
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-
Total segment revenue	35,629,876	33,509,823	10,195,895	9,700,399		9,781,514			55,834,924	52,291,736
Other unallocated revenue		-		-		-			725,590	821,992
Total revenue									56,560,514	53,113,728
Result										
Segment result	1,355,717	2,767,700	53,945	156,490	(893,987)	107,150	-	-	515,675	3,031,340
Other unallocated revenues and expenses									177,387	(1,733,911)
Profit from ordinary activities before income tax									693,062	1,297,429
Taxation Expense									(216,330)	(212,469)
Net profit after Tax									476,732	1,084,960
Depreciation and amortisation	1,418,886	1,012,839	75,843	78,832	16,930	26,432	-	-	1,511,659	1,118,103
Non-cash expenses other than depreciation and amortisation	108,889	793,936	54,816	68,399	15,971	37,086	-	-	179,676	899,421
Assets										
Segment assets	14,543,074	13,914,568	1,428,591	862,737	4,033,985	2,864,434	-	-	20,005,650	17,641,739
Unallocated corporate assets									2,086,631	5,055,093
Consolidated total assets									22,092,281	22,696,832
Liabilities										
Segment liabilities	11,348,435	13,237,261	182,965	89,022	589,290	390,157	-	-	12,120,690	13,716,440
Unallocated corporate liabilities									6,852,481	6,563,665
Consolidated total liabilities									18,973,171	20,280,105
Acquisitions of non-current assets	2,354,384	4,684,995	224,104	132,596	134,949	13,218			2,713,437	4,830,809

6 SEGMENT REPORTING - Geographical segments *(continued)*

SECONDARY REPORTING GEOGRAPHICAL REPORTING	Australia 2004	Australia 2003	Middle East 2004	Middle East 2003	New Zealand 2004	New Zealand 2003	Consolidated 2004	Consolidated 2003
External segment revenue by location of customers	35,789,159	36,628,885	18,361,026	16,252,478	2,410,329	232,365	56,560,514	53,113,728
Segment assets by location of assets	14,228,426	16,289,121	4,635,259	4,616,837	3,228,596	1,790,874	22,092,281	22,696,832
Acquisitions of non-current assets	1,990,086	3,214,677	1,582,744	995,969	49,301	1,332,180	3,622,131	5,542,826

		Consolidated 2004 $	Consolidated 2003 $	The Company 2004 $	The Company 2003 $
7 CASH ASSETS					
Petty cash		6,950	8,377	3,990	4,132
Cash at bank and on hand		5,672,323	7,821,072	1,459,860	3,983,740
		5,679,273	7,829,449	1,463,850	3,987,872

Cash balances of $96,000 (2003: $246,000) are not available for use, as they are held to support bank guarantees given by the consolidated entity to third parties. Refer to note 33 for further discussion regarding the bank guarantees provided.

		Consolidated 2004 $	Consolidated 2003 $	The Company 2004 $	The Company 2003 $
8 RECEIVABLES					
Current					
Trade debtors	- UOW	77,700	1,536,318	-	27,118
	- ITC Education Ltd	-	-	3,507,239	2,881,122
	- Other third party	1,771,800	2,959,813	1,261,104	2,211,679
		1,849,500	4,496,131	4,768,343	5,119,919
Other	- ITC (Europe) Limited	-	-	181,828	173,644
	- Other debtors	40,879	392,092	-	392,092
	- Other debtors - UOW	377,300	-	-	-
Less: Provision for doubtful debts		-	-	(181,828)	(173,644)
Total Receivables		2,267,679	4,888,223	4,768,343	5,512,011
Non current					
Other	- ITC (New Zealand) Limited	-	-	3,149,968	2,436,503

	Consolidated 2004 $	Consolidated 2003 $	The Company 2004 $	The Company 2003 $
9 INVENTORY				
Current	212,108	182,548	180,626	181,052
Books for resale – at cost	2,394,740	797,747	2,394,740	797,747
Work in progress – at cost	2,606,848	980,295	2,575,366	978,799

10 OTHER CURRENT ASSETS

Current

	Consolidated 2004 $	Consolidated 2003 $	The Company 2004 $	The Company 2003 $
Prepayment and other advances	2,624,742	1,965,248	1,197,827	890,277

11 OTHER FINANCIAL ASSETS

	Consolidated 2004 $ (at cost)	Consolidated 2004 % (holdings)	Consolidated 2003 $ (at cost)	Consolidated 2003 % (holdings)	The Company 2004 $ (at cost)	The Company 2004 % (holdings)	The Company 2003 $ (at cost)	The Company 2003 % (holdings)
IDP Education Australia Limited	10,000	2.7	10,000	2.7	10,000	2.7	10,000	2.7
International English Language Testing System (IELTS) Australia Pty Ltd	21,000	4.6	21,000	4.6	21,000	4.6	21,000	4.6
ITC (New Zealand) Limited (subsidiary)	-	-	-	-	2	100	2	100
ITC (Europe) Limited (Subsidiary)	-	-	-	-	677	100	677	100
ITC Education Ltd (Subsidiary)	-	-	-	-	-	100	-	-
	31,000		31,000		31,679		31,679	

All financial assets are unrestricted at 31 December 2004.

No contribution to profit was made by IDP during the year (2003: Nil). During the year a dividend of $44,100 (2003: $44,100) was received from IELTS Australia Pty Ltd.

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

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

	Consolidated 2004 $	Consolidated 2003 $	The Company 2004 $	The Company 2003 $
12 PROPERTY, PLANT AND EQUIPMENT				
Plant and equipment, furniture and fittings at cost	7,623,277	6,533,708	3,024,438	2,405,267
Less: Accumulated depreciation	(1,780,307)	(1,628,200)	(936,403)	(1,009,862)
	5,842,970	4,905,508	2,088,035	1,395,405
Computer equipment at cost	3,373,003	2,632,651	2,701,053	1,764,097
Less: Accumulated depreciation	(1,652,579)	(1,439,360)	(1,224,871)	(1,077,197)
	1,720,424	1,193,291	1,476,182	686,900

12 PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Consolidated 2004 $	Consolidated 2003 $	The Company 2004 $	The Company 2003 $
Motor vehicles at cost	-	99,956	-	99,956
Less: Accumulated depreciation	-	(90,572)	-	(90,572)
	-	9,384	-	9,384
Leased Assets at capitalised cost	800,375	645,966	800,375	645,966
Less: Accumulated amortisation	(190,606)	(80,176)	(190,606)	(80,176)
	609,769	565,790	609,769	565,790
Capital work in progress				
At cost	40,987	-	-	-
Total property and equipment	11,837,642	9,912,281	6,525,866	4,915,286
Less: Accumulated depreciation	(3,623,492)	(3,238,308)	(2,351,880)	(2,257,807)
Total property, plant and equipment net book value	8,214,150	6,673,973	4,173,986	2,657,479

An amount of $366,100 was capitalised during the year in respect of rental payments for the period August to October 2004 whilst the new Dubai campus was being fitted out and not available for use. The capitalised rent is being amortised over the life of the lease, in line with our accounting policy for operating leases. Refer to Note 1(m).

Reconciliations

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

	Consolidated 2004 $	Consolidated 2003 $	The Company 2004 $	The Company 2003 $
Computer equipment				
Carrying amount at beginning of year	1,193,291	981,987	686,900	981,987
Purchases during year	1,360,541	1,012,538	1,360,624	719,989
Depreciation during year	(724,402)	(631,372)	(492,874)	(502,595)
Disposals/write offs	(69,705)	(23,768)	(31,104)	(371,226)
Net foreign currency differences on translation of self-sustaining operations	(39,301)	(146,094)	(47,364)	(141,255)
Carrying amount at end of year	1,720,424	1,193,291	1,476,182	686,900
Motor vehicles				
Carrying amount at beginning of year	9,384	24,488	9,384	24,488
Depreciation during year	(9,688)	(16,120)	(9,688)	(16,120)
Disposals	(769)	-	(769)	-
Net foreign currency differences on translation of self-sustaining operations	1,073	1,016	1,073	1,016
Carrying amount at end of year	-	9,384	-	9,384

12 PROPERTY, PLANT AND EQUIPMENT - Reconciliations *(continued)*

	Consolidated		The Company	
	2004	2003	2004	2003
	$	$	$	$
Plant and equipment, furniture and fittings				
Carrying amount at beginning of year	4,905,508	1,962,192	1,395,405	1,962,192
Purchases during year	2,066,194	3,884,322	1,308,283	1,519,236
Depreciation during year	(1,015,040)	(673,679)	(477,638)	(433,637)
Disposals/write offs	(132,224)	(25,561)	(104,458)	(1,432,444)
Net foreign currency differences on translation of self-sustaining operations	18,532	(241,766)	(33,557)	(219,942)
Carrying amount at end of year	5,842,970	4,905,508	2,088,035	1,395,405
Leased Assets				
Carrying amount at beginning of year	565,790	-	565,790	-
Additions	154,409	645,966	154,409	645,966
Amortisation	(110,430)	(80,176)	(110,430)	(80,176)
Carrying amount at end of year	609,769	565,790	609,769	565,790
Capital works in progress				
Carrying amount at beginning of year	-	-	-	-
Additions	40,987	-	-	-
Carrying amount at end of year	40,987	-	-	-

13 PAYABLES

	Consolidated 2004 $	Consolidated 2003 $	The Company 2004 $	The Company 2003 $
Trade creditors:				
• Related entities	2,807,816	2,963,269	2,807,816	2,963,269
• Other	1,167,596	1,282,322	996,572	1,246,961
Other creditors and accruals	3,017,598	3,952,923	3,973,220	2,346,392
	6,993,010	8,198,514	7,777,608	6,556,622

14 INTEREST BEARING LIABILITIES

	Consolidated 2004 $	Consolidated 2003 $	The Company 2004 $	The Company 2003 $
Current				
Secured				
Bank overdraft	78,586	-	78,586	-
Lease liabilities	266,792	215,322	266,792	215,322
Unsecured				
Loan from UOW	625,000	625,000	625,000	625,000
	970,378	840,322	970,378	840,322

14 INTEREST BEARING LIABILITIES *(continued)*

	Consolidated		The Company	
	2004	2003	2004	2003
	$	$	$	$
Non-current				
Secured				
Lease liabilities	208,061	350,468	208,061	350,468
Unsecured				
Loan from UOW	1,250,000	1,875,000	1,250,000	1,875,000
	1,458,061	2,225,468	1,458,061	2,225,468

Illawarra Technology Corporation Limited's line of credit with the National Australia Bank comprises an overdraft facility of $500,000 (2003: $500,000), a lease facility of $2,000,000 (2003: nil) and a business credit card account for $400,000 (2003: $200,000).

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

The company has borrowed $1,875,000 (2003: $2,500,000) from parent entity (University of Wollongong), which is a loan facility for the development of the new Dubai campus. The interest rate is currently at 8% fixed. Interest is payable monthly in arrears.

Commitment schedule of interesting bearing liabilities (excluding finance leases)

	Consolidated 2004 $	Consolidated 2003 $	The Company 2004 $	The Company 2003 $
Due less than one year	625,000	625,000	625,000	625,000
Due more than one year and less than five years	1,250,000	1,875,000	1,250,000	1,875,000
	1,875,000	2,500,000	1,875,000	2,500,000

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

Assets pledged as security

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

	Consolidated 2004 $	Consolidated 2003 $	The Company 2004 $	The Company 2003 $
Finance lease				
Computer software under finance lease	609,769	565,790	609,769	565,790

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

Financing arrangements

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

	Consolidated 2004 $	Consolidated 2003 $	The Company 2004 $	The Company 2003 $
Total facilities available				
Bank overdraft	500,000	500,000	500,000	500,000
Related party loans	1,875,000	2,500,000	1,875,000	2,500,000
Lease facility	2,000,000	-	2,000,000	-
Credit card facility	400,000	200,000	400,000	200,000
	4,775,000	3,200,000	4,775,000	3,200,000
Facilities utilised at balance date				
Bank overdraft	78,586	-	78,586	-
Related party loans	1,875,000	2,500,000	1,875,000	2,500,000
Lease facility	-	-	-	-
Credit card facility	30,003	43,951	30,003	43,951
	1,983,589	2,543,951	1,983,589	2,543,951

14 INTEREST BEARING LIABILITIES - Financing arrangements *(continued)*

	Consolidated		The Company	
	2004	2003	2004	2003
	$	$	$	$
Facilities not utilised at balance date				
Bank overdraft	421,414	500,000	421,414	500,000
Related party loans	-	-	-	-
Lease facility	2,000,000	-	2,000,000	-
Credit card facility	369,997	156,049	369,997	156,049
	2,791,411	656,049	2,791,411	656,049

15 PROVISIONS

Current				
Annual leave	1,133,719	897,537	1,087,668	887,720
Long service leave	57,000	247,380	57,000	247,380
Restructure, litigation and other	61,240	162,134	43,750	129,794
	1,251,959	1,307,051	1,188,418	1,264,894
Non-current				
Long service leave	1,150,006	661,331	1,150,006	661,331

Reconciliations

Reconciliations of the carrying amounts of each class of provision, except for employee benefits, are set out below:

Restructure, litigation and other				
Opening balance	162,134	713,118	129,794	712,878
Add amounts provided	127,176	-	43,353	-
Less reversal of provision	(123,673)	(56,432)	(25,000)	(88,770)
Less paid	(104,397)	(442,280)	(104,397)	(442,102)
Less currency movement	-	(52,272)	-	(52,212)
	61,240	162,134	43,750	129,794

16 OTHER LIABILITIES

Current				
Income received in advance	6,612,369	6,506,306	1,933,216	2,412,253

17 CONTRIBUTED EQUITY

Share Capital				
Issued and paid up share capital				
2 ordinary shares held by the University of Wollongong	2	2	2	2

	Consolidated 2004 $	Consolidated 2003 $	The Company 2004 $	The Company 2003 $
18 RESERVES				
Foreign currency translation reserve	131,296	(94,355)	184,507	(123,344)
Movements during the year				
Balance at beginning of year	(94,355)	-	(123,344)	-
Net translation adjustment	225,651	(94,355)	307,851	(123,344)
Balance at end of year	131,296	(94,355)	184,507	(123,344)

Nature and purpose of reserves

Foreign currency translation reserve

The foreign currency translation reserve records the foreign currency differences arising from the translation of self-sustaining foreign operations, the translation of transactions that hedge the Company's net investment in a foreign operation or the translation of foreign currency monetary items forming part of the net investment in a self sustaining operation. Refer to accounting policy 1(e).

19 RETAINED PROFITS

	Consolidated 2004 $	Consolidated 2003 $	The Company 2004 $	The Company 2003 $
Retained profits at beginning of year	2,511,080	1,426,120	2,444,603	1,457,675
Net profit attributable to members of the parent entity	476,732	1,084,960	385,421	986,928
Retained profits at end of year	2,987,812	2,511,080	2,830,024	2,444,603

20 AUDITORS REMUNERATION

	Consolidated 2004 $	Consolidated 2003 $	The Company 2004 $	The Company 2003 $
Audit services				
Auditors of the company *Audit Office of New South Wales*				
- audit and review of financial reports	120,000	80,000	120,000	80,000
Other auditors				
- audit and review of financial reports	15,413	8,726	-	-
	135,413	88,726	120,000	80,000

21 EVENTS SUBSEQUENT TO REPORTING DATE

Impacts of Adopting Australian Equivalents to International Financial Reporting Standards

For reporting periods beginning on or after 1 January 2005, the consolidated entity must comply with the Australian equivalent to International Financial Reporting Standards (A-IFRS) as issued by the Australian Accounting Standards Board.

This financial report has been prepared in accordance with Australian accounting standards and other financial reporting requirements (Australian GAAP). The differences between Australian GAAP and A-IFRS identified to date as potentially having a significant effect on the consolidated entity's financial performance and financial position are summarised below. The summary should not be taken as an exhaustive list of all differences between Australian GAAP and A-IFRS. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented.

The consolidated entity has not quantified the effects of the differences discussed below. Accordingly there can be no assurances that the financial performance and financial position as disclosed in this financial report would not be significantly different if determined in accordance with A-IFRS.

Regulatory bodies that promulgate Australian GAAP and A-IFRS have significant ongoing projects that could affect the differences between Australian GAAP and A-IFRS described below and the impact of these differences relative to the Company's financial reports in the future. The potential impacts on the Company's financial performance and financial position of the adoption of A-IFRS, including system upgrades and other implementation costs which may be incurred, have not been quantified as at the transition date of 1 January 2005 due to the short time frame between finalisation of the A-IFRS standards and the date of preparing this report. The impact on future years will depend on the particular circumstances prevailing in those years.

21 EVENTS SUBSEQUENT TO REPORTING DATE *(continued)*

The key potential implications of the conversion to A-IFRS on the Company are as follows:

- **Impairment of assets** - Impairment of assets will be determined on a discounted basis, with strict tests for determining whether cash-generating operations have been impaired.
- **Foreign currency** – Each entity will be required to measure their financial statements in the functional currency, which may differ from their presentation currency.
- **Changes to accounting policies** - Changes in accounting policies will be recognised by restating comparatives rather than making current year adjustments with note disclosure of prior year effects.
- **Income taxes** – Deferred tax assets relating to unused tax losses and unused tax credits will be recognised to the extent that it is probable future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. Deferred tax assets relating to deductible temporary differences will be recognised to the extent that it is probable taxable profit will be available against which the deductible temporary difference can utilised.
- **Financial instruments** – All financial instruments are required to be recognised and measured in accordance with the principles established by AASB139. Previously there were no requirements on the recognition and measurement of financial instruments required by the accounting standards.

Plans for managing the transition to A-IFRS

The board has established a formal project, monitored by the Audit sub-committee, to achieve transition to A-IFRS reporting, beginning with the year ended 31 December 2005. The company's implementation project consists of three phases as described below.

Assessment and planning phase (already complete)

The assessment and planning phase has produced a high level overview of the impacts of conversion to A-IFRS reporting on existing accounting and reporting policies and procedures, systems and processes, business structures and staff.

This phase included:

- High level identification of the key differences in accounting policies and disclosures that are expected to arise from adopting A-IFRS;
- Assessment of new information requirements affecting management information systems, as well as the impact on the business and its key processes;
- Evaluation of the implications for staff, for example training requirements;
- Preparation of a conversion plan for expected changes to accounting policies, reporting structures, systems, accounting and business processes and staff training.

Design phase

The design phase aims to formulate the changes required to existing accounting policies and procedures and systems and processes in order to transition to A-IFRS. The design phase will incorporate:

- Formulating revised accounting policies and procedures for compliance with A-IFRS requirements;
- Identifying potential financial impacts as at the transition date and for subsequent reporting periods prior to adoption of A-IFRS;
- Developing revised A-IFRS disclosures;
- Designing accounting and business processes to support A-IFRS reporting obligations;
- Identifying and planning required changes to financial reporting and business source systems;
- Developing training programs for staff.

The company has commenced its design phase, with work progressing in each of the areas described above. The design phase is expected to be substantially completed by 31 March 2005.

Implementation phase

The implementation phase will include implementation of identified changes to accounting and business procedures, processes and systems and operational training for staff. It will enable the company to generate the required disclosures of AASB 1 "First Time Adoption of A-IFRS" as it progresses through its transition to A-IFRS. The company expects this phase to be substantially complete by 30 June 2005.

Other than those matters identified above, at the date of this report, the Directors are not aware of any matter or circumstance which has arisen since 31 December 2004 that has significantly affected, or may significantly affect, the operations or state of affairs of the Company in the periods subsequent to 31 December 2004, that are not already reflected in the financial statements.

22 ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURE

Interest rate risk

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

				Fixed interest maturing in				
2004	Note	Weighted average Floating effective rate %	1 year interest rate	1 to 5 or less $	Moer than years $	Non-interest 5 years $	bearing%	Total
Assets								
Cash	7	3.74%	4,233,584	96,000	-	-	1,349,689	5,679,273
Receivables	8	-	-	-	-	-	2,267,679	2,267,679
Total financial assets			4,233,584	96,000	-	-	3,617,368	7,946,952
Liabilities								
Payables	13	-	-	-	-	-	6,993,010	6,993,010
Lease liabilities	14	8.59%	-	266,792	208,061	-	-	474,853
Interest bearing liabilities	14	8.00%	78,586	625,000	1,250,000	-	-	1,953,586
Income in advance	16	-	-	-	-	-	6,612,369	6,612,369
Total financial liabilities			78,586	891,792	1,458,061	-	13,605,379	16,033,818
2003								
Assets								
Cash	7	4.41%	5,787,364	246,000	-	-	1,796,085	7,829,449
Receivables	8	-	-	-	-	-	4,888,223	4,888,223
Total financial assets			5,787,364	246,000	-	-	6,684,308	12,717,672
Liabilities								
Payables	13	-	-	-	-	-	8,198,514	8,198,514
Lease liabilities	14	8.75%	-	215,322	350,468	-	-	565,790
Interest bearing liabilities	14	8.00%	-	625,000	1,875,000	-	-	2,500,000
Income in advance	16	-	-	-	-	-	6,506,306	6,506,306
Total financial liabilities			-	840,322	2,225,468	-	14,704,820	17,770,610

Credit risk exposures

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

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

Net fair values of financial assets and liabilities

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

23 AMOUNTS PAYABLE/RECEIVABLE IN FOREIGN CURRENCY

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

	Consolidated		The Company	
	2004	2003	2004	2003
	$	$	$	$
United Arab Emirates Dirham				
Amounts payable	3,152,337	3,384,879	3,152,337	3,384,879
Amounts receivable	2,539,707	2,827,632	2,539,707	2,827,632
United States Dollars				
Amounts receivable	131,532	55,659	131,532	55,659
Lao Kips				
Amounts receivable	-	317,432	-	317,432
Solomon Island Dollars				
Amounts receivable	296,823	58,129	296,823	58,129
Vietnamese Dong				
Amounts receivable	287	287	287	287
New Zealand Dollars				
Amounts payable	2,277,922	616,958	-	-
Amounts receivable	2,217,282	600,542	-	-
Great Britain Pounds				
Amounts payable	864	830	-	-
Amounts receivable	540	520	-	-

24 DIVIDENDS

No dividends were declared or paid by the company during the year (2003: nil).

Dividend franking account

	The Company	
	2004	2003
	$	$
30% franking credits available to shareholders of Illawarra Technology Corporation Limited for subsequent financial years	1,097,401	560,013

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

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

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

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

25 DIRECTORS' REMUNERATION

Directors' income

The number of Directors of the Company and its controlled entities whose income from the Company or related party falls within the following bands, are as follows:

	The Company	
	2004	2003
	$	$
$0 - $9,999	1	5
$10,000 - $19,999	-	2
$20,000 - $29,999	3	1
$30,000 - $39,999	1	2
$40,000 - $49,999	2	1
$50,000 - $59,999	1	-

	Consolidated		The Company	
	2004	2003	2004	2003
	$	$	$	$
Income received, or due and receivable, by directors from the Corporation	257,882	174,529	257,882	174,529

Retirement benefits

Retirement benefits paid to directors of the Company and controlled entities, being amounts that have been previously approved by the members of the Company in a general meeting	11,750	9,377	11,750	9,377

Directors who are directors of controlled entities by virtue of their office as executives of the controlling entity have been excluded from the above disclosure in accordance with AASB 1017.

26 NOTES TO THE STATEMENT OF CASH FLOWS

(a) reconciliation of profit from ordinary activities after income tax to net cash provided by operating activities

	Consolidated		The Company	
	2004	2003	2004	2003
	$	$	$	$
Profit from ordinary activities after income tax	476,732	1,084,960	385,421	986,928
Add/(less) items classified as investing activities:				
Loss from sale of non-current assets	149,658	14,211	83,614	14,235
Add/(less) non-cash items:				
Depreciation	1,859,560	1,401,347	1,090,630	1,032,533
Fixed asset write down	16,587	19,322	5,193	4,987
Net cash provided by operating activities before change in assets and liabilities	2,502,537	2,519,840	1,564,858	2,038,683

26 Notes to the statement of cash flows

(a) Reconciliation of profit from ordinary (continued)

	Notes	Consolidated 2004 $	Consolidated 2003 $	The Company 2004 $	The Company 2003 $
Changes in assets and liabilities					
(Increase)/decrease in taxation balances		(343,670)	212,469	(343,670)	212,469
(Increase)/decrease in receivables		2,620,544	345,573	743,668	(120,624)
(Increase)/decrease in inventories		(1,626,553)	254,897	(1,596,567)	256,393
(Increase)/decrease in other assets		(659,494)	(264,985)	(307,550)	(625,252)
Increase/(decrease) in payables		(1,205,504)	2,288,077	(779,015)	2,131,703
Increase/(decrease) in provisions		416,996	(363,599)	407,006	(405,361)
Increase/(decrease) in other liabilities		106,063	(368,621)	(479,037)	(803,366)
Net foreign exchange movement in assets and liabilities		245,347	292,490	387,699	236,837
Net cash provided by operating activities		2,056,266	4,916,141	(402,638)	2,921,482

(b) Reconciliation of cash

For the purpose of the statements of cash flows, cash includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts. 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 statements of financial position as follows:

	Notes	Consolidated 2004 $	Consolidated 2003 $	The Company 2004 $	The Company 2003 $
Cash assets	7	5,679,273	7,829,449	1,463,850	3,987,872
Bank overdraft	14	(78,586)	-	(78,586)	-
		5,600,687	7,829,449	1,385,264	3,987,872

(c) Non-cash financing and investing activities

	Consolidated 2004 $	Consolidated 2003 $	The Company 2004 $	The Company 2003 $
Acquisition of plant and equipment by means of finance lease	154,409	645,966	154,409	645,966

27 EMPLOYEE BENEFITS

	Notes	Consolidated 2004 $	Consolidated 2003 $	The Company 2004 $	The Company 2003 $
Aggregate liability for employee benefits including on-costs					
Current					
Other creditors and accruals	13	445,123	611,350	412,946	611,350
Employee benefits provision	15	1,190,719	1,144,917	1,144,668	1,135,100
Non current					
Employee benefits provision	15	1,150,006	661,331	1,150,006	661,331
		2,785,848	2,417,598	2,707,620	2,407,781
Employee numbers at year end (Equivalent fulltime)		305	233	281	217

	Notes	Consolidated 2004 $	Consolidated 2003 $	The Company 2004 $	The Company 2003 $

28 COMMITMENTS

Non cancellable operating leases expense commitments

Non-cancellable operating lease commitments:				
Due less than one year	2,826,116	2,638,167	2,179,893	2,042,734
Due more than one year and less than five years	3,387,936	4,892,867	1,126,158	2,243,610
	6,214,052	7,531,034	3,306,051	4,286,344

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

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

Finance lease commitments

Non-cancellable finance lease commitments (for computer software)				
Not later than one year	303,585	244,477	303,585	244,477
Later than one year and not later than five years	237,206	397,948	237,206	397,948
Minimum lease payments	540,791	642,425	540,791	642,425
Less future finance charges	(65,938)	(76,635)	(65,938)	(76,635)
Lease liability	474,853	565,790	474,853	565,790
Classified as:				
Current	266,792	215,322	266,792	215,322
Non-current	208,061	350,468	208,061	350,468
	474,853	565,790	474,853	565,790

The aggregate amount of commitments in respect of operating expenditure and capital expenditure (as at the balance date) was $261,052 and $nil respectively (2003: $55,626 and $15,667 respectively). All these amounts are payable within twelve months of the balance date.

29 DETAILED PROFIT AND LOSS ACCOUNT

	Notes				
Income					
Sales revenue		56,101,828	52,694,295	28,692,678	39,000,085
Other revenue:					
Proceeds from sale of fixed assets		53,040	15,795	52,717	1,784,448
Dividends		44,100	44,100	44,100	44,100
Service charge to subsidiary			-	18,705,181	10,941,690
Interest revenue - other persons/corporations		361,546	359,538	95,738	279,243
Total income	3	56,560,514	53,113,728	47,590,414	52,049,566

29 DETAILED PROFIT AND LOSS ACCOUNT *(continued)*

	Consolidated		The Company	
	2004	2003	2004	2003
	$	$	$	$
Expenditure (third party)				
Salaries and related costs	20,853,036	19,706,179	19,388,086	19,146,355
Annual leave, annual leave loading and long service leave	1,095,911	1,098,193	1,662,006	1,075,613
Superannuation	1,301,280	1,260,564	1,301,280	1,260,564
Project consultancy costs				
(mainly international projects)	4,403,443	2,325,995	4,403,362	2,325,995
Agents fees (UOW and ITC)	5,529,973	5,044,956	2,260,426	4,237,836
Direct project costs (mainly international project reimbursable costs)	2,113428	4,539,488	2,113,428	4,539,488
Site costs	6,000,616	3,999,747	3,558,785	3,798,783
Laboratory and office costs	1,175,938	1,295,864	1,117,354	1,213,586
Marketing costs (including marketing and promotion costs for UOW domestic and international markets)	2,643,088	3,157,623	2,551,982	3,006,310
Other personnel costs	758,701	629,882	720,741	539,741
Professional services	1,328,017	1,477,607	1,252,805	1,329,160
Depreciation and amortisation	1,859,560	1,401,347	1,090,631	1,032,528
Computer services	788,388	336,791	712,616	231,412
Subscriptions	190,525	79,324	170,381	77,753
Travels & entertainment – non project	1,275,998	410,922	1,275,718	375,329
Insurance	66,060	65,801	55,522	65,801
Government charges	155,906	62,111	144,057	61,257
Motor vehicle expenses	413,486	554,278	403,180	539,723
Bad and doubtful debts	23,181	21,740	31,365	21,740
Telephones	385,149	410,528	358,016	379,665
Other expenses	695,619	1,025,408	218,495	960,676
Value of fixed assets sold/written down	197,146	49,328	119,386	1,803,669
Borrowing costs to other persons/corporation	33,910	10,871	33,741	10,866
Total expenditure (third party)	53,288,359	48,964,547	44,943,363	48,033,850
Profit before UOW expenses	3,272,155	4,149,181	2,647,051	4,015,716
Department and faculty fees	1,902,821	2,170,029	1,794,704	2,170,029
Rent	425,676	425,197	0	389,764
Borrowing costs	177,533	200,000	177,533	200,000
Scholarships (University Foundation)	73,063	56,526	73,063	56,526
Total expenditure (UOW)	2,579,093	2,851,752	2,045,300	2,816,319
Profit from ordinary activities before income tax	693,062	1,297,429	601,751	1,199,397
Income tax expense	216,330	212,469	216,330	212,469
Profit from ordinary activities after income tax	476,732	1,084,960	385,421	986,928

30 ASSISTANCE PROVIDED BY GOVERNMENT ENTITIES

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

31 ECONOMIC DEPENDENCY

The Middle East geographical segment of the Education business segment is dependent upon the University of Wollongong for use of the University's name and the University's course materials in providing education services in the Middle East, for which ITC paid fees totalling $1,902,821 (2003: $2,107,029). The Wollongong Campus of the Education business segment (providing 45% of total revenue for the business segment) is both dependent upon student demand for the University of Wollongong, in order to attract students to its fee paying courses, and is a key source of qualified international students to University of Wollongong, once students have completed their College preparation courses.

The Marketing business segment operates solely under a performance based service contract, exclusively with the University of Wollongong. The Project Management business segment is currently dependent upon Australian Agency for International Development for 100% of its revenue.

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

32 RELATED PARTIES

(i) Director related parties

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

Details of directors' remuneration are set out in Note 25.

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

(ii) Non-director related parties

The classes of non-director related parties are:

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

Transactions

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

Transactions with the parent entity

The Company engages the parent entity to provide course materials, academic registrar services and other student services related to providing degree courses at the Company's Dubai operations. The Company also rents premises and uses services and facilities of the parent entity for its Wollongong operations. All are in the normal course of business and on normal terms and conditions.

The Company received a loan from the University of Wollongong in 2001 (refer note 14). The fixed interest rate charged is 8% per annum on the outstanding balance. Interest brought to account by the Company on the loan during the year was $177,533 (2003: $200,000).

Transactions with wholly owned controlled entities

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

32 RELATED PARTIES *(continued)*

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

	Consolidated		The Company	
	2004 $	2003 $	2004 $	2003 $
Revenue				
Sales				
• Controlling entity	10,031,132	9,111,778	10,031,132	9,111,778
Provision of services				
Cost recovery				
• Wholly owned controlled entities	-	-	18,705,181	10,941,691
Income to subsidiary				
• Wholly owned controlled entities	-	-	-	(2,653,372)
Total provision	-	-	18,705,181	8,288,319
Expenses				
Department and faculty fees				
• Controlling entity	1,902,821	2,170,029	1,794,704	2,170,029
Rent				
• Controlling entity	425,676	425,197	-	389,764
Scholarships				
• Controlling entity	73,062	56,526	73,062	56,526
Interest expense				
• Controlling entity	177,533	200,000	177,533	200,000
Total expenditure (UOW)	2,579,093	2,851,752	2,045,300	2,816,319
Reimbursable utilities and services				
• Controlling entity	1,043,907	1,903,101	1,043,907	1,903,101
Total	3,623,000	4,754,853	3,089,207	4,519,420
Receivables - current				
Trade receivables				
• Controlling entity	455,000	1,536,318	-	27,118
• Wholly owned controlled entities	-	-	3,689,067	3,054,766
Receivables – current				
• Wholly owned controlled entities	-	-	3.149,968	2,436,503
Payables – current				
Trade creditors				
• Controlling entity	2,802,239	2,910,326	2,802,239	2,910,326
Payables - non current				
Loan				
• Controlling entity	1,875,000	2,500,000	1,875,000	2,500,000

32 RELATED PARTIES *(continued)*

(iii) Other related parties

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

	Consolidated		The Company	
	2004	2003	2004	2003
	$	$	$	$
Transactions				
Expenses	363,000	312,819	363,000	312,819
Receivables - current				
Payables - current & noncurrent	5,428	32,236	5,428	32,236

(iv) Ultimate controlling entity

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

33 CONTINGENT LIABILITIES

Guarantees

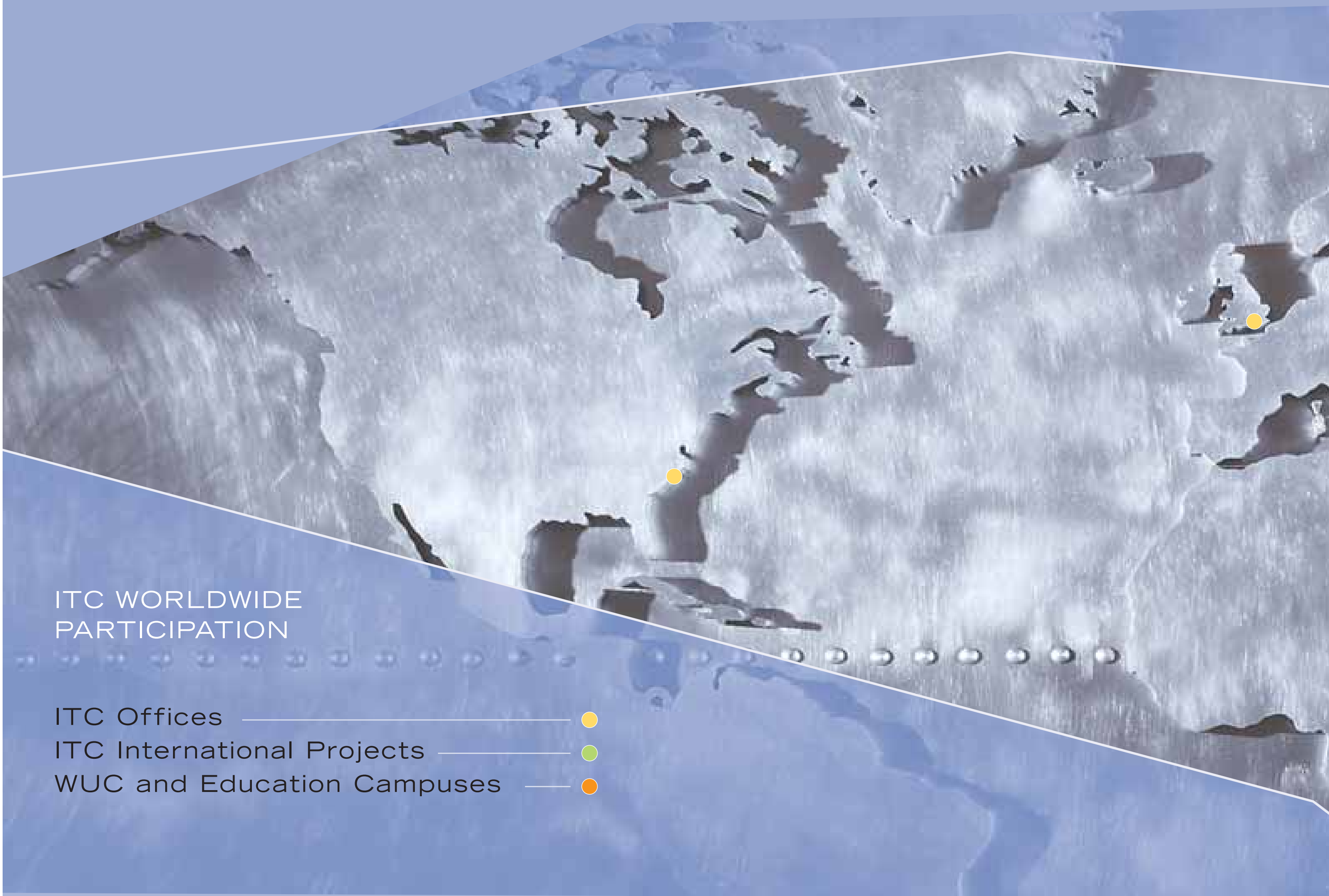
	2004	2003	2004	2003
The Company has issued performance based bank guarantees to third parties as required under some contracts the Company undertakes	96,000	246,000	96,000	246,000

34 CONSULTANT EXPENDITURE

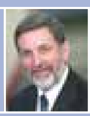
Consultancy expenditure incurred during the year was $52,040 (2003: $55,925).

END OF AUDITED ACCOUNTS

MANAGING FOR THE FUTURE AND BEYOND



ITC STRUCTURE


CEO & Managing Director
James Langridge


Chief Operating Officer
Robin Buckham

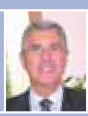
Group General Manager Operations


Chief Financial Officer
Stuart McDonell

Group General Manager Commercial

- Group Finance Manager
- Group HR Manager
- Group IS Manager
- Group Legal Officer

Manager
Public Affairs


General Manager
Stephen Martin

Director UOW in Dubai

- Dean of Academic Affairs
- Director of Administration


General Manager
Les Baxter

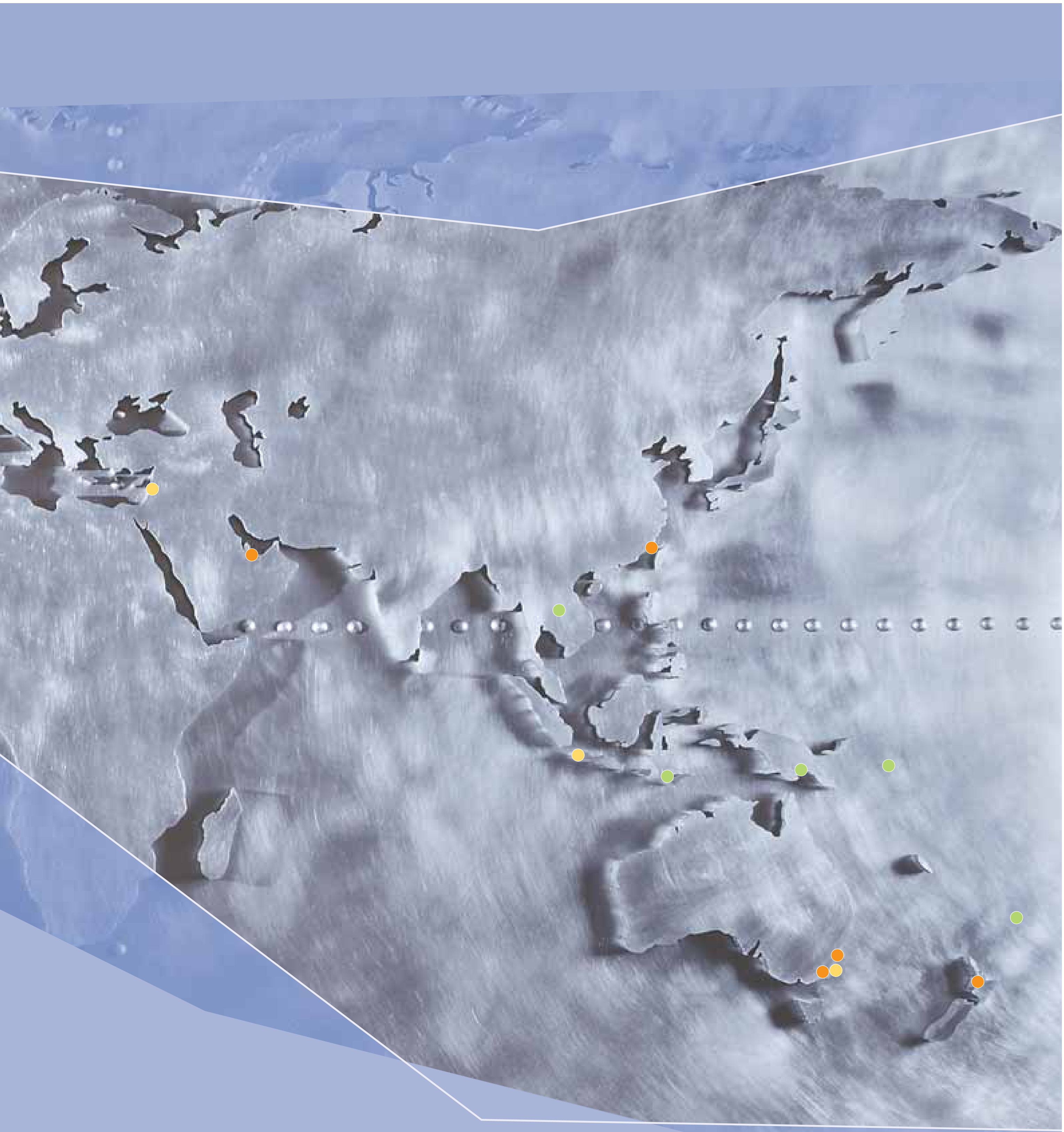
General Manager ITC International

- Manager - SE Asia Region
- Manager - Projects
- Manager - Bid Development


General Manager
Robin Buckham

General Manager UniAdvice

- International Marketing Manager
- National Marketing Manager
- Service Centre Manager
- Community and Partnerships Manager



General Manager
Paul O'Halloran

Director WUC Central Office

Academic Director

General Manager
Chris Patton

General Manager WUC Network

Campus Director - Sydney

Campus Director - Auckland

Campus Director - Wollongong

Marketing Manager

ILLAWARRA TECHNOLOGY CORPORATION LIMITED
ACN 002 882 064 (Limited by shares)
ABN 77 002 882 064

ISO Accrediting Body: Lloyds Register Quality Assurance

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

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