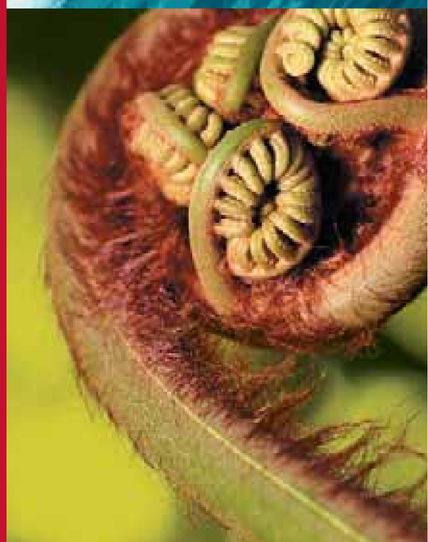
ITC GROUP

OF COMPANIES

2006 annual report

including the financial statements



itc




> the values of the itc group of companies

In everything we do and say we aim to live up to our values – to build capacity through our activities, to be global in our reach, to deliver value to our clients and to be flexible in our thinking.

> capacity building

Through the delivery of educational products and services we aim to build the capacity of individuals, organisations, communities and countries, so that all can realise their own personal and collective goals.

> global reach

Our international outlook and extensive experience in cross-cultural interactions enables us to successfully negotiate appropriate solutions for all stakeholders in a complex, global environment.

> flexible thinking

By combining flexible and creative methodologies with a client-focused mindset, we proactively seek the most innovative solutions for all our stakeholders.

> delivering value

The careful application of our innovative solutions provides monetary value to all our stakeholders, as well as other tangible benefits that add value to their activities.

> | contents

2006 annual report

including the financial statements

itc

ITC Group Projects

ITC Group Projects manages Official Development Assistance (ODA) in conjunction with global partners, such as the World Bank, the Asian Development Bank and AusAID. Other services include commercial project management for governments, private sector organisations, international universities and educational institutions.

University of Wollongong in Dubai

The University of Wollongong in Dubai (UOWD) is one of the most visible symbols of Australia in the Middle East. Located in Knowledge Village, an educational precinct near the heart of the city, UOWD is the largest private university in the United Arab Emirates.

ITC Middle East Projects

Established in 2005, ITC Middle East Projects provides a range of quality education-based services in Lebanon, Syria and Iran while exploring similar opportunities in Jordan and Libya. These services involve the transfer of skills associated with education and the teaching of English language programs.

itc group of companies

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

> | overview

A builder of successful educational brands

Since its inception over 25 years ago, ITC Group of Companies has grown beyond its original base in Australia to become a global organisation, establishing new educational institutions and responding to ever changing market conditions.

The divisions of the ITC Group of Companies provide a diverse range of services yet share the same vision. As one entity the ITC Group seeks to build the capacity of individuals, organisations, communities and governments by delivering educational, project management and international development solutions.

Wollongong College Australia

Established in 1988, Wollongong College Australia offers a range of courses that provide alternative pathways into tertiary education at the University of Wollongong (UOW) and other institutions for domestic and international students.

Wollongong College Auckland

Since 2003 Wollongong College Auckland has complemented the Australian-based education portfolio of the ITC Group of Companies by delivering English Language, Foundation Studies and Diploma programs to international students. The modern campus is located in the education precinct of Auckland.

UniAdvice

UniAdvice provides a range of services for UOW and the Wollongong College Australia (WCA) under service-level agreements. These include international and domestic student recruitment, student admissions, alumni and community engagement, corporate communications, scholarships and fundraising.

Public Affairs

Public Affairs provides a range of services for both UOW and the ITC Group of Companies, including media services, government relations at federal and state levels, writing submissions, corporate profiling, media relations, issues management, VIP events organisation and protocol.

Over 500 staff located in Australia, New Zealand, Asia and the Middle East are bound by common goals – to serve all our stakeholders, whether they are students, aid organisations or partner institutions, and to deliver value to the share holder, the University of Wollongong (UOW).

Although wholly-owned by UOW, ITC Group of Companies operates as an autonomous entity. This connection facilitates the integration of UOW's internationally-acclaimed academic and research excellence with our commercial experience in education, training and practical project management.

In the global education sector ITC Group has a long history of providing English language and pre-university programs, and establishing new educational facilities in emerging markets. In the realm of international development, ITC Group has acted a both lead contractor and in partnership with global organisations, governments and private entities.

Through successful transitions, flexible thinking and new opportunities, ITC Group of Companies is well placed to further capitalise on the growing global market for higher education, now worth more than US$2 trillion per year.

> ceo & chairman's review

The ITC Group has had an excellent year. The Board is very proud of the work that has been undertaken at the divisional level to help us to achieve our vision to be a builder of successful educational brands.

The year has been one of transitions for the ITC Group as we have worked to cement our vision and mission into organisational operations. We would not suggest our job is finished but we are now well placed to take advantages of the changes in the education and international project marketplaces.

Our flexible approach enabled the organisation to address these challenges. Gaining Higher Education Provider status will ensure the ITC Group is strategically positioned to benefit from regulatory changes in the Australian education sector. Under this license the delivery of two Diploma programs commenced at Wollongong College Australia in February 2007. Significant numbers of domestic students enrolled in these courses due to excellent conversion work undertaken by UniAdvice.

ITC Group's accreditation as a Registered Training Organisation has also enabled the organisation to expand its operations into new areas. For instance, Wollongong College Australia collaborated with the Hammond Care Group to win a A$5 million tender in aged care training.

In the field of international development projects, ITC Group's profit performance improved, reflecting our ability to strategically target specific tenders. This was achieved in a market that was opened to international organisations due to the untying of the Australian Government's aid budget. We are proud to note that ITC Group achieved successes in the face of increasing competition from both small niche players and large conglomerates.

Similarly, our operations in the Middle East faced increased levels of competition. In response to this competition and market demands, the University of Wollongong in Dubai (UOWD) launched four new courses. UOWD's strength is evident in growing student numbers, particularly the doubling of international students commencing at the University in 2006. In 2007 we expect to continue with a steady rate of expansion, with the accreditation of another eight programs underway.

Another new opportunity for the ITC Group includes the recent formulation of a strategic articulation agreement between Wollongong College Auckland and Massey University, one of New Zealand's leading educational institutions.

ceo & chairman's

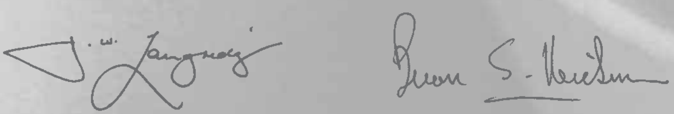
> case study : **peter robson, deputy chairman**

Peter Robson has established a unique network throughout Australian industry and government. He has worked as a chemical engineer in Australian, Asian and US manufacturing firms at both operational and senior executive levels. In the mid-70s he was appointed to the Jackson Committee reviewing the future of the Australian manufacturing industry. This experience, among others, lead to his appointment as National Secretary of The Community and Public Sector Union (CPSU), one of Australia's largest unions.

In seeking these new opportunities the ITC Group has assisted its shareholder, UOW, to extend its global reach. For example, UniAdvice and Public Affairs managed UOW's submission for the inaugural 2006 Commonwealth University of the Year Award for Community Engagement from *The Times Higher Education Supplement*, which the University subsequently won.

For the second year in a row, ITC Group paid a formal dividend to the shareholder, the University of Wollongong (UOW), showing our commitment to delivering value in the face of difficult market conditions. This was particularly satisfying in the context of decisions made by the ITC Group to close the Sydney campus of Wollongong College Australia and reshape the Projects Group, both of which resulted in significant revenue impacts.

Finally we would like to thank the Board of Directors who provided unfailing support and guidance that was invaluable for a year that was characterised by transitions and new opportunities. These new opportunities position the ITC Group well for the future.



> key facts & figures

Revenue - A$million

ITC Group Revenue	56.80
International Student Fee Revenue	52.50
Revenue Aggregate	**109.30**
Profit (before tax)	1.06
Contribution to UOW	**3.11**

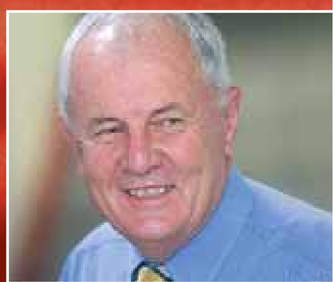
Business Growth - A$million

review

During this time Peter was also a member of the ACTU executive, the Australian Manufacturing Council, the Australian Public Service Management Board and a Director of the Australian Industry Development Corporation. He was also appointed to many Federal Government Enquiries which focussed on the future of the manufacturing industry and R&D in Australia.

On his departure from the Union movement he worked as an advisor to PricewaterhouseCoopers specialising in industry development and venture capital. He was also an advisor to Industry Fund Services (IFS). During the 1990s he was appointed to the Industry Research and Development Board where as Chairman of the Manufacturing and Engineering committee he became one of the fathers of early stage high tech venture capital funds into Australia.

He is currently a Director for Southern Oil Refineries Pty Ltd, CEA Technologies, a member of the NSW Wine Industry Advisory Board and Chairman of the NSW Mining Industry Assessment and Review Committee. His experience brings together a unique perspective of industry policy and a strong understanding of research commercialisation and venture capital in Australia. Peter is strongly committed to the development of regional Australia. Just outside the city of Orange, he and his wife Terri own a vineyard, snail farm and produce olive oil for commercial sale.



trans

ITC Group of Companies successfully negotiated ever changing global education and development markets through continual transitions, both internally and in partnership with our stakeholders.

> transitions

University of Wollongong in Dubai

All higher education providers in the United Arab Emirates (UAE), including UOWD, faced unique challenges in 2006. Phenomenal economic growth, changing competitive dynamics and the maturation of the education market created a demand for specialised programs and graduates with specific skills.

To ensure future success in light of these changing market demands UOWD diversified its product offering in 2006, launching three new programs: Master of Strategic Human Resource Management; Master of Strategic Marketing; and Bachelor of Commerce in Human Resource Management.

UOWD also developed partnerships with regional and global industry leaders. These partnerships have increased enrolments, with the companies involved sponsoring their employees to study at UOWD. Such partnerships have also led to consulting assignments for staff.

UOWD further enhanced industry partnerships through integrated Management Development Workshops and Industry Seminars. In 2006 UOWD hosted two high-profile forums – 'The Supply Chain Executive Forum (SCEF)' and 'Building Brands through Integrated Communications'.

In addition to advancing the frontiers of knowledge in the region, such activities have been instrumental in increasing the profile of UOWD. These events have been supplemented by monthly industry workshops attracting more than 200 members of the regional business community.

Research was a major priority during 2006. Weekly research seminars have been augmented by Weekly Research Workshops and Café Research, which provide a platform for academic staff to discuss and hone their research skills and output.

The *UOWD Technical Reports Series* was launched in 2006 to highlight research-in-progress and the results of research in the fields of Computer Science, Information Technology and Electrical Engineering.

A competitive Research Grants Scheme was also established in 2006 for 12-month research projects undertaken by full-time academic staff. The aim of the scheme is to provide financial support for high-quality research projects that promote the social and economic development of the UAE and the wider Gulf region. Five projects were funded for 2006-2007.

itions

> case study : **wollongong college australia graduate, sophie watson**

"Like most of us I thought I knew it all: how to study, how to handle exams, how to write essays. I thought I was ready for university. I was wrong. Upon entering the College my fellow students and I had many bad study habits – poor attendance, insufficient referencing or simply not being able to ask for help. The College taught us the value of change – to be open minded, adaptable and to always challenge our knowledge. The College gave us the ability to change for the better, making us wiser academically, socially and mentally – ultimately preparing us for future challenges at university."

UniAdvice

UniAdvice faced a range of challenges in securing enrolments for UOW and Wollongong College Australia. A record number of university places for domestic students were on offer due to Australian Government initiatives. This led to intense competition amongst Australian universities to secure school leaver preferences. Increased competition in the international student market resulted from new institutions entering the market, both domestically and internationally.

Sustained and targeted marketing efforts by UniAdvice throughout 2006 resulted in UOW receiving more first preferences from school leavers in New South Wales and the Australian Capital Territory (ACT) in 2007 than ever before, securing a 7.51 per cent share of the market in 2007.

UOW received 55 first preferences from school leavers in the ACT in 2007, placing UOW ahead of the University of Technology Sydney, Macquarie University, the University of Western Sydney, the University of Newcastle and the Australian Catholic University.

Further emphasis on conversion and Faculty specific marketing in 2006 resulted in 911 domestic UOW postgraduate coursework offers being issued for autumn session 2007, which led to 701 enrolments, a successful conversion rate of 76.9 per cent. This is an improvement on autumn session 2006, which saw 666 enrolments.

UniAdvice implemented a refined planning process for international student recruitment at UOW, incorporating enrolment projections for the next 10 semesters. This rigorous planning model integrates Faculty strategic plans and medium to long term forecasts for key source countries.

UniAdvice resumed responsibility for international applications to Wollongong College Australia as a way of offering a 'complete' range of services to prospective students. These services included the utilisation of the Customer Relationship Management (CRM) system for conversion strategies and offering case management by 'region' to prospective students. It has also enhanced a streamlined transition from the College to UOW programs.

These changes and intense marketing efforts in 2006 significantly improved the performance of Wollongong College Australia, as indicated by domestic enrolments in autumn session 2007. A total of 197 students enrolled across all programs, compared to just 71 in autumn 2006.

Donations to UOW scholarships and research increased throughout 2006 due to UniAdvice's strategic fundraising campaigns and stewardship of external relationships. As a result UniAdvice streamlined its procedures and the reporting of agreements and payments from external parties through its Raiser's Edge database.

Wollongong College Australia

In response to changing market needs the College expanded its course offerings in 2006. New programs include a 20-week English for Tertiary Studies, a 20-week English for Business and the three-session Foundation Studies course.

The new Foundation Studies course was developed to replace the Senior Secondary Program, which could no longer support enrolments from international students due to changes in visa regulations. The new course received accreditation in 2006 in preparation for delivery in the first session of 2007. It prevented a reduction in international students seeking an alternative pathway into the first year of degree programs at UOW.

The College expanded its student support services, introducing an activities program for all students. Weekly activities now allow students to interact with each other outside of normal class hours.

The College also introduced a 24/7 emergency contact service to help students and their families through critical situations. At the start of session all students now receive an Emergency Contacts card that lists the telephone number of the 24-hour emergency service, as well as the emergency numbers for UOW, the police and hospital.

Wollongong College Auckland

A new Campus Director was appointed in April 2006, bringing fresh ideas to marketing and improvements to communications with both staff and agents.

A new Student Advisor position was created to improve the health and welfare of students, resulting in positive student feedback in a recent College survey.

Greater efficiencies were achieved by the administration team. Level 8 of the College's premises in Queen Street Auckland was also remodelled to include new reception and administrative areas.

ITC Group Projects

ITC Group Projects was responsible for providing a Program and Operations Adviser for AusAID's *Vanuatu Technical Assistance for the Implementation of the Governance for Growth (GFG) Program*. This initiative aims to improve governance issues throughout the Government of Vanuatu as it approaches the implementation of its national governmental action plan – the Priorities and Action Agenda (PAA). The outputs of the consultancy managed by ITC Group Projects relate to building the structures, procedures, incentives and human capacity which enable the Government to successfully implement the PAA.

transitions

ITC Middle East Projects

The political situation in Lebanon has led to the suspension of in-country programs. However relationships with key partners in the region remain positive. ITC Middle East Projects anticipates it will be able to build upon these relationships in the future.

The Administrative Research Centre (ARC) in Syria recorded significant growth in enrolments. ITC Middle East Projects provides English language programs in partnership with the ARC.

ITC Middle East Projects recently submitted a proposal for a significant project in Libya in association with an Australian engineering company. A further bid was submitted relating to Health Quality Management in Iran which, in conjunction with previous work in Iran, will place the division in a strong competitive position as stability returns to the region.

Public Affairs

Public Affairs built upon 2005 achievements with another record year of coverage for UOW activities in regional and national newspapers, television, radio and magazines. Media coverage averaged 268 published articles and broadcast items per month in 2006 (up from 225 in 2005), including a high of 347 in August. Significantly, media coverage was overwhelmingly positive (98 per cent).

In 2006 Public Affairs prepared 402 media stories for UOW's website (up from 277 in 2005) and 165 media releases. The media website also had a record number of visits – 1300 hits per day, up 200 on the previous year.

Public Affair's Protocol Officer coordinated more than 25 high level delegations to the University including visits from federal and state ministers, including the Minister for Foreign Affairs, Mr Alexander Downer, and the Minister for Education, Science and Training, Julie Bishop, and visits from ambassadors and high commissioners.

> case study :

uow student, brent west

"After being away from a structured learning environment for over five years, applying for University was a huge decision. The few months leading up to my enrolment at UOW was a fairly new experience for me but UniAdvice were able to answer all my queries about my application, exam scores and other associated issues. I received easy-to-understand, friendly and accurate answers to all my questions. This might seem like a given part of customer service but it is rare to find such professionalism across the board of an organisation. The service I received helped put my mind at ease about a lot of things and generally made applying to UOW a very easy process."

flexible th

> case study : **online event registration for uow discovery days**

UniAdvice introduced a new on-line booking form, allowing prospective students for UOW and Wollongong College Australia to register for recruitment events by accessing a web portal. The first series of events which promoted the use of this new initiative were the UOW Year 12 Information Evenings held in Wollongong, Sutherland, Campbelltown and Cronulla. The system was also utilised for Discovery Days, UOW's largest recruitment initiative, enhancing the registration and organisation of the event, both internally and for prospective students and teachers. The system also facilitated the capturing of personal information of 5000 prospective students from UOW's core drawing areas, which enabled personalised communication after the event, via print mail, email and mobile phone SMS.

Lecturer of Health Sciences, Mr Herb Groeller explains exercise physiology to prospective students at Discovery Days 2007.

By combining flexible and creative methodologies with a client-focused mindset, ITC Group of Companies delivers innovative solutions for all our stakeholders.

hinking

> | flexible thinking

University of Wollongong in Dubai

In response to problems gaining direct access to high schools in the region, UOWD designed outreach programs for school teachers and counsellors, who were trained on topical issues relating to high school curriculum and teaching methodology. These programs, which proved extremely popular among teachers, increased the awareness and visibility of UOWD with key stakeholders in the schools.

In the face of rapidly changing competitive conditions UOWD leveraged its prominent research base, industry relationships and staff expertise. As a result UOWD has positioned itself as the leading university in Dubai with exceptionally close relationships with industry and a reputation for outstanding research.

This increased profile was achieved by actively engaging all staff in marketing activities. Throughout 2006 staff represented the University at a range of trade and education fairs, seminars, public lectures and exhibitions, where they consistently endorsed the quality of UOWD programs and its commitment to high quality education.

UOWD's international profile was also enhanced through staff presentations at leading conferences, increasing published research output and by hosting industry forums featuring well-known guest speakers.

Staff performance and job satisfaction were improved by several initiatives developed in 2006. A new staff communications strategy, staff lunches, Iftar dinners and staff sporting tournaments fostered a familial working environment. To develop an organisational culture based on participative decision-making key academic and administrative staff were encouraged to provide input on various issues of strategic importance. Several Action Groups were also formed to complete a range of projects, such as redesigning the website and organising school visits.

UniAdvice

To maintain Wollongong College Australia's market share in the increasingly competitive English language and academic pathway market, UniAdvice helped implement an aggressive pricing policy for courses, including scholarships for international students from price sensitive markets.

UniAdvice focussed on key international markets with the establishment of Marketing and Admissions Officer positions dedicated to recruitment in China, Indonesia and the Middle East. This consolidation of student admission and promotion functions enables a seamless delivery of services to both prospective students and representative offices in growing markets. On-shore recruitment of international students was also a major focus in 2006 with UniAdvice staff attending 26 agent visits, 15 events and hosting an on-campus Agent's Day.

To provide information and support to UOW's growing cohort of Islamic students in 2006, UniAdvice developed and distributed an Islamic Directory. This valuable information resource for both prospective and current Islamic students outlines Islamic services and facilities in the Illawarra areas, such as mosques, prayer centres and halal food outlets.

Due to the changing expectations and characteristics of the domestic "Generation Y" school leaver market, UniAdvice reviewed existing communication modes throughout 2006. This resulted in the implementation of more targeted

flexible thinking

> case study :

employee opinion study

In 2006 the Diversity & Equity Committee (DEC) carried out an ITC Group wide 'Employee Opinion Survey'. From the data collected a number of action items were developed, including improvement of communication throughout the organisation. An Internal Communications Strategy was established and a communications team was formed to champion the new strategy. This team ensured that greater communication was realised across the company from the CEO and divisional managers, and will continue to do so throughout 2007.

communication via direct print and electronic media, as well as the development of an online event registration system.

As part of a long-term strategy to grow domestic school leaver enrolments at UOW, UniAdvice developed an Information Evening for Year 10 students and their parents. By engaging students from core drawing areas at a younger age and facilitating informed subject selection, this event will foster greater consideration and selection of UOW in the future. The 2006 event greatly exceeded expectations by attracting 750 students and parents.

To better understand the careers, attitudes and interests of UOW graduates UniAdvice sent out its first Alumni Census, receiving over 6,000 responses. The information sourced from the Census will help plan future appeals and events. It will also allow the Alumni Office to develop a comprehensive list of "high-profile" UOW alumni for Faculty activities.

Wollongong College Australia

In 2006 the National ELT Accreditation Scheme (NEAS) decreased mandatory tuition hours from 25 to 20 hours per week. Consequently, the College reviewed the course structure of all ELICOS offerings, implementing 22 hours of full-time tuition for the English for Tertiary Studies and the English for Business programs and 20 hours for all other ELICOS programs. The transition was successfully implemented with minimal disruption to students and managed through a range of flexible staffing arrangements.

The College also established an academic pathway program for students wishing to further their studies at UOW's Shoalhaven campus. The Access University at Shoalhaven Campus (AUSC) program now helps students prepare for entry into the first year of degree programs delivered at the Shoalhaven campus. Staff commitment to the new program allowed the first graduates to commence their UOW degree studies at the start of 2007.

In response to new permanent residency requirements from the Australian Government, the College increased its IELTS testing capacity by more than 300 per cent in 2006. This was achieved by recruiting and training additional IELTS examiners and markers, and increasing the capacity and frequency of examinations.

Wollongong College Auckland

The majority of College graduates continue their studies at Massey University and in 2006 the College negotiated a new articulation agreement with this institution. College graduates now receive up to one year's credit towards degree programs in Business and Information Sciences at Massey University. By guaranteeing entry into the second year of these degrees, the College will significantly boost its enrolments.

In response to market demand a new articulation agreement was negotiated with the Auckland University of Technology. This agreement provides College graduates with direct entry into the second semester of the Bachelor of Hospitality program.

An English language pathway agreement with Eurocentres was established to provide English for Academic Purposes (EAP) and other English language programs for Eurocentres students who continue on to College diploma programs.

ITC Group Projects

ITC Group Projects prepared a second design to scope and plan the implementation of the Asian Development Bank's *Indonesian Earthquake and Tsunami Emergency Support Project Education Development Component (Phase II)*, a program which continues to address the devastation caused by the 2004 Boxing Day tsunami in Aceh and Northern Sumatra. The design focused on improving the quality of science and information technology in selected secondary schools in the Aceh region and on the island of Nias. Throughout 2006, ITC Group Projects also provided the Education Disaster Management Specialist to advise the Asian Development Bank on appropriate avenues for their financial support to the education sector.

ITC Middle East Projects

ITC Middle East Projects allows UOWD to respond in a flexible manner to market demands for project management, consulting services and industry links across the Middle East region.

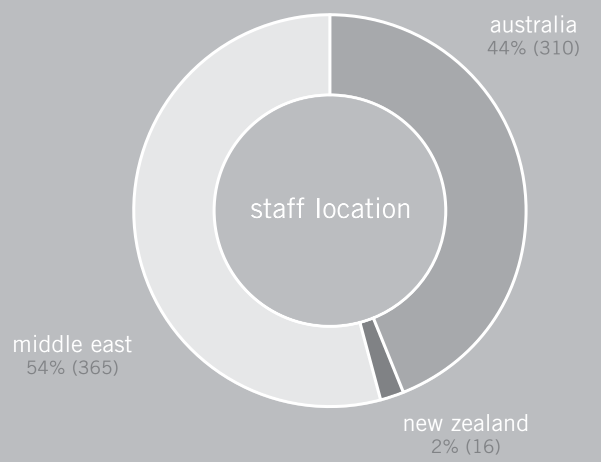
ITC Middle East Projects is actively seeking opportunities in other countries, such as Libya, Jordan and Iran, in order to enhance our market share and expand our product offerings.

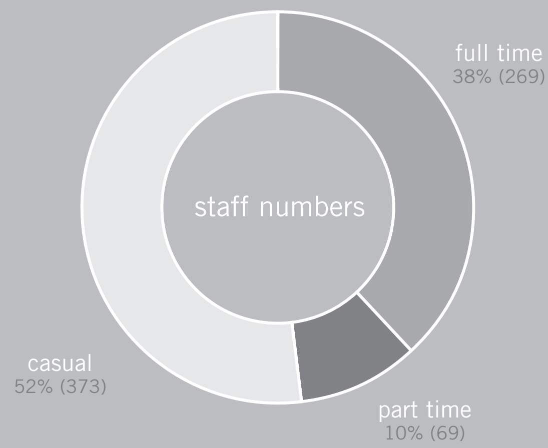
Public Affairs

Public Affairs positioned the ITC Group to take advantage of government higher education policies in areas such as skilled migration and the ESOS national code and other national protocols. Public Affairs also successfully coordinated ITC Education's Higher Education Provider application at the Federal level.

In conjunction with UniAdvice, Public Affairs made a significant contribution to UOW's international standing in 2006 by preparing the University's winning submission for the inaugural *The Times Higher Education Supplement's* Commonwealth University of the Year award, as well as researching and collating much of the material in the University's successful bid to be included in the Top 200 World University Rankings.

To increase UOW's research reputation Public Affairs added a new section to the University's quarterly magazine, *Campus News*. This new section focuses on UOW research strengths with profiles of key research projects. The major mid-year edition of *Campus News* was also inserted into a Friday edition of *The Illawarra Mercury* newspaper, promoting the University to a potential audience of more than 100,000 readers.





new opportuni

Although ITC Group of Companies is involved in a diverse range of operations, we are all working towards the same goal – delivering value to the shareholder through the development of new opportunities.

> | new opportunties

University of Wollongong in Dubai

UOWD expects to receive accreditation for the following programs in 2007: Master of Engineering Management; Master of Information Technology Management; and Master of Applied Finance and Banking

The following degree program submissions have been lodged with the Commission for Academic Accreditation: Bachelor of Commerce in Insurance; Bachelor of Commerce in International Business; Bachelor of Commerce in Property Development & Management; Bachelor of Information Technology in Management Information Systems; Bachelor of Computer Science in Digital Systems Security; and Bachelor of Computer Science in Multimedia Technology.

To increase enrolments, UOWD will continue to negotiate Memorandums of Understanding with regional and international corporations, several national business councils and other public sector groups.

> case study : **uowd graduate, simon walter, director of siemens llc, facilities management**

"The on-the-job knowledge, feedback and practical discussion groups, rather than standard lectures, made my MBA studies at UOWD more relevant to my role at Siemens LLC. I can honestly say that my time at UOWD opened up new channels and new opportunities for me. UOWD provided me with the perfect supportive environment to get ahead in life. Dubai is safe, multicultural and an excellent place to raise my young family."

ties

UniAdvice

UniAdvice will increase marketing initiatives within newly emerging markets such as the Middle East to expand international enrolments for both UOW and Wollongong College Australia.

UniAdvice will continue to grow UOW's cohort of international students from the Asia-Pacific, Africa and the Sub-continent sponsored by Australian and overseas governments. In 2006 UOW signed contracts for the provision of training services for AusAID's Australian Development Scholarship and Australian Partnership Scholarship (Tsunami aid).

UniAdvice will conduct additonal conversion campaigns to improve the ratios of enquiries and applications to enrolments at UOW and Wollongong College Australia. This has been enabled by the full commissioning of the Customer Relationship Management system. In addition to general conversion strategies, such as the automated tracking of student applications, UniAdvice will introduce potential students to UOW Faculty newsletters. In 2007 work is planned on the introduction of the new eMarketing module.

UniAdvice will intensify promotion of UOW to the prospective school-leaver market in the ACT. This will involve school visits, Faculty representation at key career events and relationship marketing with key schools in the area.

Throughout 2007 UniAdvice will help UOW leverage upon its international reputation for community engagement activities through the increased promotion of its Commonwealth University of the Year Award from *The Times Higher Education Supplement* and the Association of Commonwealth Universities.

In 2007 UniAdvice will launch the Chancellor's Award for Achievement in Community Service to recognise the personal contributions that UOW alumni and others make to the enrichment of their communities.

new opportunities

Wollongong College Australia

The College will continue to build upon its successful Study Tour program. Unlike traditional cultural exchange type programs, the Study Tours focus on tailored English language components. An example of this new format in 2006 was the English and IT program developed specifically for Honam University's Computer Engineering Department. This Study Tour consisted of a five-week English component and an additional five-week IT component involving industry visits and instruction in HTML and JAVA.

The College will explore additional partnerships with organisations that provide niche vocational training. For instance, the College entered an agreement to be a Registered Training Organisation (RTO) for the Hammond Care Group in 2006. This partnership won an Australian Government tender worth A$5 million for the provision of a dementia training course for 9,000 aged-care workers in New South Wales and the Australian Capital Territory. Over the next four years Hammond Care will provide the training to the aged-care workers. In return the College will provide the registered training organisation status. This involves training trainers, quality control, reporting and certification.

Wollongong College Auckland

The College will seek to increase enrolments from international students by highlighting new permanent residency opportunities to prospective students. College diplomas are now recognised for 50 immigration points, allowing College students to work towards residency in New Zealand.

To boost international enrolments the College will also leverage upon a new six-month, full-time work visa for graduates with a recognised qualification, introduced by the New Zealand Government in 2006. An agreement has already been negotiated with a work placement agency to assist students in finding skilled employment.

The College conducted its first Short Study Tour from Japan in 2006. There are now two proposals for 2007 and three additional proposals from China. This is an increase from one tour group in 2006 to possibly five tours in 2007.

> case study : prime television partnership

To create more awareness in the general public about UOW's community engagement initiatives UniAdvice established a mutually beneficial partnership with Prime Television for the provision of free televised community announcements. Using footage from a recently produced student recruitment DVD and archival footage from UOW's library, UniAdvice and Prime Television created a 30-second 'Partners in the Community' commercial focussing on UOW's community relationships. The commercial has been regularly aired on the Prime channel, reaching broad audiences in the Illawarra, Southern Highlands and the South Coast of New South Wales. The commercial is the first in a series currently being produced. The following commercials will also showcase UOW's community links in research and teaching.

ITC Group Projects

ITC Group Projects will assist the Asian Development Bank's *Vietnam Support for the Implementation of Anti-Money Laundering Decree*. This program is helping the Government of Vietnam to implement the *Decree to Prevent and Combat Money Laundering* through awareness education, policy development and institutional building, and enhancing operational activities of the State Bank of Vietnam and other agencies. The major outputs expected from the project are enhanced awareness and understanding about anti-money laundering in key agencies and the public; strengthened institutional and policy frameworks; and enhanced operational capacity for investigation and compliance among key institutions. ITC Group Projects' increasing expertise in anti-money laundering has also been recently utilised in Mongolia.

ITC Middle East Projects

To overcome the contracted demand in Lebanon, ITC Middle East Projects will continue to seek new opportunities across the Middle East, including those in Syria, Jordan, Libya and Iran. These business development opportunities will be in the areas of supply chain management, oil industry hygiene, customer service management and the teaching of English.

Public Affairs

By utilising its expertise in government relations, Public Affairs will continue to support UOW's research initiatives. In 2006 Public Affairs helped secure A$12 million in Federal Government funding for a building on the Innovation Campus to house the Global Centre of Excellence for Transnational Crime Prevention, as well as A$3 million to fund 60 AusAID scholarships at the centre. This expertise will continue to provide new opportunities for the ITC Group and UOW.

itc group of companies

2006 financial statements

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 2006 and the auditor's report thereon.

Directors

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

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

Company Particulars

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

Building 39
2 Northfields Avenue
Wollongong NSW 2522
Australia

Principal Activities

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

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

The marketing and recruitment activities undertaken under contract to the University of Wollongong generated a total of $52.5 million (2005: $58.0 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 $10.4 million (2005: $11.2 million) in the period.

Review and Results of Operations

The operating profit before income tax of the consolidated entity for the year was $1,198,232 (2005: $1,367,301). The operating profit before income tax of the Company for the year was $1,146,935 (2005: $787,462 loss).

Dividends

In respect of the financial year ended 31 December 2005, as detailed in the directors' report for that financial year, a dividend of 72,010,350.00 cents per share franked to 100% at 30% corporate income tax rate was paid to the holders of fully paid ordinary shares on 13 April 2006.

In respect of the financial year ended 31 December 2006, a dividend of 74,668,000.00 cents per share franked to 100% at 30% corporate income tax rate was declared to the holders of fully paid ordinary shares on 7 December 2006.

State of Affairs

The Wollongong University College ceased operating from its Sydney location on 30 September 2006 due to a decline in student numbers.

Consistent with overall industry patterns, Wollongong College, Auckland has experienced a significant decline in the number of students attending the pre-university courses that it delivers.

Wollongong College, Auckland has reduced staff numbers throughout the past year and has entered into arrangements to sub-lease excess office space as part of a cost reduction strategy.

However, the market is showing signs of recovery which may result in an improvement in student numbers studying in New Zealand.

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

Environmental Regulation

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

Events Subsequent to Reporting Date

Since the end of the financial year, ITC New Zealand Ltd has signed a non-binding term sheet to acquire the business of another education provider in New Zealand.

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

Likely Developments

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

Information on Directors

Director	Experience	Special Delivery Responsibilities	Particulars of Director's interests in shares of the corporation
Dr BS Hickman	Chairman (November 2004) Former Deputy Chairman (1997 – 2004) Director, 14 years 9 months *Member of Council* • University of Wollongong *Member* • 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 & Risk Sub-Committee Chairman, Investment Sub-Committee	Nil
Mr P Robson	Deputy Chairman (November 2004) Director, 3 years 5 months *Director* • CEA Technologies Pty Ltd • Southern Oil Refineries Pty Ltd	Non-Executive Director Member, Remuneration Sub-Committee Member, Investment Sub-Committee	Nil
Mr JW Langridge	Managing Director, 16 years 9 months Director, 17 years 9 months *Vice Principal (Overseas Operations),* • University of Wollongong *Director* • ITC Europe Limited • ITC Education Ltd • ITC (New Zealand) Limited • IDP Education Australia Limited *Chairman* • Audit and Risk Sub-Committee, IDP Education Australia Limited *Member* • Council for Australian-Arab Relations • Board of Trustees, Al Jazeera Academy • Advisory Board, Moore Theological College	Executive Director Member, Remuneration Sub-Committee Member, Investment Sub-Committee	Nil
Mr GF Maltby	Former Chairman, 1992 - 2004 Director, 16 years 11 months *Chairman* • Australian Telecommunications Users Group (ATUG)	Non-Executive Director Member, Audit & Risk Sub-Committee	Nil
Prof GR Sutton	Director, 12 years 2 months *Vice-Chancellor, and Principal* • University of Wollongong *President* • Australian Vice Chancellors' Committee (AVCC) *Director* • Australian Vice Chancellors' Committee (AVCC) • Association of Commonwealth Universities	Non-Executive Director	Nil

Information on Directors *(continued)*

Director	Experience	Special Delivery Responsibilities	Particulars of Director's interests in shares of the corporation
Mr J Scimone	Director, 4 years 5 months *Member of Council* • University of Wollongong *Chairman* • Audit Committee, South Eastern Sydney Illawarra Area Health Service *Group Manager* • Sustainability, Wollongong City Council *(to Feb 2007)* *Fellow* • Institute of Engineers Australia	Non-Executive Director	Nil
Mr G West	Director, 3 year 5 months *Chartered Accountant* *Director* • IDP Education Pty Ltd • IDP Education Australia Limited	Non-Executive Director Chairman, Audit Sub-Committee & Risk Sub-Committee	Nil
Ms R Sinclair	Director, 3 years 5 months *Managing Director* • Australian Telecommunication User Group *Director* • Communications Alliance *Vice Chairman* • VASP Group, 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:

Director	Experience	Special Delivery Responsibilities	Particulars of Director's interests in shares of the corporation
Mr S McDonell	Company Secretary, 12 years 10 months *Director and Company Secretary* • ITC Europe Limited • ITC (New Zealand) Limited • ITC Education Ltd	Executive Director	Nil
Ms R Buckham	Director, 3 years 9 months ITC Education Ltd *Director* • Port Kembla Port Corporation *Member* • Advisory Council of TAFE Illawarra Institute		Nil
Ms T Lees	Company Secretary, *Company Secretary* • ITC Europe Limited • ITC (New Zealand) Limited • ITC Education Ltd		Nil
Ms L Leaver	Company Secretary, 6 months *Company Secretary* • ITC Europe Limited • ITC (New Zealand) Limited • ITC Education Ltd		Nil

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

- Ms T Lees – resigned on 25 January 2006
- Ms L Leaver – appointed on 20 June 2006

Indemnification and Insurance of Officers

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

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

Auditor's Independence Declaration

The auditor's independence declaration is set out on page 9 and forms part of the directors' report for the financial year ended 31 December 2006.

Directors' Meetings

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

	ILLAWARRA TECHNOLOGY CORPORATION LTD								ITC EUROPE LTD		ITC (NEW ZEALAND) LTD		ITC EDUCATION LTD	
Director	Board Meetings		Audit & Risk Sub-Committee Meetings		Remuneration Sub-Committee Meetings		Investment 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	Number Held	Number Attended
Dr BS Hickman	8	8	5	5	4	4	5	5	-	-	-	-	-	-
Mr P Robson	8	8	-	-	4	4	5	5	-	-	-	-	-	-
Mr JW Langridge	8	8	-	-	4	4	5	5	2	2	2	2	2	2
Mr GF Maltby	8	8	5	5	-	-	-	-	-	-	-	-	-	-
Prof GR Sutton	8	8	-	-	-	-	-	-	-	-	-	-	-	-
Mr J Scimone	8	5	-	-	-	-	-	-	-	-	-	-	-	-
Mr G West	8	8	5	5	-	-	-	-	-	-	-	-	-	-
Ms R Sinclair	8	8	-	-	-	-	-	-	-	-	-	-	-	-
Mr S McDonell	-	-	-	-	-	-	-	-	2	2	2	2	2	2
Ms R Buckham	-	-	-	-	-	-	-	-	-	-	-	-	2	2

Signed in accordance with a Resolution of the Directors:

Director

Director

Dated at Wollongong this 3rd day of April 2007.

AUDITOR-GENERAL
NEW SOUTH WALES

GPO BOX 12
Sydney NSW 2001

To the Directors
Illawarra Technology Corporation Limited

Auditor's Independence Declaration

As auditor for the audit of Illawarra Technology Corporation Limited for the year ended 31 December 2006, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The independence requirements of the *Corporations Act 2001* in relation to the audit, and
- Any applicable code of professional conduct in relation to the audit.

Peter Achterstraat
Auditor -General

3 April 2007
SYDNEY

GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT

Illawarra Technology Corporation Limited

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

Qualified Audit Opinion

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

- the *Corporations Act 2001*, including:
  - giving a true and fair view of the Company's and consolidated entity's (defined below) financial position as at 31 December 2006 and their performance for the year ended on that date, and
  - complying with Accounting Standards in Australia (including Australian Accounting Interpretations) and the Corporations Regulations 2001,
- other mandatory financial reporting requirements in Australia, and
- section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

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

Qualification paragraph

Notes 1(l) and 11 of the financial report disclose that the Company has valued its Other Financial Assets at fair value. In my opinion, the fair value of these assets cannot be reliably determined because they do not have a quoted market price in an active market; and the valuation technique relies heavily on entity specific inputs rather than market inputs. When fair value for financial assets cannot be reliably determined, AASB 139 "Financial Instruments: Recognition and Measurement" requires these assets to be measured at historical cost. Had the Company measured its Other Financial Assets at historical cost, the consolidated entity and the Company's Non-Current Assets would have been reduced by $3.24 million ($2.10 million in 2005) and Non-Current Liabilities - Deferred Tax would have been reduced by $0.97 million ($0.60 million). Total Equity and Reserves would have been reduced by $2.27 million ($1.50 million).

The audit opinion for the year ended 31 December 2005 was similarly qualified for non-compliance with AASB 139.

Scope

The Financial Report and Directors' Responsibility

The financial report comprises the balance sheets, income statements, statements of recognised income and expense, cash flow statements, accompanying notes to the financial statements and directors' declaration for the Company and consolidated entity, for the year ended 31 December 2006. The consolidated entity comprises the Company and the entities it controlled during the financial year.

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

Audit Approach

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

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

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

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

My opinion does *not* provide assurance:

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

Audit Independence

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

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

Peter Achterstraat

Peter Achterstraat
Auditor-General

SYDNEY
3 April 2007

Certificate under The Public Finance and Audit Act 1983

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

- The accompanying financial statements exhibit a true and fair view of the financial position of Illawarra Technology Corporation Limited and its controlled entities as at the 31 December 2006 and transactions for the period then ended.
- The statements have been prepared in accordance with the provisions of the Public Finance and Audit Act, 1983, and the Public Finance and Audit Regulation 2005.

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

Director

Director

Dated at Wollongong this 3rd day of April 2007.

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 2006 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 (including Australian Accounting Interpretations) and other 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 3rd day of April 2007.

	Notes	Consolidated 2006 $	Consolidated 2005 $	The Company 2006 $	The Company 2005 $
Continuing operations					
Revenue	3	52,926,951	60,464,610	31,827,005	37,295,398
Other revenue	3	775,442	195,302	10,394,634	10,626,283
Employee benefits expenses		(21,819,452)	(22,100,622)	(22,986,687)	(23,590,550)
Depreciation and amortisation		(1,326,562)	(1,392,799)	(1,199,910)	(1,228,222)
Project expenses		(5,362,007)	(12,959,144)	(5,353,907)	(12,949,167)
Administration and site costs		(9,576,731)	(9,106,407)	(7,171,523)	(6,838,392)
Marketing expenses		(8,250,065)	(8,307,282)	(1,304,330)	(1,319,962)
University of Wollongong expenses		(975,955)	(826,023)	(539,619)	(393,919)
Finance costs		(30,395)	(37,977)	(30,395)	(37,977)
Other expenses		(2,669,266)	(3,847,084)	(2,488,333)	(2,350,954)
Profit before tax		3,691,960	2,082,574	1,146,935	(787,462)
Income tax expense	5a	(138,013)	588,358	(138,013)	588,358
Profit (loss) for the year from continuing operations		3,553,947	2,670,932	1,008,922	(199,104)
Discontinued operations					
Profit (loss) for the year from discontinued operations	32	(2,493,728)	(715,273)	-	-
Profit for the year		**1,060,219**	**1,955,659**	**1,008,922**	**(199,104)**
Attributable to:					
Equity holders of the parent		1,060,219	1,955,659	1,008,922	(199,104)
Profit for the year		**1,060,219**	**1,955,659**	**1,008,922**	**(199,104)**

The income statement is to be read in conjunction with the notes to the financial statements set out on pages 30 to 59.

	Notes	Consolidated 2006 $	Consolidated 2005 $	The Company 2006 $	The Company 2005 $
Current assets					
Cash and cash equivalents	7	5,364,137	4,622,754	1,763,495	1,180,857
Trade and other Receivables	8	3,296,894	4,189,237	1,682,090	1,889,136
Inventories	9	1,342,008	2,087,517	1,301,134	2,034,184
Current tax asset	5b	202,334	293,370	202,334	293,370
Other	10	3,002,279	2,570,463	1,928,971	1,174,779
Total current assets		**13,207,652**	**13,763,341**	**6,878,024**	**6,572,326**
Non-current assets					
Receivables	8	-	-	750,000	1,195,074
Other financial assets	11	3,271,740	2,170,000	3,272,419	2,170,679
Property, plant and equipment	12	3,231,205	4,900,301	2,693,950	3,009,951
Intangibles	13	392,345	487,815	392,345	487,815
Deferred tax assets	5b	-	374,704	-	374,704
Total non-current assets		**6,895,290**	**7,932,820**	**7,108,714**	**7,238,223**
Total assets		**20,102,942**	**21,696,161**	**13,986,738**	**13,810,549**
Current liabilities					
Trade and other payables	14	6,871,238	6,737,035	4,406,556	4,480,927
Borrowings	15	646,445	811,616	646,445	811,616
Provisions	16	2,371,760	2,289,243	2,313,398	2,187,831
Current tax liabilities	5b	-	-	-	-
Other	17	6,392,822	7,770,977	2,811,952	2,417,090
Total current liabilities		**16,282,265**	**17,608,871**	**10,178,351**	**9,897,464**
Non-current liabilities					
Borrowings	15	-	646,445	-	646,445
Provisions	16	960,648	1,153,634	960,648	853,634
Deferred tax liabilities	5b	281,450	-	281,450	-
Total non-current liabilities		1,242,098	1,800,079	1,242,098	1,500,079
Total liabilities		**17,524,363**	**19,408,950**	**11,420,449**	**11,397,543**
Net assets		**2,578,579**	**2,287,211**	**2,566,289**	**2,413,006**
Equity					
Issued capital	18	2	2	2	2
Reserves	19	2,149,004	1,424,495	2,159,490	1,521,769
Retained earnings	20	429,573	862,714	406,797	891,235
		2,578,579	2,287,211	2,566,289	2,413,006
Total equity attributable to equity holders of the parent					
Total equity		**2,578,579**	**2,287,211**	**2,566,289**	**2,413,006**

The balance sheet is to be read in conjunction with the notes to the financial statements set out on pages 30 to 59.

	Notes	Consolidated 2006 $	Consolidated 2005 $	The Company 2006 $	The Company 2005 $
Cash flows from operating activities					
Receipts from customers		57,891,817	69,740,953	43,348,197	54,131,050
Payments to suppliers and employees		(54,772,022)	(68,072,775)	(40,432,720)	(49,693,423)
Income taxes paid		278,655	(852,006)	278,655	(852,006)
Interest paid		(128,172)	(185,270)	(114,672)	(172,350)
Net cash from operating activities	**26(a)**	**3,270,278**	**630,902**	**3,079,460**	**3,413,271**
Cash flows from investing activities					
Payment for property, plant and equipment		(1,084,773)	(761,176)	(917,744)	(426,273)
Payments for intangible assets		(336,958)	-	(336,958)	-
Interest received		253,592	193,202	64,926	42,797
Dividends received		521,850	2,100	521,850	2,100
Proceeds from sale of property, plant and equipment		22,561	12,812	8,984	1,381
Loans to controlled entities		-	-	445,073	(108,193)
Net cash from investing activities		**(623,728)**	**(553,062)**	**(213,869)**	**(488,188)**
Cash flows from financing activities					
Dividends paid		(1,440,207)	-	(1,440,207)	-
Repayment of loan to ultimate controlling entity		(625,000)	(625,000)	(625,000)	(625,000)
Repayment of loans to controlled entity		-	-	(323,968)	(2,093,985)
Repayment of finance lease liability		(186,615)	(266,792)	(186,615)	(266,792)
Net cash from financing activities		**(2,251,822)**	**(891,792)**	**(2,575,790)**	**(2,985,777)**
Net increase (decrease) in cash and cash equivalents		394,728	(813,952)	289,801	(60,694)
Cash and cash equivalents at 1 January		4,622,754	5,600,687	1,180,857	1,385,264
Effects of exchange rate changes on the balance of cash held in foreign currencies		346,655	(163,981)	292,837	(143,713)
Cash and cash equivalents at 31 December	**26(b)**	**5,364,137**	**4,622,754**	**1,763,495**	**1,180,857**

The cash flow statement is to be read in conjunction with the notes to the financial statements set out on pages 30 to 59.

	Notes	Consolidated 2006 $	Consolidated 2005 $	The Company 2006 $	The Company 2005 $
Available for sale investments:					
Valuation gain/(loss) taken to equity	19	771,218	1,497,300	771,218	1,497,300
Foreign exchange translation differences	19	(46,709)	(204,101)	(133,497)	(160,038)
Net income recognised directly in equity		724,509	1,293,199	637,721	1,337,262
Profit for the period		1,060,219	1,955,659	1,008,922	(199,104)
Total recognised income and expenses for the period		**1,784,728**	**3,248,858**	**1,646,643**	**1,138,158**
Attributable to:					
Equity holders of the parent		**1,784,728**	**3,248,858**	**1,646,643**	**1,138,158**

The statement of recognised income and expenses is to be read in conjunction with the notes to the financial statements set out on pages 30 to 59.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Public Finance and Audit Act, 1983, Public Finance and Audit Regulation 2005, applicable Australian Accounting Standards (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001.

The financial report includes the separate financial statement of the company and the consolidated financial statements of the Group.

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards ("A-IFRS"). Compliance with A-IFRS ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ("IFRS"). The financial reports of the Company do not comply with IFRS only in that the disclosure requirements in IAS 32 'Financial Instruments: Disclosure and Presentation' as the Australian equivalent standard, AASB 132 'Financial Instruments; Disclosure and Presentation' does not require such disclosures to be presented by the company where its separate financial statements are presented together with the consolidated financial statements of the consolidated entity.

The financial report was authorised for issue by the directors on 2 April 2007.

(b) Basis of Preparation

The financial report is prepared on the historical cost basis except that the following assets are stated at their fair value: other financial assets. All amounts are presented in Australian dollars, unless otherwise noted.

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

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

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

The following significant accounting policies have been adopted in the preparation and presentation of the financial report.

(c) Principles of Consolidation

Subsidiaries

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

Transactions eliminated on consolidation

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

(d) Revenue Recognition

All revenue is recognised net of GST.

Rendering of services revenue

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

Interest revenue

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

Sale of non-current assets

The 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).

Dividend revenue

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established.

(e) Goods and Services Tax

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

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

(f) Foreign Currency

Foreign Currency Transactions

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

Translation of controlled foreign operations

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

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

(g) Borrowing Costs

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

These borrowing costs are recognised in profit or loss in the period in which they are incurred.

(h) Taxation

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

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

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

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

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Corporation intends to settle its current tax assets and liabilities on a net basis.

(i) Acquisition of Assets

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

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

Subsequent additional costs

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

(j) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are accounted for in the income statement when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. For loans repayable on demand, subsequent measurement is at face value.

(k) Inventories

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

(l) Investments

Controlled Entities

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

Investments in debt and equity securities

Other financial instruments held by the consolidated entity are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity. The fair value has been determined as follows:

IELTS Australia Pty Ltd – an offer by a third party to acquire all of the Company's shares.

IDP Education Australia Limited – an estimate of the value of IDP Education Australia Limited taking into account projected earnings times an appropriate earnings multiple. This earnings multiple was calculated based on a recent acquisition within the education sector.

Dividends on available-for-sale investments are recognised in the income statement when the consolidated entity's right to receive payment is established.

(m) New Accounting Standards Effective On or After 1 January 2007

At the date of authorisation of the financial report, the following Standards and Interpretations were in issue but not yet effective:

• AASB 7 'Financial Instruments: Disclosures'	- Effective for annual reporting periods beginning on or after 1 January 2007
• AASB 101 'Presentation of Financial Statements' – revised standard	- Effective for annual reporting periods beginning on or after 1 January 2007
• AASB 2005-10 'Amendments to Australian Accounting Standards' - consequential amendments to other accountingstandards resulting from the issue of AASB 7	- Effective for annual reporting periods beginning on or after 1 January 2007
• Interpretation 7 'Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies'	- Effective for annual reporting periods beginning on or after 1 March 2006
• Interpretation 8 'Scope of AASB 2'	- Effective for annual reporting periods beginning on or after 1 May 2006
• Interpretation 9 'Reassessment of Embedded Derivatives'	- Effective for annual reporting periods beginning on or after 1 June 2006
• Interpretation 10 'Interim Financial Reporting and Impairment'	- Effective for annual reporting periods beginning on or after 1 November 2006

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the consolidated entity and the Company, as the Interpretation 7, Interpretation 8 and Interpretation 9 do not affect its present policies and operations. The consolidated entity is not required to prepare interim financial statements, thus Interpretation 10 does not apply.

The application of AASB 101 (revised), AASB 7 and AASB 2005-10 will not affect any of the amounts recognised in the financial statements, but will change the disclosures presently made in relation to the consolidated entity and the Company's financial instruments.

These Standards and Interpretations will be first applied in the financial report of the consolidated entity that relates to the annual reporting period beginning after the effective date of each pronouncement, which in all cases will be the Company's annual reporting period beginning on 1 January 2007.

(n) Leased Assets

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

Finance leases

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

Operating leases

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

(o) Depreciation and Amortisation

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

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

(p) Depreciation and Amortisation *(continued)*

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

	2006 %	2005 %
Plant and equipment	10 to $33^1/_3$	10 to $33^1/_3$
Furniture and fittings	10 to 25	10 to 25
Computer equipment	$33^1/_3$	$33^1/_3$
Motor vehicles	25	25

(q) Payables

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

(r) Borrowings

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

(s) Employee Benefits

Wages, salaries and annual leave

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

Long service leave

The consolidated entity's net obligation in respect of long-term service benefits, other than defined benefit superannuation funds, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. Provision for long service leave includes amounts payable upon completion of service in the Middle East in accordance with UAE legislation.

The obligation 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 Commonwealth Government bonds at reporting date which most closely match the terms of maturity of the related liabilities. The unwinding of the discount is treated as long service leave expense.

(t) Employee Entitlements

Defined contributions superannuation funds

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

(u) Provisions

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

Site Restoration

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

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

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

(v) Impairment

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

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

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

Calculation of recoverable amount

The recoverable amount is the greater of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(w) Intangibles

Leased software

Leased software is recorded at cost less accumulated amortisation. Amortisation is charged on a straight line basis over the estimated useful life.

It is estimated that the leased software will have a useful life up to 31 December 2009.

Accreditation costs

Accreditation costs are recorded at cost less accumulated amortisation. Amortisation is charged on a straight basis over the duration of the academic course which the accreditation costs relate.

The academic course which the accreditation costs relates runs for a duration of three years.

2 CONTROLLED ENTITIES

Particulars in relation to controlled entities

Name

Parent entity

Illawarra Technology Corporation Limited

Controlled entities	***Country of incorporation***	***Ownership Interest***	
		2006	***2005***
IITC (New Zealand) Limited	New Zealand	100%	100%
ITC Education Ltd	Australia	100%	100%
ITC Europe Ltd	England	100%	100%

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

3 REVENUE

	Consolidated 2006 $	Consolidated 2005 $	The Company 2006 $	The Company 2005 $
Continuing operations				
Revenue from the sale of goods	434,642	346,247	434,642	346,247
Revenue from the rendering of services	52,492,309	60,118,363	31,392,363	36,949,151
	52,926,951	60,464,610	31,827,005	37,295,398
Other revenue:				
Interest revenue	253,592	193,202	64,926	42,797
Service charge to subsidiary	-	-	9,807,858	10,581,386
Dividends received	521,850	2,100	521,850	2,100
	775,442	195,302	10,394,634	10,626,283
	53,702,393	60,659,912	42,221,639	47,921,681
Discontinued operations				
Revenue from the sale of goods	-	-	-	-
Revenue from the rendering of services	2,902,868	5,053,885	-	-
	2,902,868	5,053,885	-	-
Total revenue	56,605,261	65,713,797	42,221,639	47,921,681

4 PROFIT FOR THE YEAR

	Consolidated Continuing 2006 $	Consolidated Continuing 2005 $	Consolidated Discontinued 2006 $	Consolidated Discontinued 2005 $	The Company Total 2006 $	The Company Total 2005 $
Profit for the year includes the following expenses:						
Cost of sales	332,411	269,263	-	-	332,411	269,263
Borrowing costs:						
- ultimate parent entity	84,277	134,373	-	-	84,277	134,373
- other persons/corporations	4,432	1,184	13,500	12,920	17,932	14,104
- finance leases	25,963	36,793	-	-	25,963	36,793
	114,672	172,350	13,500	12,920	128,172	185,270
Depreciation						
- computer equipment	539,853	630,343	(18,187)	18,306	521,666	648,649
- other equipment	661,369	640,502	225,237	216,263	886,606	856,765
	1,201,222	1,270,845	207,050	234,569	1,408,272	1,505,414
Amortisation of:						
- leased assets	121,954	121,954	-	-	121,954	121,954
- other intangibles	3,386	-	-	-	3,386	-
	125,340	121,954	-	-	125,340	121,954
Total depreciation and amortisation	1,326,562	1,392,799	207,050	234,569	1,533,612	1,627,368

4 PROFIT FOR THE YEAR *(continued)*

Consolidated

	Continuing		Discontinued		Total	
	2006	2005	2006	2005	2006	2005
	$	$	$	$	$	$
Net bad and doubtful debts expense including movements:						
- doubtful debts	141,182	87,736	16,696	13,074	157,878	100,810
Net loss on disposal of non-current assets	1,673	109,067	821,601	-	823,274	109,067
Net foreign exchange loss	(8,895)	22,509	-	-	(8,895)	22,509
Operating lease rental expense:						
- minimum lease payments	5,095,222	4,381,486	942,928	1,193,115	6,038,150	5,574,601
Employee benefit expense:						
- defined benefits plan	87,126	52,560	-	-	87,126	52,560

The Company

	Continuing		Discontinued		Total	
	2006	2005	2006	2005	2006	2005
	$	$	$	$	$	$
Cost of sales	325,367	269,263	-	-	325,367	269,263
Borrowing costs:						
- ultimate parent entity	84,277	134,373	-	-	84,277	134,373
- other persons/corporations	4,432	1,184	-	-	4,432	1,184
- finance leases	25,963	36,793	-	-	25,963	36,793
	114,672	172,350	-	-	114,672	172,350
Depreciation						
- computer equipment	525,124	572,304	-	-	525,124	572,304
- other equipment	549,446	533,964	-	-	549,446	533,964
	1,074,570	1,106,268	-	-	1,074,570	1,106,268
Amortisation of:						
- leased assets	121,954	121,954	-	-	121,954	121,954
- other intangibles	3,386	-	-	-	3,386	-
	125,340	121,954	-	-	125,340	121,954
Total depreciation and amortisation	1,199,910	1,228,222	-	-	1,199,910	1,228,222
Net bad and doubtful debts expense including movements:						
- doubtful debts	2,016,195	2,121,488	-	-	2,016,195	2,121,488
Net loss on disposal of non-current assets	1,673	120,498	-	-	1,673	120,498
Net foreign exchange loss	(10,452)	19,700	-	-	(10,452)	19,700
Operating lease rental expense:						
- minimum lease payments	3,942,566	3,209,861	-	-	3,942,566	3,209,861
Employee benefit expense:						
- defined benefits plan	87,126	52,560	-	-	87,126	52,560

5 TAXATION

(a) Income Tax Expense

Recognised in the income statement

	Consolidated 2006 $	Consolidated 2005 $	The Company 2006 $	The Company 2005 $
Current tax expense				
Current year (income)	-	(435,778)	-	(435,778)
Prior year (income)	(187,621)	-	(187,621)	-
	(187,621)	(435,778)	(187,621)	(435,778)
Deferred tax expense				
Origination and reversal of temporary differences	325,634	(152,580)	325,634	(152,580)
	325,634	(152,580)	325,634	(152,580)
Total income tax expense (income) in income statement	138,013	(588,358)	138,013	(588,358)
Attributable to:				
Continuing operations	138,013	(588,358)	138,013	(588,358)
Discontinuing operations	-	-	-	-
	138,013	(588,358)	138,013	(588,358)

Numerical reconciliation between tax expense and pre-tax net profit

	Consolidated 2006 $	Consolidated 2005 $	The Company 2006 $	The Company 2005 $
Profit before tax – continuing operations	3,691,960	2,082,574	1,146,935	(787,462)
Profit before tax – discontinuing operations	(2,493,728)	(715,273)	-	-
Profit before tax	1,198,232	1,367,301	1,146,935	(787,462)
Income tax using the domestic corporate tax rate 30% (2005: 30%)	359,470	410,190	344,081	(236,238)
Increase in income tax expense due to:				
Imputation gross up on dividends received	67,095	270	67,095	270
Other assessable income	69,232	-	69,232	-
Non-deductible expenses	177,159	10,395	791,331	629,321
DTA not brought to account	288,551	63,335	-	-
Decrease in income tax due to:				
Non-assessable income	-	(2,139)	-	(2,139)
Tax exempt income	(484,043)	(1,090,757)	(794,275)	(999,920)
Franking credits on dividends received	(223,650)	(900)	(223,650)	(900)
	253,814	(609,606)	253,814	(609,606)
Under/(over) provided in prior years	(115,801)	21,248	(115,801)	21,248
Income tax expense on pre-tax net profit	138,013	(588,358)	138,013	(588,358)

5 TAXATION *(continued)*

(b) Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

Consolidated	**Assets** 2006 $	**Assets** 2005 $	**Liabilities** 2006 $	**Liabilities** 2005 $	**Net** 2006 $	**Net** 2005 $
Property plant & equipment	1,979	3,977	-	-	1,979	3,977
Leased assets	6,434	-	(109,758)	(83,926)	(103,324)	(83,926)
Investments	-	-	(972,222)	(641,700)	(972,222)	(641,700)
Accruals	164,185	228,767	-	-	164,185	228,767
Provisions for employee entitlements	306,514	287,760	-	-	306,514	287,760
Other	119,346	122,800	(6,367)	-	112,979	122,800
Tax value of losses carried forward recognised	208,439	457,026	-	-	208,439	457,026
	806,897	1,100,330	(1,088,347)	(725,626)	(281,450)	374,704

The Company	**Assets** 2006 $	**Assets** 2005 $	**Liabilities** 2006 $	**Liabilities** 2005 $	**Net** 2006 $	**Net** 2005 $
Property plant & equipment	1,979	3,977	-	-	1,979	3,977
Leased assets	6,434	-	(109,758)	(83,926)	(103,324)	(83,926)
Investments	-	-	(972,222)	(641,700)	(972,222)	(641,700)
Accruals	164,185	228,767	-	-	164,185	228,767
Provisions for employee entitlements	306,514	287,760	-	-	306,514	287,760
Other	119,346	122,800	(6,367)	-	112,979	122,800
Tax value of losses carried forward recognised	208,439	457,026	-	-	208,439	457,026
	806,897	1,100,330	(1,088,347)	(725,626)	(281,450)	374,704

2006	**Consolidated** Balance 1 January 2006 $	Recognised in income $	Recognised in equity $	Balance 31 December 2006 $
Property plant & equipment	3,977	(1,998)	-	1,979
Leased assets	(83,926)	(19,398)	-	(103,324)
Investments	(641,700)	-	(330,522)	(972,222)
Accruals	228,767	(64,582)	-	164,185
Provision for employee entitlements	287,760	18,754	-	306,514
Other	122,800	(9,821)	-	112,979
Tax value of losses carried forward recognised	457,026	(248,587)	-	208,439
	374,704	(325,632)	(330,522)	(281,450)

5 TAXATION

(b) Deferred Tax Assets and Liabilities *(continued)*

2005	Consolidated Balance 1 January 2005 $	Recognised in income $	Recognised in equity $	Balance 31 December 2005 $
Property plant & equipment	6,251	(2,274)	-	3,977
Leased assets	(40,475)	(43,451)	-	(83,926)
Investments	-	-	(641,700)	(641,700)
Accruals	151,969	76,798	-	228,767
Provision for employee entitlements	222,894	64,866	-	287,760
Other	66,158	56,642	-	122,800
Tax value of losses carried forward recognised	-	457,026	-	457,026
	406,797	609,607	(641,700)	374,704

2006	The Company Balance 1 January 2005 $	Recognised in income $	Recognised in equity $	Balance 31 December 2005 $
Property plant & equipment	3,977	(1,998)	-	1,979
Leased assets	(83,926)	(19,398)	-	(103,324)
Investments	(641,700)	-	(330,522)	(972,222)
Accruals	228,767	(64,582)	-	164,185
Provision for employee entitlements	287,760	18,754	-	306,514
Other	122,800	(9,821)	-	112,979
Tax value of losses carried forward recognised	457,026	(248,587)	-	208,439
	374,704	(325,632)	(330,522)	(281,450)

2005	The Company Balance 1 January 2005 $	Recognised in income $	Recognised in equity $	Balance 31 December 2005 $
Property plant & equipment	6,251	(2,274)	-	3,977
Leased assets	(40,475)	(43,451)	-	(83,926)
Investments	-	-	(641,700)	(641,700)
Accruals	151,969	76,798	-	228,767
Provision for employee entitlements	222,894	64,866	-	287,760
Other	66,158	56,642	-	122,800
Tax value of losses carried forward recognised	-	457,026	-	457,026
	406,797	609,607	(641,700)	374,704

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

Current Tax Assets and Liabilities

The current tax asset for the consolidated entity of $202,334 (2005: $293,370) and for the company of $202,332 (2005: $293,370) represent the amount of income tax recoverable in respect of current and prior periods and that arise from the payment of tax in excess of the amounts due to the relevant tax authority. A tax liability represents the amount of income tax to be paid.

6 SEGMENT REPORTING

Segment information is presented in respect of the consolidated entity's business and geographical segments. The primary format, business segments, is based on the consolidated entity's management and internal reporting structure.

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 comprise mainly income-earning assets and revenue, interest-bearing loans and expenses, and corporate assets and expenses.

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

Business Segments

The consolidated entity comprises the following main business segments:

Education Wollongong University College (WUC) delivers educational services and courses at four locations, on the main Wollongong Campus of the University of Wollongong, in central Sydney (discontinued in 2006), in Auckland - New Zealand and in Dubai. The core business is provision of English language and academic pathway programs that enable international and local students to proceed to University. The Company also operates the Dubai Campus of the University of Wollongong on behalf of the University.

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

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

Geographical Segments

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

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

Australia

Middle East

New Zealand

Business Segments

Segment revenues

	2006 $	2005 $
Continuing operations		
Education	35,412,276	32,899,367
Marketing	10,400,175	11,273,909
Project management	7,084,992	16,111,978
	52,897,443	60,285,254
Eliminations	-	-
Unallocated	804,950	374,658
Revenue for the year from continuing operations	53,702,393	60,659,912
Discontinued operations		
Education	2,902,868	5,053,885
Eliminations	-	-
Unallocated	-	-
Revenue for the year from discontinued operations	2,902,868	5,053,885
Revenue for the year	56,605,261	65,713,797

6 SEGMENT REPORTING

Business Segments *(continued)*

Segment result

	2006 $	2005 $
Continuing operations		
Education	2,483,288	3,760,762
Marketing	(33,416)	33,837
Project management	339,804	(1,069,210)
	2,789,676	2,725,389
Eliminations	-	-
Unallocated	902,284	(642,815)
Profit before tax	3,691,960	2,082,574
Income tax expense	(138,013)	588,358
Profit for the year from continuing operations	3,553,947	2,670,932
Discontinued operations		
Education	(2,493,728)	(715,273)
	(2,493,728)	(715,273)
Eliminations	-	-
Unallocated	-	-
Profit (loss) before tax	(2,493,728)	(715,273)
Income tax expense	-	-
Profit (loss) for the year from discontinued operations	(2,493,728)	(715,273)
Profit (loss) for the year	1,060,219	1,955,659

Segment assets and liabilities

	Assets		Liabilities	
	2006 $	2005 $	2006 $	2005 $
Education	10,530,906	12,832,133	11,462,214	11,930,381
Marketing	1,376,437	685,279	134,380	381,515
Project management	2,080,519	3,559,522	25,300	615,365
Total of all segments	13,987,862	17,076,934	11,621,894	12,927,261
Eliminations	-	-	-	-
Unallocated	6,115,080	4,619,227	5,902,469	6,481,689
Consolidated	20,102,942	21,696,161	17,524,363	19,408,950

Other segment information

	Education		Marketing		Project management		Unallocated	
	2006 $	2005 $	2006 $	2005 $	2006 $	2005 $	2006 $	2005 $
Acquisition of segment assets	918,917	673,186	135,094	72,223	-	2,330	30,762	13,437
Depreciation and amortisation of segment assets	1,049,983	1,095,353	77,322	85,468	1,239	30,726	405,067	415,821
Significant other non cash expenses	1,007,853	(3,182)	24,000	-	-	107,106	-	-

6 SEGMENT REPORTING

Business Segments

Other segment information (continued)

	Revenue from external customers		Segment assets		Acquisition of segment assets	
	2006	2005	2006	2005	2006	2005
	$	$	$	$	$	$
Geographical segments						
Australia	29,906,769	40,979,670	14,681,142	16,895,121	170,959	326,720
Middle East	24,712,591	20,934,604	4,651,201	4,422,136	886,981	410,670
New Zealand	1,985,901	3,799,523	770,599	1,104,530	26,833	23,786

7 CASH AND CASH EQUIVALENTS

	Consolidated		The Company	
	2006	2005	2006	2005
	$	$	$	$
Petty cash	7,840	7,194	3,948	4,228
Cash at bank and on hand	5,356,297	4,615,560	1,759,547	1,176,629
	5,364,137	4,622,754	1,763,495	1,180,857

Cash balances of $96,000 (2005: $96,000) are not available for use, as they are held to support bank guarantees given by the consolidated entity to third parties. Refer to note 35 for further information regarding the bank guarantees provided.

8 TRADE AND OTHER RECEIVABLES

	Consolidated 2006 $	Consolidated 2005 $	The Company 2006 $	The Company 2005 $
Current				
Trade receivables				
- UOW	813,323	15,587	355,462	-
- ITC Education Ltd	-	-	417,952	93,984
- Other third party	2,533,095	4,090,997	908,676	1,795,152
Less: allowance for doubtful debts	(266,830)	(99,698)	-	-
	3,079,588	4,006,886	1,682,090	1,889,136
Other trade receivables				
Other debtors	217,306	182,351	-	-
Other debtors – UOW	-	-	-	-
Total Current Receivables	3,296,894	4,189,237	1,682,090	1,889,136
Non current				
ITC Education Ltd	-	-	750,000	-
ITC Europe Ltd	-	-	185,112	174,698
Less: allowance for doubtful debts	-	-	(185,112)	(174,698)
ITC (New Zealand) Limited	-	-	4,099,913	3,258,161
Less: allowance for doubtful debts	-	-	(4,099,913)	(2,063,087)
Total Non-Current Receivables	-	-	750,000	1,195,074

Receivables from ITC (New Zealand) Limited and ITC Europe Limited are interest free and repayable on demand.

9 INVENTORIES

	Consolidated 2006 $	Consolidated 2005 $	The Company 2006 $	The Company 2005 $
Books for resale – at cost	241,054	324,127	200,180	270,794
Work in progress – at cost	1,100,954	1,763,390	1,100,954	1,763,390
	1,342,008	2,087,517	1,301,134	2,034,184

10 OTHER ASSETS

	Consolidated 2006 $	Consolidated 2005 $	The Company 2006 $	The Company 2005 $
Prepayment and other advances	3,002,279	2,570,463	1,928,971	1,174,779

11 OTHER FINANCIAL ASSETS

	Consolidated 2006 $ (at fair value)	Consolidated 2006 % (holdings)	Consolidated 2005 $ (at cost)	Consolidated 2005 % (holdings)	The Company 2006 $ (at fair value)	The Company 2006 % (holdings)	The Company 2005 $ (at cost)	The Company 2005 % (holdings)
Available-for-sale:								
Shares								
IDP Education Australia Limited	1,593,000	2.7	620,000	2.7	1,593,000	2.7	620,000	2.7
International English Language Testing System (IELTS) Australia Pty Ltd	1,678,740	4.6	1,550,000	4.6	1,678,740	4.6	1,550,000	4.6
ITC (New Zealand) Limited (subsidiary)	-	-	-	-	2	100	2	100
ITC Europe Ltd (Subsidiary)	-	-	-	-	677	100	677	100
ITC Education Ltd (Subsidiary)	-	-	-	-	-	100	-	-
	3,271,740		2,170,000		3,272,419		2,170,679	

All financial assets are unrestricted at 31 December 2006.

No contribution to profit was made by IDP during the year (2005: Nil). During the year dividends of $521,850 (2005: $2,100) were 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 transferred its student recruitment operations to IDP Education Pty Ltd during 2006. Subsequent to this IDP Education Pty Ltd sold 50% of its shareholding to Seek Limited as part of a total restructure of the old IDP group.

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

12 PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2006 $	Consolidated 2005 $	The Company 2006 $	The Company 2005 $
Plant and equipment, furniture and fittings at cost	5,352,917	8,517,542	3,439,487	3,293,716
Less: Accumulated depreciation	(2,272,153)	(2,294,214)	(1,833,320)	(1,455,467)
Impairment of non-current assets	(940,541)	(2,520,294)	-	-
	2,140,223	3,703,034	1,606,167	1,838,249

12 PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Consolidated 2006 $	Consolidated 2005 $	The Company 2006 $	The Company 2005 $
Computer equipment at cost	3,028,962	3,391,473	2,655,088	2,848,797
Less: Accumulated depreciation	(1,949,036)	(1,944,999)	(1,764,493)	(1,677,095)
Impairment of non-current assets	(186,132)	(249,207)	-	-
	893,794	1,197,267	890,595	1,171,702
Capital work in progress				
At cost	197,188	-	197,188	-
	197,188	-	197,188	-
Total property and equipment	8,579,067	11,909,015	6,291,763	6,142,513
Less: Accumulated depreciation	(4,221,189)	(4,239,213)	(3,597,813)	(3,132,562)
Impairment of non-current assets	(1,126,673)	(2,769,501)	-	-
Total property, plant and equipment net book value	3,231,205	4,900,301	2,693,950	3,009,951

The consolidated entity in complying with AASB 136 'Impairment of Assets' has conducted a review of its cash generating units ("CGUs") for any indicators of impairment as at 31 December 2006. Based on this review, there were no indicators that warranted any further impairment to be recognised for the New Zealand campus.

Reconciliations

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

	Consolidated 2006 $	Consolidated 2005 $	The Company 2006 $	The Company 2005 $
Computer equipment				
Balance at 1 January	1,197,267	1,578,416	1,171,702	1,476,182
Additions	278,654	241,026	278,654	241,026
Depreciation charge for the year	(521,666)	(648,599)	(525,124)	(572,304)
Reversal of impairment losses	54,549	-	-	-
Disposals	(81,280)	(4,953)	(1,005)	(3,873)
Effect of movement in foreign exchange	(33,730)	31,377	(33,632)	30,671
Balance at 31 December	893,794	1,197,267	890,595	1,171,702
Plant and equipment, furniture and fittings				
Balance at 1 January	3,703,034	4,053,836	1,838,249	2,210,883
Additions	604,132	520,150	436,506	185,247
Depreciation charge for the year	(886,605)	(856,815)	(549,446)	(533,964)
Reversal of impairment losses	1,536,671	-	-	-
Disposals	(2,702,768)	(120,390)	(9,727)	(120,390)
Effect of movement in foreign exchange	(114,241)	106,253	(109,415)	96,473
Balance at 31 December	2,140,223	3,703,034	1,606,167	1,838,249
Capital works in progress				
Balance at 1 January	-	40,987	-	-
Additions	201,987	-	201,987	-
Capitalised	-	(40,987)	-	
Effect of movement in foreign exchange	(4,799)	-	(4,799)	-
Balance at 31 December	197,188	-	197,188	-

13 INTANGIBLES

	Consolidated 2006 $	Consolidated 2005 $	The Company 2006 $	The Company 2005 $
Leased software at cost	800,375	800,375	800,375	800,375
Less: Accumulated amortisation	(434,514)	(312,560)	(434,514)	(312,560)
	365,861	487,815	365,861	487,815
Accreditation costs at cost	29,794	-	29,794	-
Less: Accumulated amortisation	(3,310)	-	(3,310)	-
	26,484	-	26,484	-
Total intangibles	830,169	800,375	830,169	800,375
Less: accumulated amortisation	(437,824)	(312,560)	(437,824)	(312,560)
Total intangibles net book value	392,345	487,815	392,345	487,815

Reconciliations

Reconciliations of the carrying amounts for each class of intangibles are set out below:

	Consolidated 2006 $	Consolidated 2005 $	The Company 2006 $	The Company 2005 $
Leased software				
Balance at 1 January	487,815	609,769	487,815	609,769
Additions	-	-	-	-
Amortisation	(121,954)	(121,954)	(121,954)	(121,954)
Balance at 31 December	365,861	487,815	365,861	487,815
Accreditation costs				
Balance at 1 January	-	-	-	-
Additions	31,490	-	31,490	-
Amortisation	(3,386)	-	(3,386)	-
Effect of movement in foreign exchange	(1,620)	-	(1,620)	-
Balance at 31 December	26,484	-	26,484	-

Amortisation charge

Amortisation expense of $125,340 (2005: $121,954) is included in the line item 'other expenses' in the income statement for the Consolidated Entity and the Company.

14 TRADE AND OTHER PAYABLES

	Consolidated 2006 $	Consolidated 2005 $	The Company 2006 $	The Company 2005 $
Trade payables due to related parties	1,225,598	1,217,805	708,281	731,947
Other trade payables	1,263,435	671,395	968,928	516,090
Dividend payable	1,493,360	1,440,207	1,493,360	1,440,207
Non-trade payables and accruals	2,888,845	3,407,628	1,235,987	1,792,683
	6,871,238	6,737,035	4,406,556	4,480,927

15 BORROWINGS

	Consolidated		The Company	
	2006	2005	2006	2005
	$	$	$	$
Current				
Secured – at amortised cost				
Bank overdraft	-	-	-	-
Lease liabilities	21,445	186,616	21,445	186,616
Unsecured – at amortised cost				
Loan from University of Wollongong	625,000	625,000	625,000	625,000
	646,445	811,616	646,445	811,616
Non-current				
Secured – at amortised cost				
Lease liabilities	-	21,445	-	21,445
Unsecured – at amortised cost				
Loan from University of Wollongong	-	625,000	-	625,000
	-	646,445	-	646,445

Illawarra Technology Corporation Limited's line of credit with the National Australia Bank comprises an overdraft facility of $750,000 (2005: $500,000), a lease facility of $500,000 (2005: $2,000,000), a bank bill facility of $2,000,000 (2005: nil), a bank guarantee of $250,000 (2005: nil) and a business credit card account for $300,000 (2005: $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 $625,000 (2005: $1,250,000) 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)				
Due less than one year	625,000	625,000	625,000	625,000
Due more than one year and less than five years	-	625,000	-	625,000
	625,000	1,250,000	625,000	1,250,000

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:				
Finance lease				
Computer software under finance lease	365,861	487,815	365,861	487,815

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

15 BORROWINGS *(continued)*

	Consolidated		The Company	
	2006	2005	2006	2005
	$	$	$	$
Financing facilities				
The consolidated entity has access to the following facilities:				
Financing facilities				
Bank overdraft	750,000	500,000	750,000	500,000
Related party loans	625,000	1,250,000	625,000	1,250,000
Lease facility	500,000	2,000,000	500,000	2,000,000
Bank bill facility	2,000,000	-	2,000,000	-
Bank guarantee	250,000	-	250,000	-
Credit card facility	300,000	200,000	300,000	200,000
	4,425,000	3,950,000	4,425,000	3,950,000
Facilities utilised at reporting date				
Bank overdraft	-	-	-	-
Related party loans	625,000	1,250,000	625,000	1,250,000
Lease facility	-	-	-	-
Bank bill facility	-	-	-	-
Bank guarantee	96,000	-	96,000	-
Credit card facility	44,088	32,537	44,088	32,537
	765,088	1,282,537	765,088	1,282,537
Facilities not utilised at reporting date				
Bank overdraft	750,000	500,000	750,000	500,000
Related party loans	-	-	-	-
Lease facility	500,000	2,000,000	500,000	2,000,000
Bank bill facility	2,000,000	-	2,000,000	-
Bank guarantee	154,000	-	154,000	-
Credit card facility	255,912	167,463	255,912	167,463
	3,659,912	2,667,463	3,659,912	2,667,463

16 PROVISIONS

Current				
Annual leave	1,177,360	1,217,951	1,151,400	1,161,883
Long service leave	1,161,998	999,320	1,161,998	999,320
Other provisions	32,402	71,972	-	26,628
	2,371,760	2,289,243	2,313,398	2,187,831
Non-current				
Long service leave	798,487	685,874	798,487	685,874
Restoration costs	162,161	467,760	162,161	167,760
	960,648	1,153,634	960,648	853,634

16 PROVISIONS *(continued)*

	Consolidated		The Company	
	Other Provisions $	Restoration Costs $	Other Provisions $	Restoration Costs $
Balance at 1 January 2006	71,972	467,760	26,628	167,760
Unwinding of discount and effect of changes in the discount rate	-	20,807	-	7,307
Additional provisions recognised	98,939	-	72,285	-
Less reversal of provision	(33,419)	(313,500)	-	-
Less amounts paid	(105,459)	-	(98,913)	-
Effect of movement in foreign exchange	370	(12,906)	-	(12,906)
Balance at 31 December 2006	32,403	162,161	-	162,161

The current provision includes $2,212,436 (Company $2,186,476) of annual leave and vested long service leave entitlements accrued but not expected to be taken within 12 months (2005: $2,108,345 and $2,052,277 for the Group and the Company respectively).

17 OTHER LIABILITIES

Income received in advance	6,392,822	7,770,977	2,811,952	2,417,090

18 ISSUED CAPITAL

	2006		2005	
	No.	$	No.	$
Fully paid ordinary shares				
Balance at beginning of financial year	2	2	2	2
Movement during year	-	-	-	-
Balance at end of financial year	2	2	2	2

The Company has authorised 10,000,000 ordinary shares at a par value of $1 per share.

Fully paid ordinary shares carry one vote per share, the right to dividends and are held by the University of Wollongong. There are no shares reserved for issue under option nor are any contracts issued for the sale of shares.

19 RESERVES

	Consolidated		The Company	
	2006 $	2005 $	2006 $	2005 $
Available for sale reserve	2,268,518	1,497,300	2,268,518	1,497,300
Foreign currency translation	(119,514)	(72,805)	(109,027)	24,469
	2,149,004	1,424,495	2,159,490	1,521,769

"Movements during the year"

Available for sale reserve				
Balance at beginning of financial year	1,497,300	-	1,497,300	-
Revaluation increments	1,101,740	2,139,000	1,101,740	2,139,000
Deferred tax liability arising on revaluation	(330,522)	(641,700)	(330,522)	(641,700)
Balance at end of financial year	2,268,518	1,497,300	2,268,518	1,497,300

16 RESERVES *(continued)*

	Consolidated 2006 $	Consolidated 2005 $	The Company 2006 $	The Company 2005 $
Foreign currency translation reserve				
Balance at beginning of financial year	(72,805)	131,296	24,469	184,507
Translation of foreign operations	(46,709)	(204,101)	(133,497)	(160,038)
Balance at end of financial year	(119,514)	(72,805)	(109,028)	24,469

Nature and Purpose of Reserves

Foreign currency translation reserve

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

Available for sale reserve

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

20 RETAINED EARNINGS

	Consolidated 2006 $	Consolidated 2005 $	The Company 2006 $	The Company 2005 $
Balance at beginning of financial year	862,714	347,262	891,235	2,530,545
Net profit (loss) attributable to members of the parent entity	1,060,219	1,955,659	1,008,922	(199,103)
Dividend provided for or paid	(1,493,360)	(1,440,207)	(1,493,360)	(1,440,207)
Balance at end of financial year	429,573	862,714	406,797	891,235

21 DIVIDENDS

	Consolidated Cost per share	Consolidated Total $	The Company Cost per share	The Company Total $
Recognised amounts				
Fully paid ordinary shares				
Final dividend:				
Fully franked at a 30% tax rate	74,668,000.00	1,493,360	72,010,350.00	1,440,207

Franking account

	The Company 2006 $	The Company 2005 $
Adjusted franking account balance	(88,183)	1,952,302

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

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

22 REMUNERATION OF AUDITORS

	Consolidated 2006 $	Consolidated 2005 $	The Company 2006 $	The Company 2005 $
Audit services				
Auditors of the company *Audit Office of New South Wales*				
- Audit of the financial reports	132,000	100,000	97,000	100,000
	132,000	100,000	97,000	100,000
Other auditors				
Audit of the financial report	20,288	45,903	-	-
	20,288	45,903	-	-

23 ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURE

Interest Rate Risk

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

			Fixed interest maturing in				
2006	**Weighted average effective rate (%)**	**Floating interest rate ($)**	**1 year or less ($)**	**1 to 5 years ($)**	**Moer than 5 years ($)**	**Non-interest bearing ($)**	**Total ($)**
Financial assets							
Continuing operations							
Cash and cash equivalents	5.62%	4,187,365	96,000	-	-	1,079,772	5,363,137
Trade receivables	-	-	-	-	-	3,270,464	3,270,464
Discontinuing operations							
Cash and cash equivalents	-	-	-	-	-	1,000	1,000
Trade receivables	-	-	-	-	-	26,430	26,430
Total financial assets		4,187,365	96,000	-	-	4,377,666	8,661,031
Financial liabilities							
Continuing operations							
Trade payables	-	-	-	-	-	6,871,238	6,871,238
Finance lease liabilities	8.59%	-	21,445	-	-	-	21,445
Interest bearing liabilities	8.00%	-	625,000	-	-	-	625,000
Total financial liabilities		-	646,445	-	-	6,871,238	7,517,683
2005							
Financial assets							
Cash and cash equivalents	5.25%	3,364,434	96,000	-	-	1,162,320	4,622,754
Trade receivables	-	-	-	-	-	4,189,237	4,189,237
Total financial assets		3,364,434	96,000	-	-	5,351,557	8,811,991
Financial liabilities							
Trade payables	-	-	-	-	-	6,737,035	6,737,035
Finance lease liabilities	8.59%	-	186,616	21,445	-	-	208,061
Interest bearing liabilities	8.00%	-	625,000	625,000	-	-	1,250,000
Total financial liabilities		-	811,616	646,445	-	6,737,035	8,195,096

23 ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURE *(continued)*

The Company'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				
2006	**Weighted average effective rate (%)**	**Floating interest rate ($)**	**1 year or less ($)**	**1 to 5 years ($)**	**Moer than 5 years ($)**	**Non-interest bearing ($)**	**Total ($)**
Financial assets							
Cash and cash equivalents		628,438	96,000	-	-	1,039,057	1,763,495
Trade receivables	5.62%	-	-	-	-	1,682,090	1,682,090
Total financial assets		628,438	96,000	-	-	2,721,147	3,445,585
Financial liabilities							
Trade payables	-	-	-	-	-	4,406,557	4,406,557
Finance lease liabilities	8.59%	-	21,445	-	-	-	21,445
Borrowings	8.00%	-	625,000	-	-	-	625,000
Total financial liabilities		-	646,445	-	-	4,406,557	5,053,002
2005							
Financial assets							
Cash and cash equivalents	5.25%	3,364,434	96,000	-	-	1,162,320	4,622,754
Trade receivables	-	-	-	-	-	4,189,237	4,189,237
Total financial assets		3,364,434	96,000	-	-	5,351,557	8,811,991
Financial liabilities							
Trade payables	-	-	-	-	-	4,480,927	4,480,927
Finance lease liabilities	8.59%	-	186,616	21,445	-	-	208,061
Borrowings	8.00%	-	625,000	625,000	-	-	1,250,000
Total financial liabilities		-	811,616	646,445	-	4,480,927	5,938,988

Foreign Currency Risk Management

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

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

Refer to Note 24 for details of the amounts payable/receivable in foreign currency.

Credit Risk Management

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 balance sheet.

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

Liquidity Risk Management

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

Net Fair Values of Financial Assets and Liabilities

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

24 AMOUNTS PAYABLE/RECEIVABLE IN FOREIGN CURRENCY

	Consolidated		The Company	
	2006	2005	2006	2005
	$	$	$	$

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

	Consolidated 2006 $	Consolidated 2005 $	The Company 2006 $	The Company 2005 $
United Arab Emirates Dirham				
Amounts payable	7,211,005	3,758,397	7,211,005	3,758,397
Amounts receivable	6,839,072	3,851,125	6,839,072	3,851,125
United States Dollars				
Amounts payable	16,165	-	16,165	-
Amounts receivable	592,819	421,384	592,819	421,384
Sri Lanka Rupee				
Amounts receivable	134,843	-	134,843	-
Solomon Island Dollars				
Amounts receivable	-	725	-	725
Vietnamese Dong				
Amounts receivable	287	287	287	287
New Zealand Dollars				
Amounts payable	4,119,319	3,287,445	-	-
Amounts receivable	4,331,303	3,438,364	2,036,826	1,195,074
Euro				
Amounts payable	1,667	-	-	-
Swiss Franc				
Amounts payable	113	-	-	-
Papua New Guinea				
Amounts receivable	1,093	-	1,093	-
Indonesian Rupiah				
Amounts receivable	21,810	-	21,810	-

25 KEY MANAGEMENT PERSONNEL

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

Non executive directors

Dr B S Hickman *(Chairperson)*

Mr P Robson

Mr G F Maltby

Prof G R Sutton

Mr J Scimone

Mr G West

Ms R Sinclair

Executive directors

Mr J W Langridge *(Managing Director)*

Mr S McDonell *(Chief Financial Officer)*

Ms R Buckham *(General Manager - UniAdvice)*

Executives

Dr N van der Walt *(CEO UOW Dubai)*

Transactions with Key Management Personnel

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

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

	Consolidated		The Company	
	2006	2005	2006	2005
	$	$	$	$
Short term employee benefits	898,930	1,151,470	898,930	1,151,470
Post-employment benefits	55,720	77,657	55,720	77,657
Termination benefits	-	52,779	-	52,779
	954,650	1,281,906	954,650	1,281,906

The Company used the services of P Robson in relation to advice over a proposed business opportunity. Amounts were billed on normal market rates for such services and were due and payable under normal payment terms. The aggregate amount paid was $22,725 (2005: nil).

26 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash Flows from Operating Activities

Profit for the period after income tax	1,060,219	1,955,659	1,008,922	(199,104)
Adjustments for:				
Loss from sale of non-current assets	823,274	126,981	1,673	115,306
Depreciation & amortisation	1,533,611	1,627,368	1,199,909	1,228,222
Fixed asset write down	28,140	-	-	-
Interest received	(253,592)	(193,202)	(64,926)	(42,797)
Dividends received	(521,850)	(2,100)	(521,850)	(2,100)

26 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash Flows from Operating Activities *(continued)*

	Notes	Consolidated 2006 $	Consolidated 2005 $	The Company 2006 $	The Company 2005 $
Operating profit before change in assets and liabilities		2,669,802	3,514,706	1,623,728	1,099,527
(Increase)/decrease in taxation balances		416,668	(1,440,364)	416,668	(1,440,364)
(Increase)/decrease in receivables		892,343	(1,921,558)	542,746	5,036,278
(Increase)/decrease in inventories		745,509	519,331	733,050	541,182
(Increase)/decrease in other assets		(126,348)	54,279	(448,724)	23,048
Increase/(decrease) in payables		81,049	(1,696,182)	(139,258)	(2,736,889)
Increase/(decrease) in provisions		(105,190)	593,295	232,581	542,505
Increase/(decrease) in other liabilities		(1,378,155)	1,158,608	394,862	483,874
Net foreign exchange movement in assets and liabilities		74,600	(151,213)	(276,193)	(135,890)
Net cash from operating activities		3,270,278	630,902	3,079,460	3,413,271

(b) Reconciliation of Cash and Cash Equivalents

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

	Notes	Consolidated 2006 $	Consolidated 2005 $	The Company 2006 $	The Company 2005 $
Cash and cash equivalents	7	5,363,137	4,621,754	1,763,495	1,180,857
Bank overdraft	15	-	-	-	-
		5,363,137	4,621,754	1,763,495	1,180,857
Cash and cash equivalents attributable to discontinued operations		1,000	1,000	-	-
		5,364,137	4,622,754	1,763,495	1,180,857

(c) Non-Cash Financing and Investing Activities

During the 2006 financial year, no property, plant or equipment was acquired by means of finance lease. During the 2005 financial year, no property, plant or equipment was acquired by means of finance lease.

27 EMPLOYEE BENEFITS

	Notes	Consolidated 2006 $	Consolidated 2005 $	The Company 2006 $	The Company 2005 $
Aggregate liability for employee benefits including on-costs					
Current					
Other creditors and accruals		255,041	383,143	244,057	362,643
Employee benefits provision	16	2,339,358	2,217,271	2,313,398	2,161,203
Non current					
Employee benefits provision	16	798,487	685,874	798,487	685,874
		3,392,886	3,286,288	3,355,942	3,209,720

28 COMMITMENTS FOR EXPENDITURE

Operating Leases

Leasing arrangements

The consolidated entity leases buildings, motor vehicles 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, which is subject to market review on a periodic basis. For motor vehicles, lease payments comprise a base monthly amount. 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.

	Consolidated		The Company	
	2006	2005	2006	2005
	$	$	$	$
Non cancellable operating lease payments				
Not longer than 1 year	3,875,766	5,361,955	3,209,822	4,665,568
Longer than 1 year and not longer than 5 years	1,431,214	2,828,832	456,386	1,108,855
	5,306,980	8,190,787	3,666,208	5,774,423

Finance Leases

Leasing arrangements

Finance leases relate to computer software with lease terms of 5 years.

	Consolidated		The Company	
	2006	2005	2006	2005
	$	$	$	$
Finance lease liabilities				
Not later than 1 year	24,628	212,578	24,628	212,578
Later than 1 year and not later than 5 years	-	24,628	-	24,628
Minimum lease payments	24,628	237,206	24,628	237,206
Less future finance charges	(3,183)	(29,145)	(3,183)	(29,145)
Present value of minimum lease payments	21,445	208,061	21,445	208,061
Included in the financial statements as:				
Current	21,445	186,616	21,445	186,616
Non-current	-	21,445	-	21,445
	21,445	208,061	21,445	208,061

29 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).

30 ECONOMIC DEPENDENCY

The Middle East geographical segment of the Education business segment is dependent upon the University of Wollongong for use of the University's name and the University's course materials in providing education services in the Middle East, for which ITC pays fees totalling $296,976 (2005: $269,861). The Wollongong Campus of the Education business segment (providing 25% of total revenue for the business segment) is both dependent upon student demand for the University of Wollongong, in order to attract students to its fee paying courses, and is a key source of qualified international students to University of Wollongong, once students have completed their College preparation courses.

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

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

31 RELATED PARTIES

(i) Transactions with Key Management Personnel

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

Details of key management personnel compensation are set out in Note 25 to the financial statements.

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) Transactions with Other Related Parties

Other related parties include:

- 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 other related parties are on normal terms and conditions.

Transactions with the parent entity

The Company engages the parent entity to provide course materials, academic registrar services and other student services related to providing degree courses at the Company's Dubai operations. Faculty fees are paid by the Company to the parent entity for these services in relation to the Dubai operations, however in 2006, the Company declared a fully franked dividend of $1,493,360 to the parent entity in lieu of the majority of the faculty fees charged. The Company also rents premises and uses services and facilities of the parent entity for its Wollongong operations. All are in the normal course of business and on normal terms and conditions.

The Company received a loan from the University of Wollongong in 2001 (refer note 15). The fixed interest rate charged is 8% per annum on the outstanding balance. Interest brought to account by the Company on the loan during the year was $84,277 (2005: $134,374).

Transactions with wholly owned controlled entities

The Company pays 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 salaries and other labour related costs provided by the Company.

During the year there was a $500,000 contribution paid from the Company to ITC Education Ltd to assist in meeting the substantial costs associated in obtaining ITC Education Ltd's Higher Education Provider (HEP) licence from DEST.

31 RELATED PARTIES *(continued)*

During the year, the Company provided a $750,000 loan to ITC Education Ltd. A fluctuating interest charge over the base commercial rate applies.

	Notes	Consolidated 2006 $	Consolidated 2005 $	The Company 2006 $	The Company 2005 $
The aggregate amounts included in the profit from ordinary activities before income tax expense that resulted from transactions with non-director related parties are:					
Revenue					
Sales					
• Controlling entity		10,280,451	11,130,500	-	-
Provision of services					
Cost recovery					
• Wholly owned controlled entities		-	-	9,807,858	10,581,386
Expenses					
Department and faculty fees					
• Controlling entity		409,033	209,861	398,167	193,721
Rent					
• Controlling entity		425,470	425,334	-	-
Scholarships					
• Controlling entity		57,175	65,825	57,175	65,825
Interest expense					
• Controlling entity		84,277	134,374	84,277	134,374
Total expenditure (University of Wollongong)		975,955	835,394	539,619	393,920
Reimbursable utilities and services					
• Controlling entity		553,129	612,192	110,718	133,413
Total		1,529,084	1,447,586	650,337	527,333
Receivables – current					
Trade receivables					
• Controlling entity		813,297	15,587	355,462	-
Receivables – non current					
• Wholly owned controlled entities	(a)	-	-	750,000	1,289,058
Payables – current					
Trade creditors					
• Controlling entity		1,196,058	1,217,815	707,627	731,947
Payables - non current					
Loan					
• Controlling entity		625,000	1,250,000	625,000	1,250,000

(a) Receivables – non-current

The company has raised a doubtful debt provision of $4,099,913 against a loan provided to its wholly owned subsidiary, ITC New Zealand Ltd due to concerns over its ability to repay the full amount of the loan advanced to them.

(iii) Other Related Parties

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

31 RELATED PARTIES *(continued)*

	Consolidated		The Company	
	2006	2005	2006	2005
	$	$	$	$
Transactions with other related parties				
Expenses	154,937	344,314	18,002	45,860
Payables – current				
Trade Payables	29,540	1,282	655	630

(iv) Ultimate Controlling Entity

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

32 DISCONTINUED OPERATIONS

Closure of WUC Sydney

The Wollongong University College which forms part of the Education segment ceased operating from its Sydney location in 2006 due to a decline in student numbers. ITC Education Limited surrendered its lease agreement from 1 October 2006, with all assets being disposed of by 31 December 2006.

The results of the discontinued operations which have been included in the income statement are as follows. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current period:

	Consolidated	
	2006	2005
	$	$
Profit (loss) from discontinued operations		
Revenue (note 3)	2,902,868	5,053,885
Expenses		
Finance costs	(13,500)	(12,919)
Other expenses	(4,561,496)	(5,756,239)
	(4,574,996)	(5,769,158)
Profit (loss) before tax	(1,672,128)	(715,273)
Attributable income tax expense	-	-
	(1,672,128)	(715,273)
Profit (loss) on disposal of operation	(821,600)	-
	(2,493,728)	(715,273)
Attributable income tax expense	-	-
Profit (loss) for the year from discontinued operations	(2,493,728	(715,273)
Cash flows from discontinued operations		
Net cash flows from operating activities	(2,507,304)	(715,273)
Net cash flows from investing activities	12,290	(231,109)
Net cash flows from financing activities	-	-

33 SUBSEQUENT EVENTS

Since the end of the financial year, ITC New Zealand Limited has signed a non-binding term sheet to acquire the business of another education provider in New Zealand. At this preliminary stage and due to the conditional nature of the agreement it is not possible to to reliably provide an estimate of the financial impact of this event in subsequent financial years.

There has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

34 PRIOR PERIOD ERRORS

The consolidated entity and the Company has corrected a prior period error in classification of current and non-current long service leave for the 2005 year. This has impacted the following financial statement items:

	Consolidated		The Company	
	Restated 2005	Audited 2005	Restated 2005	Audited 2005
Balance sheet				
Current provisions	2,289,243	1,490,534	2,187,831	1,389,122
Total current liabilities	17,608,871	16,810,162	9,897,464	9,098,755
Non-current provisions	1,153,634	1,952,343	853,634	1,652,343
Total non-current liabilities	1,800,079	2,598,788	1,500,079	2,298,788
Note 16 Provisions				
Current				
Annual leave	1,217,951	1,217,951	1,161,883	1,161,883
Long service leave	999,320	200,611	999,320	200,611
Other provisions	71,972	71,972	26,628	26,628
	2,289,243	1,490,534	2,187,831	1,389,122
Non-current				
Long service leave	685,874	1,484,583	685,874	1,484,583
Restoration costs	467,760	467,760	167,760	167,760
	1,153,634	1,952,343	853,634	1,652,343

35 CONTINGENT LIABILITIES

Guarantees

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

END OF AUDITED ACCOUNTS

> itc group board

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

> itc group structure

- CEO & Managing Director — James Langridge
  - General Manager, UniAdvice — Robin Buckham
    - Manager, Community and Partnerships — Monique Harper-Richardson
    - Manager, International Recruitment — Peter Day
    - Manager, National Recruitment — Emily Christofides
  - CEO, UOWD — Professor Nick van der Walt
    - Dean of Academic Affairs, UOWD — Dr Raed Awamleh
    - Director of Administration, UOWD — Russell Rein
    - Manager, Office of Institutional Research and Quality, UOWD — Tasneem Husain
  - Chief Financial Officer & General Manager, Commercial — Stuart McDonell
    - Legal Officer — Louise Leaver
    - Manager Business Development — Megan Gilmour
    - Manager, Governance and Compliance — Julie Renwick
    - Manager, Education Development — Mark Sandilands
  - General Manager, Operations (Acting) — Ian Tobin
    - Group Human Resources Manager (Acting) — Richard Walsh
    - Group Finance Manager — Rick Boatswain
    - Group IS Manager — Mark Smith
    - Campus Director Wollongong — Lynette Harris
    - Campus Director Auckland — Dot Bach
  - Group Public Affairs Manager — Canio Fierravanti

ITC GROUP

OF COMPANIES

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

ABN 77 002 882 064 ACN 002 882 064 (Limited by shares)

ITC is certified under a Quality Management System (AS/NZS ISO 9001:2000)

ISO Accrediting Body: Lloyds Register Quality Assurance

Australian & New Zealand operations only

Internal Auditor: KPMG

External Auditor: Audit Office of NSW

Lawyers: Australian Business Lawyers, Kells the Lawyers

Other Accrediting and Licensing Agencies:

Australian Council of Independent Vocational Colleges Ltd (ACIVC)

Department of Education Science and Training (DEST)

English Australia

New Zealand Qualification Authority (NZQA)

NSW Department of Education and Training

NSW Vocational Training and Accreditation Board (VETAB)

UAE Ministry of Higher Education & Scientific Research

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This report is not an annual financial report or a directors report for the purposes of the *Corporations Act* 2001

Illawarra Technology Corporation Limited attempts to ensure that the information contained in this publication is correct at the time of production (May 2007), however sections may be amended without notice by the Corporation in response to changing circumstances or for any other reason.

University of Wollongong CRICOS Provider No: 00102E.

Effective from 30 April 2007, Wollongong University College will change its business name to Wollongong College Australia. This change has been necessitated by amendments to State and Federal Government Protocols which now restrict use of the word ‘university’ in business names. Wollongong College Australia is a registered business name of ITC Education Limited. CRICOS No. 02723D.