DIRECTORS' REPORT

FOR THE 12 MONTHS ENDED 31 DECEMBER 2005

ARISTOCRAT LEISURE LIMITED

ABN 44 002 818 368

The directors present their report together with the financial statements of Aristocrat Leisure Limited and its controlled entities (the "Consolidated Entity") for the twelve months ended 31 December 2005. The information in this report is current as at 21 February 2006 unless otherwise specified. The directors of Aristocrat Leisure Limited (the "Company") during the twelve months under review and up to the date of this report are:

Directors' particulars, experience and special responsibilities

	Current directors	
Director	**Experience**	**Special responsibilities**
DJ Simpson FCPA Age 65	Nominated July 2003. Appointed February 2004. • Former Finance Director, Tabcorp Holdings Limited • Former Executive General Manager, Finance, Southcorp Holdings Limited	Chairman Chair of Nomination and Governance Committee Member of Audit Committee Member of Remuneration Committee
PN Oneile BEc Age 57	Nominated December 2003. Appointed June 2004. • Director of Film Finance Corporation Australia Limited • Former Chairman and Chief Executive Officer, United International Pictures (UIP) • Former Managing Director, The Greater Union Organisation Pty Limited	Chief Executive Officer and Managing Director Member of Nomination and Governance Committee
WM Baker BA Age 66	Nominated August 1998. Appointed May 1999. • Director, J. Edgar Hoover Foundation • Director, Fortress Global Investigations, Inc • Former Assistant Director of the FBI • Former President, The Motion Picture Association	Chair of Regulatory and Compliance Committee Member of Nomination and Governance Committee
RA Davis BEc (Hons), M Philosophy Age 54	Nominated November 2004. Appointed June 2005. • Consulting Director-Investment Banking, N M Rothschild's & Sons (Australia) Limited • Chairman, Pengana Managers Limited	Member of Nomination and Governance Committee Member of Audit Committee (from February 2005)

	• Chairman, Korea Exchange Bank Australia Limited • Director, Macquarie Office Management Limited • Former Senior Executive at Citicorp and CitiGroup Inc. in the United States and Japan • Former Senior Executive, ANZ Banking Group Limited	
P Morris AM, BArch (Hons) MEnvSc, Dip CD, FRAIA, FAICD Age 57	Nominated August 2003. Appointed February 2004. • Director, Landcom, Mirvac Group, NSW Institute of Teachers, Candle Australia Limited and Sydney Harbour Foreshore Authority. • Former Director of Commonwealth Property, Department of Administrative Services • Former Group Executive, Lend Lease Property Services • Former Director of Strathfield Group Limited, Jupiters Limited, Principal Real Estate Investors (Australia) Limited, Howard Smith Limited, Colonial State Bank, Energy Australia, Country Road Limited, Indigenous Land Corporation and Australia Post.	Chair of Audit Committee Chair of Remuneration Committee Member of Nomination and Governance Committee
SAM Pitkin LLB, LLM Age 46	Nominated November 2004. Appointed June 2005. • Chairman, National Leisure and Gaming Limited • Special Counsel (former partner), Clayton Utz in Brisbane • Former Director, Australian Leisure & Hospitality Group Limited • Former Director, Ceramic Fuel Cells Limited • Former Director, Golden Casket Lottery Corporation Limited, Energex Limited, Grainco Limited and Employment National Limited • Member of the Company Law Committee of the Queensland Law Society and Law Council of Australia	Member of Nomination and Governance Committee Member of Regulatory and Compliance Committee (from April 2005) Member of Remuneration Committee (from May 2005)
AW Steelman BA, MLA Age 63	Nominated August 1998. Appointed May 1999. • Former US Congressman • Advisor, Proudfoot Consulting Plc • Board Member, Texas Growth Fund • Former Board Member, Sterling Software • Former President, Maxager Technology • Management Consultant with international experience in software, gaming strategy and government regulation	Member of Nomination and Governance Committee Member of Audit Committee Member of Remuneration Committee (to May 2005)

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the twelve months under review were the design, development, manufacture and marketing of gaming machines, software, systems and other related equipment and services. The Company's objective is to be the leading global provider of gaming solutions. There were no significant changes in the nature of those activities during the twelve months under review.

DIVIDENDS

A final dividend in respect of the twelve months ended 31 December 2005 of 20 cents per share ($93.8 million) has been declared and will be paid on 24 March 2006 to shareholders on the register at 5:00pm on 10 March 2006. The final dividend will be fully franked. A fully franked interim dividend of 10 cents per share ($47.6 million), as referred to in the Directors' Half Year Report dated 25 August 2005, was paid on 21 September 2005 in respect of the six months ended 30 June 2005. The total dividend paid or payable in respect of 2005 was 30 cents per share.

REVIEW AND RESULTS OF OPERATIONS

A review of the operations of the Consolidated Entity for the twelve months ended 31 December 2005 is set out in the attached Management Discussion and Analysis which forms part of this Directors' Report. The operating result of the Consolidated Entity attributable to shareholders for the twelve months ended 31 December 2005 was a profit of $244.3 million after tax.

CORPORATE GOVERNANCE

The Board is committed to maintaining the highest standards of corporate governance. The Company's Corporate Governance Statement, Board and Committee charters and key governance policies can be found on the Company's website.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Except as outlined below and elsewhere in this report, there were no significant changes in the state of affairs of the Consolidated Entity during the twelve months ended 31 December 2005.

EVENTS AFTER BALANCE DATE

On 7 November 2005, the Company announced its intentions to acquire a 50 per cent interest in the Elektronček group of companies ("Elektronček") which is based in Slovenia. Elektronček, which trades under the "Interblock" brandname, manufactures a range of electro-mechanical multi-terminal gaming products, including roulette, dice and sic bo, with a number of other products in advanced stages of development. The acquisition of shares in Elektronček was completed on 27 January 2006.

Other than the above mentioned event, no material matters requiring disclosure in this report have arisen subsequent to 31 December 2005. To the best of their knowledge the directors are not aware of any matter or circumstance that has arisen since 31 December 2005 that has significantly affected or may significantly affect:

(a) the Consolidated Entity's operations in future financial years; or
(b) the results of those operations in future financial years; or
(c) the Consolidated Entity's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely developments in the operations of the Consolidated Entity in future financial years and the expected results of operations are referred to in the Management Discussion and Analysis which forms part of this report.

The directors believe that disclosure of further information as to likely developments in the operations of the Consolidated Entity and the likely results of those operations would, in their opinion, be speculative and/or prejudice the interests of the Consolidated Entity.

DIRECTORS' ATTENDANCE AT BOARD MEETINGS

Directors' attendance at Board and Committee meetings during 2005

The attendance of members of the Board at Board meetings and attendance of members of Committees at Committee meetings of which they are members is set out below.

(Meetings attended/held)

Director	Board	Audit Committee	Remuneration Committee	Regulatory and Compliance Committee	Nomination and Governance Committee
DJ Simpson	11/11	4/4	4/4	-	4/4
PN Oneile	11/11	-	-	-	4/4
WM Baker	11/11	-	-	9/9	4/4
RA Davis	11/11	3/3*	-	-	4/4
P Morris	11/11	4/4	4/4	-	4/4
SAM Pitkin	11/11	-	3/3#	7/7#	4/4
AW Steelman	11/11	4/4	1/1#	-	4/4

Meetings shown reflect those meetings the director was able to attend as a Committee member
**RA Davis was appointed to the Audit Committee from February 2005 and after the first meeting of the Audit Committee had already taken place.*
 # SAM Pitkin replaced AW Steelman on the Remuneration Committee from May 2005. SAM Pitkin was appointed to the Regulatory and Compliance Committee in April 2005.

REMUNERATION AND EMOLUMENTS OF BOARD MEMBERS AND SENIOR EXECUTIVES

The Remuneration Report required by Section 300A of the *Corporations Act 2001* appears on pages 9 to 26 of this report and is incorporated by reference in this Directors' Report.

INDEMNITIES AND INSURANCE PREMIUMS

Clause 23.1 of the Company's Constitution provides that: "to the maximum extent permitted by law (including the Corporations Act) the Company must indemnify every person who is or has been a director, secretary or executive officer of the Company". In accordance with Clause 23.4 of the Company's Constitution, the Company has executed documentary indemnities with directors, secretaries and a number of officers (formerly known as "executive officers" and now defined, pursuant to Section 9 of the Corporations Act, as "officers"). The Company maintains a Directors' and Officers' Insurance policy in respect of insurance cover of directors and officers. The policy is primarily a Company reimbursement policy. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the directors, secretaries or officers in their capacity as officers of entities in the Consolidated Entity, and any other payments arising from liabilities incurred by the directors, secretaries or officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a willful breach of duty by the directors, secretaries or officers or the improper use by the directors, secretaries or officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. In accordance with usual commercial practice, the premium paid and the terms of cover secured by that premium are confidential under the terms of the insurance contract. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities. The assets of the Consolidated Entity are adequately insured for reasonably foreseeable contingencies, in line with normal business practices. The insurance does not provide cover for the independent auditors of the Company.

ENVIRONMENTAL REGULATION

The Consolidated Entity's operations have a limited impact on the environment. The Consolidated Entity is subject to a number of environmental regulations in respect of its manufacturing and integration activities. The Company manufactures gaming machines, games and systems at its Australian facilities which are zoned Industrial (4) under local Environmental Plan 114 and are the subject of New South Wales and Australian federal environmental legislation. The Company integrates (assembles) machines and systems in Nevada, USA. Machines are also assembled under contract in Japan. The Company does not emit any greenhouse gases (except from vehicles and emergency generators when in use) and uses limited amounts of chemicals in its manufacturing and assembly processes. The directors are not aware of any breaches of any environmental legislation or of any significant environmental incidents during the twelve months ended 31 December 2005.

COMPANY SECRETARIES

The Company secretaries are Mr B J Yahl and Mr J F C Carr-Gregg. Both the Company secretaries have previously worked as solicitors in private practice and also as corporate solicitors for Australian publicly listed organisations.

PROCEEDINGS ON BEHALF OF THE COMPANY

No proceedings have been brought on behalf of the Company under Section 236 of the *Corporations Act 2001* nor has any application been made in respect of the Company under Section 237 of the *Corporations Act 2001.*

AUDITORS

PricewaterhouseCoopers continues in office in accordance with Section 327 of the *Corporations Act 2001.*

NON-AUDIT SERVICES PROVIDED BY AUDITORS

The Company, with the prior approval of the Chair of the Audit Committee, may decide to employ PricewaterhouseCoopers, the Company's auditors, on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Consolidated Entity are important. The Company has a charter of audit independence which specifies those non audit services which cannot be performed by the Company auditor. The charter also sets out the procedures which are required to be followed prior to the engagement of the Company's auditors for any non audit related service.

Details of the amounts paid or payable to the Company's auditor, for audit and non-audit services provided during the year are set out in note 29 to the financial statements.

The Board of directors has considered the position and, in accordance with the advice received from the Audit Committee is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The directors are satisfied that the provision of non-audit services by the auditor, as set out in note 29 to the financial statements did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor;

- none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

A copy of the auditor's independence declaration is included on page 8 of this report.

ROUNDING OF AMOUNTS TO NEAREST THOUSAND DOLLARS

The Company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission relating to the 'rounding off' of amounts in the Directors' Report and Financial Statements. Amounts in the Directors' Report and Financial Statements have been rounded off to the nearest thousand dollars in accordance with that Class Order.

This report is made in accordance with a resolution of the directors and is signed for and on behalf of the directors.

DJ Simpson

DJ Simpson
Chairman

21 February 2006

PRICEWATERHOUSECOOPERS

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Auditors' Independence Declaration

As lead auditor for the audit of Aristocrat Leisure Limited for the year ended 31 December 2005, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
b) no contraventions of any applicable code of professional conduct in relation to the review

This declaration is in respect of Aristocrat Leisure Limited during the period.

R L Gavin
Partner
PricewaterhouseCoopers

21 February 2006
Sydney

DIRECTORS' REPORT
REMUNERATION REPORT

This report details the policy and principles that govern the remuneration of directors and executives of the Company; the link between remuneration policy and principles and the Company's performance for the financial year; and the remuneration and service agreements of directors and executives.

The remuneration details for the following individuals are specified in the following pages:

Directors
The following persons were directors of the Company during the financial year:

Chairman - non-executive
DJ Simpson

Executive director
PN Oneile - Chief Executive Officer and Managing Director

Non-executive directors
WM Baker
RA Davis
P Morris
SAM Pitkin
AW Steelman

Executive key management personnel
The executives who are responsible for the overall planning, directing and controlling of activities of the consolidated entity ('executive key management personnel') during the financial year are as follows:

Name	**Position**
SCM Kelly	Chief Financial Officer
SJ Parker	Group General Manager Sales and Marketing
GS Phillips	Chief Technology Officer
IH Timmis	Group General Manager Business and Strategic Development
BJ Yahl	Group General Manager Commercial and Legal Company Secretary

All of the above persons were considered executive key management personnel for the full year ended 31 December 2005.

Other nominated executives

These are executives covered within the definition of section 300A(1)(c) of the *Corporations Act 2001*.

MG Isaacs	President, The Americas
WP Jowett	Executive General Manager Australasia

1. REMUNERATION POLICY

Objectives and principles of remuneration policy

The objective of the Company's remuneration policy and its principles is to ensure that the Company is effectively structured to deliver long-term sustainable value to shareholders by:

- attracting, motivating, rewarding, and retaining high calibre staff;

- establishing a pay for performance culture, clearly linking short and long-term cash and equity based rewards to achievement of specific and measurable short and long-term business objectives and aligning this performance with the creation of sustainable shareholder value;

- establishing a transparent remuneration framework which is internally equitable yet competitive to the market that takes into account current best practice in executive remuneration trends; and

- recognising the global nature of the business and the additional responsibilities placed on executives required to operate in a heavily regulatory and compliance driven environment.

The principles that underpin the framework comprise:

- external competitiveness;

- equitable internal relativities;

- pay for performance; and

- alignment with shareholders' interests.

The combination of fixed and variable pay components including short and long-term incentive strategies is aligned with these principles to achieve the above objectives of the remuneration policy. Senior executive remuneration is by design structured to have a larger proportion of 'at risk' reward to leverage long-term performance. Short-term incentive rewards require achievement of specific Net Operating Profit and Funds Employed targets as measured against a combination of corporate, business and personal objectives. Long-term incentive rewards require achievement of Total Shareholder Return (TSR) and/or Earnings Per Share Growth (EPSG) targets versus a comparator group. These specific measures enable the Company to clearly evaluate its performance in delivering long-term sustainable shareholder value creation.

To assist the Remuneration Committee in its role, advice has been obtained from independent external remuneration consultants to structure a market competitive remuneration framework that is aligned with its overall business strategy and objectives.

The table below details the Company's key shareholder indicators over the last five years.

	2005	2004	2003*	2002*	2001*
Dividends paid (cps)	14.0	7.0	9.5	13.0	11.5
Capital return (cps)	21.0	-	-	-	-
Share buyback ($m)	102.4	10.7	-	-	-
Closing share price at 31 December** ($)	12.32	9.95	1.72	4.68	6.60
Fully diluted earnings per share (cps)	51.1	29.2	(22.9)	17.6	19.1
Net profit after tax ($m)	244.3	142.2	(106.0)	80.2	86.0
Return on shareholders' equity	69.5%	38.0%	(48.5%)	20.1%	24.5%

** Financial Statements for 2003 and prior have not been restated under AIFRS*
*** The closing share price for 2004 and prior has not been re-stated to reflect the capital return of 21 cents per share paid in 2005*

The introduction of the current remuneration policy and principles in 2004 (and as described in this report) has been a positive contributor to the Company's overall performance assisting the Company to deliver long term sustainable value for shareholders.

2. THE REMUNERATION COMMITTEE

This committee is chaired by Mrs P Morris and comprises three non-executive directors. The primary responsibilities of this committee include:

- the recruitment, remuneration, retention, succession planning, training policies and procedures for senior management; and
- making recommendations to the Board on:
  - CEO and senior management fixed remuneration framework and levels;
  - CEO and senior management performance and equity based remuneration plans including performance incentives and hurdles;
  - Chairman and non-executive director fees; and
  - the Company's superannuation arrangements.

3. NON-EXECUTIVE DIRECTORS

The fees paid to non-executive directors reflect the demands and responsibilities associated with their roles and the global scope and highly regulatory environment that the Company operates in. Fees include an allowance for the onerous probity requirements placed on non-executive directors by regulators of the global jurisdictions in which the Company operates. The Company's non-executive directors only receive fees (including superannuation) for their services. The only addition to fees is the cost of reasonable expenses which are reimbursed as incurred. Non-executive directors' fees and payments are reviewed annually by the Board. Non-executive directors do not participate in any short-term incentive plans, however since September 2005, non-executive directors have been able to salary-sacrifice a portion of their remuneration towards the purchase of shares on market during the appropriate trading period.

Advice has been obtained from independent external remuneration consultants to ensure that the level of directors' fees correspond with the demands and responsibilities of the positions and are competitive in the external market place.

3.1 Directors' fees

The non-executive directors' fee pool limit of A$1,750,000 was approved by shareholders at the Annual General Meeting in May 2004.

Current fees for directors effective from 1 July 2005 are set out below. The Chairman does not receive any additional fees for his committee responsibilities. Other non-executive directors who also chair a committee receive a supplementary fee in addition to their annual remuneration.

Position	**Fee**
Chairman	A$320,000 per annum
Australian resident non-executive director	A$155,000 per annum
US resident non-executive director	US$117,474 per annum
Chair of the Audit Committee	A$25,000 per annum
Chair of the Regulatory Compliance Committee	US$18,948 per annum
Chair of the Remuneration Committee	A$20,000 per annum

The remuneration details of executive and non-executive directors are set out in the table below:

Name	Year	Short-term benefits			Post-employment benefits		Share-based payments	TOTAL	Remuneration consisting of share-based payments
		Cash salary and fees	Cash bonus	Non-monetary benefits	Superannuation	Retirement benefits*	Options and Performance Share Rights		
		$	$	$	$	$	$	$	%
Executive director									
PN Oneile	**2005**	**1,213,138**	**773,750**	**26,785**	**11,862**	-	**1,238,431**	**3,263,966**	**37.9%**
	2004	888,707	675,000	-	11,293	-	1,099,467	2,674,467	41.1%
Non-executive directors									
DJ Simpson	**2005**	**275,229**	-	-	**24,771**	-	-	**300,000**	**0.0%**
	2004	190,255	-	-	17,312	-	-	207,567	0.0%
WM Baker	**2005**	**167,815**	-	-	**1,391**	**6,392**	-	**175,598**	**0.0%**
	2004	140,266	-	-	1,509	-	-	141,775	0.0%
RA Davis	**2005**	**137,615**	-	-	**12,385**	-	-	**150,000**	**0.0%**
	2004	22,171	-	-	1,995	-	-	24,166	0.0%
P Morris	**2005**	**186,261**	-	-	**1,239**	-	-	**187,500**	**0.0%**
	2004	133,545	-	-	12,019	-	-	145,564	0.0%
SAM Pitkin	**2005**	**137,615**	-	-	**12,385**	-	-	**150,000**	**0.0%**
	2004	22,171	-	-	1,995	-	-	24,166	0.0%
AW Steelman	**2005**	**143,990**	-	-	**3,496**	**6,064**	-	**153,550**	**0.0%**
	2004	123,350	-	-	3,972	-	-	127,322	0.0%
Former non-executive directors									
JP Ducker	**2005**	-	-	-	-	-	-	-	**0.0%**
	2004	38,226	-	-	3,440	572,775	-	614,441	0.0%
JH Pascoe	**2005**	-	-	-	-	-	-	-	**0.0%**
	2004	113,385	-	-	10,205	-	-	123,590	0.0%
Total	**2005**	**2,261,663**	**773,750**	**26,785**	**67,529**	**12,456**	**1,238,431**	**4,380,614**	**28.3%**
	2004	1,672,076	675,000	-	63,740	572,775	1,099,467	4,083,058	26.9%

** Director retirement allowances were frozen as at 1 June 2004. The frozen allowances are preserved and indexed to the annual change in the Consumer Price Index (CPI) and may only be paid out when eligible directors actually leave the Board. The amounts shown above represent the CPI index adjustment to the frozen allowances.*

3.2 Retirement allowances for directors

A resolution was passed at the Annual General Meeting in May 2004 to cease retirement allowances for any directors appointed after May 2003. There currently remain two eligible directors who were appointed prior to May 2003 with existing accrued retirement allowances who have had their entitlements frozen as at 1 June 2004. The frozen allowances are preserved and indexed to the annual change in the Consumer Price Index (All Groups) and may only be paid out when eligible directors actually leave the Board.

4. EXECUTIVE REMUNERATION

Remuneration is made up of fixed and variable remuneration.

4.1. Fixed remuneration

Executives receive a competitive base salary comprising cash salary, superannuation and other benefits which makes up the 'fixed remuneration' component of their total remuneration package.

Fixed remuneration is reviewed annually against the external market and compared to similar sized roles from a specifically identified peer group of Australian companies (based on market capitalisation) to ensure competitive positioning. The international nature of the Company's operations and the global responsibilities of the executives, in addition to the mix of knowledge, skills, experience and performance are considered when determining remuneration. The onerous probity requirements placed on executives by regulators of the global jurisdictions in which the Company operates are also considered in determining remuneration levels.

Executives have the flexibility and choice to have a combination of benefits including additional superannuation contributions and the provision of a vehicle provided out of their fixed remuneration.

Executives also receive other benefits including salary continuance, trauma, death and disability insurance, financial planning consultation, annual health assessments and are also able to maintain memberships to appropriate professional associations. As appropriate, expatriate executives receive additional support including accommodation allowances, travel and life insurance and taxation advice.

Executives do not receive retirement benefits.

4.2. Variable remuneration

4.2.1 Short-term incentive plan

The short-term incentive plan ensures a clear linkage between reward and returns to shareholders by defining key profit and funds employed targets which need to be achieved. The short-term incentive plan applies to those executives who are able to directly influence the Company's performance and increase value for shareholders. The short-term incentive targets are reviewed annually as part of the remuneration review cycle.

The plan rewards performance against overall Company financial targets, performance against business unit financial targets and performance against individual objectives. A combination of these measures applies to all participants in the plan with each individual's ability to influence Company and business unit performance considered when establishing incentive targets and their respective weightings. These targets are structured so that participants are eligible to receive an incentive payment if the Company or the business unit achieves over 85% of target net operating profit after tax (NOPAT) and less than 125% of target Funds Employed/Working Capital on a graduated performance scale. Target short-term incentives vary from 5% to 70% of fixed remuneration depending on the role and seniority of the individual. Financial targets are established following Board review and approval of the annual plan for the following year. The various measures, associated range of weightings and payment thresholds as applied to executive directors and executives are detailed below. Above target incentive payments are provided for performance exceeding target levels.

All incentives require final approval from the Remuneration Committee and the Board prior to payment following any adjustments made at the discretion of the Remuneration Committee and the announcement of the Company's full year results. Actual performance measures, criteria and targets may vary from year-to-year dependent upon market conditions and other factors which the Board may determine.

Short-term incentive measures	**Weighting**	**Minimum payment**	**Maximum payment**
Financial Group - net operating profit after tax and average funds employed Business Unit – segment profit and average controllable funds employed	**30 - 80%**	**0%**	**200%**
Non –financial Key performance objectives	**20 - 70%**	**0%**	**150%**
Total	**100%**		

4.2.2 Long-term incentive plans

The Company has introduced two new long term incentive plans since 2004 – the Performance Share Plan and the Performance Option Plan. It is intended that either of these plans, or a combination of the two, will be used to provide key executives with a long term incentive which aligns their interests with those of shareholders. To date, the Company has only offered participation in the Performance Share Plan.

Both of these plans, together with the Employee Share Option Plan, which has been discontinued and the General Employee Share Plan are described in more detail below.

4.2.3 Long-term incentive - Performance Share Plan (PSP)

A long-term incentive plan was implemented in 2004 which offered key executives conditional entitlements to ordinary shares which vest, subject to the Company achieving certain performance targets versus a specified comparator group of companies, on completion of the designated performance period. The PSP rights cannot be transferred, have no voting or dividend rights, and they are not quoted on the Australian Stock Exchange.

The comparator group comprises 50 companies of a similar size, based on the market capitalisation of the Company at the start of the performance period, excluding financial services, property trust/investment and resources companies. A participant will be allocated 45% of their offered shares if the Company achieves performance ranked at the 50.1st percentile, and up to 100% of their offered shares at or above the 75th percentile.
The plan is designed to attract, motivate, reward and retain those key executives who can directly influence the long-term success of the Company. The plan has been specifically designed to provide an opportunity for participants to acquire equity in the Company in the form of performance shares upon achievement of the prescribed performance measures. In doing so, the plan reinforces direct alignment between individual performance and reward with the long-term objectives of the Company and delivering sustainable returns to shareholders over a three to five year performance period.

Participation in the plan, performance measures, the designated performance period and the quantity of the performance share rights offered to each participant is determined by the Remuneration Committee and approved by the Board. It is the Company's intention to make offers under this plan annually, or at such other times as are appropriate, subject to the ability of the Company to offer such share plans, future directions in executive variable remuneration, and approval of the Board and shareholders, where applicable. The terms of individual plans may vary from offer to offer.

To date there have been 5 offers under this plan:

Series	Grant date	Performance period	Performance measure(s)	Number of Performance Share Rights	Number of participants (at inception)
1A 1B	2 September 2004	50% 1 January 2004 to 31 December 2006 50% 1 January 2004 to 31 December 2007	Total Shareholder Return (TSR) performance against the individual TSRs of the specified comparator group of companies	2,417,446	155
2	21 December 2004	1 January 2004 to 31 December 2006	TSR performance against the individual TSRs of the specified comparator group of companies	380,000	1
3A	1 January 2005	1 January 2005 to 31 December 2007	TSR performance against the individual TSRs of the specified comparator group of companies	26,557	7
3B			Basic Earnings per Share Growth (EPSG) against the individual EPSGs of the specified comparator group of companies	26,556	7
4A	17 May 2005	1 January 2005 to 31 December 2007	TSR performance against the individual TSRs of the specified comparator group of companies	34,172	1
4B			Basic EPSG against the individual EPSGs of the specified comparator group of companies	34,171	1
5A	17 October 2005	1 January 2006 to 31 December 2009	TSR performance against the individual TSRs of the specified comparator group of companies	14,149	3
5B			Fully diluted EPSG against the individual EPSGs of the specified comparator group of companies	14,149	3
5C		1 January 2006 to 31 December 2010	TSR performance against the individual TSRs of the specified comparator group of companies	14,149	3
5D			Fully diluted EPSG against the individual EPSGs of the specified comparator group of companies	14,148	3

Total Shareholder Return (TSR) performance against the individual TSR's of a specified comparator group of companies was initially selected as the sole measure for Series 1 and 2 of the long-term incentive plan. TSR allows the Company's performance to be objectively assessed against a specified comparator group from the external market. In 2005, Earnings per Share Growth (EPSG) was added as another performance measure for Series 3 to 5 following discussions with various shareholder representative groups. Both the TSR and EPSG measures are widely recognised as an effective method of assessing comparable shareholder returns and value creation delivered to the Company's shareholders.

After allowing for lapsed rights relating to employees who have left the Company, there were 2,864,366 outstanding performance share rights as at 31 December 2005 issued to 157 employees.

Comparator groups

The comparator group for each series of the PSP are shown below:

Comparator group Series 1 & 2	Comparator group Series 3 & 4	Comparator group Series 5
Adelaide Brighton	Alinta	ABC Learning
Alinta	Amcor	Alinta
Ansell	Ansell	Amcor
Austar United Communications	APN News & Media	Ansell
Austereo Group	Australand Property Group	APN News & Media
Australand Property Group	Australian Gas Light Company	Auckland Airport
Australian Pharmac Industries	AWB	Australian Gas Light Company
Australian Pipeline Trust	Billabong International	AWB
Australian Leisure & Hospitality Group	Bluescope Steel	Billabong International
Baycorp Advantage	Boral	Boral
Brickworks	Brambles Industries	Brambles Industries
Burns Philp & Company	Burns Philp & Company	Burns Philp & Company
Coates Hire	Coca-Cola Amatil	Carter Holt Harvey
Cochlear	Coles Myer	Coca-Cola Amatil
Corporate Express Australia	Computershare	Cochlear
Crane Group	CSL	Coles Myer
David Jones	CSR	Computershare
Downer Edi	Flight Centre International	CSL
Envestra	Foodland Associated	CSR
Futuris Corporation	Fosters Group	DCA Group
Graincorp	Harvey Norman Holdings	Downer Edi
Gunns	James Hardie Industries N.V	Fletcher Building
GWA International	John Fairfax (John) Holdings	Fosters Group
Hills Industries	Leighton Holdings	Harvey Norman Holdings
Incitec Pivot	Lend Lease Corporation	James Hardie Industries N.V
Ion	Lion Nathan	John Fairfax (John) Holdings
Mcguigan Simeon Wines	Macquarie Airports	Leighton Holdings
Mia Group	Macquarie Infrastructure Group	Lion Nathan
National Foods	Mayne Group	Macquarie Airports
Novogen	Metcash Trading	Macquarie Infrastructure Group
Nufarm	National Foods	Metcash Trading
Onesteel	Onesteel	News Corporation
Pacifica Group	Orica	Nufarm
Primary Health Care	Pacific Brands	Orica
Ramsay Health Care	Paperlinx	Patrick Corporation
Reece Australia	Patrick Corporation	Publishing And Broadcasting
Resmed Inc	Publishing And Broadcasting	Qantas Airways
Rural Press	Qantas Airways	Rinker Group
Seven Network	Resmed Inc	Rural Press
Sigma Pharmaceutical Company	Rinker Group	Seven Network
Sims Group	Rural Press	Sky City Entertainment Group
Smorgan Steel Group	Sonic Healthcare	Sonic Healthcare
Southern Cross Broadcasting	Southcorp	Tabcorp Holdings
Spotless Group	Tabcorp Holdings	Tattersall's
STW Communication Group	Telecom Corporation NZ	Telecom Corporation NZ
Ten Network Holdings	Ten Network Holdings	Telstra Corporation
The Hills Motorway Group	Toll Holdings	Toll Holdings
Transfield Services	Transurban Group	Transurban Group
Unitab	Virgin Blue Holdings	Wesfarmers
West Australian Newspaper Holdings	West Australian Newspaper Holdings	Woolworths

4.2.4 Long-term incentive – Performance Option Plan (POP)

The POP was approved by shareholders in May 2005. The POP is an executive incentive scheme designed to drive the continuing improvement in the Company's operating performance. The POP provides for eligible employees to be offered conditional entitlements to options over fully paid ordinary shares in the Company. As at the date of this report there have been no invitations issued to participate under this plan.

4.2.5 Long-term incentive – Employee Share Option Plan (ESOP)

The ESOP was approved by shareholders at the November 1998 Annual General Meeting. New issues under this plan were discontinued during 2004 on the introduction of the Performance Share Plan detailed above, however the plan will remain in place until all options granted prior to its discontinuance are exercised or lapse.

Options were granted under the plan for no consideration and for a five year period. Options were divided into either two equal tranches which must be held for at least 12 and 24 months respectively or they were divided into four equal tranches that must be held for at least 18, 30, 42 and 54 months respectively. Employees' entitlements to the options vest as soon as they become exercisable. The options cannot be transferred, have no voting or dividend rights and they are not quoted on the Australian Stock Exchange. The exercise price of the options is based on the weighted average price for all shares in the Company sold on the Australian Stock Exchange during the one week period leading up to and including the grant date (or such other date or period as ensures compliance with any relevant laws relating to taxation or as otherwise determined at the discretion of the Board). Options are exercisable, subject to performance hurdles, under the terms of each option series.

The performance hurdle which must be achieved before the options vest is based on either share price growth or TSR performance. At the time ESOP was established these measures were considered to be the most appropriate for driving shareholder return and value. The performance hurdle is tested on an ongoing basis commencing on the expiry of the minimum holding period. Options vest if one of the following applies:

- the percentage growth in the Company's share price between the date the options were issued and the date of testing is greater than the percentage growth of the ASX 200 accumulation index share price during that period; or
- if the Company's TSR is greater than the ASX 200 accumulation index's TSR.

The Company does not make loans to executives to exercise options. Amounts receivable on the exercise of the options are recognised as share capital if issued or as reserves if purchased under the share trust which was established during the current financial year to acquire shares in lieu of obligations under employee share-based remuneration plans.

4.2.6 General Employee Share Plan (GESP)

The Company operates an employee share plan referred to as GESP which was approved by shareholders at the November 1998 Annual General Meeting. The plan enables all eligible employees to gain some equity in the Company through an annual share allocation designed to align the interests of employees with Company objectives and shareholders. The Board determines each year whether offers of qualifying shares will be made. The plan allows for up to a maximum value of A$1,000 of fully paid ordinary shares to be allocated per employee for no cash consideration and is made to all eligible permanent full-time and part-time employees. Participants in this plan are able to receive dividends and exercise voting rights in respect of shares held under the plan, however shares must not be withdrawn from the plan or disposed until the earlier of three years after issue or the cessation of employment.

The number of shares issued to participants in the plan is the offer amount divided by the weighted average price at which the Company's shares are traded on the Australian Stock Exchange during the five days immediately before the date of the offer.

During the year, the Company issued 109,025 shares to 1,225 employees in Australia under this plan. Due to tax complexities all eligible staff located overseas were issued a deferred bonus of A$1,000 cash in lieu of share allocations, contingent upon their continued employment for a period of 3 years.

4.3 Service agreements

Remuneration and other terms of employment for the Chief Executive Officer and Managing Director and each of the executives which make up the key management personnel group and the other nominated executives* are formalised in service agreements. Key provisions of the agreements relating to remuneration as at 31 December 2005 are set out below:

Name	PN Oneile	SCM Kelly	SJ Parker	GS Phillips	HI Timmis	BJ Yahl
Position	Chief Executive Officer and Managing Director	Chief Financial Officer	Group General Manager Sales and Marketing	Chief Technology Officer	Group General Manager Business and Strategic Development	Group General Manager Commercial and Legal Company Secretary
Start date	1 December 2003	1 September 2003	1 December 2002	3 November 2003	28 July 2003	29 March 2004
Contract expiry date	31 December 2008	No fixed term	No fixed term	2 November 2006	No fixed term	No fixed term
Fixed remuneration (including superannuation & benefits)	A$1,720,000 p.a.	A$548,947 p.a.	A$352,944 p.a.	GBP171,000 p.a.	A$379,773 p.a.	A$539,887 p.a.
Short-term incentive target	70% of fixed remuneration	50% of fixed remuneration	A$140,989 p.a.	GBP 17,100 p.a.	A$116,990 p.a.	50% of fixed remuneration
Termination benefit (Company initiated)	12 months notice	3 months notice. Severance - 9 months remuneration	3 months notice	12 months notice	3 months notice	6 months notice
Termination benefit (employee initiated)	3 months notice	3 months notice	3 months notice	6 months notice	3 months notice	3 months notice

Terms of employment and other details of the other nominated executives* are set out below:

Name	**MG Isaacs**	**WP Jowett**
Position	President, The Americas	Executive General Manager Australasia
Start date	8 February 1999	27 April 1987
Contract expiry date	No fixed term	No fixed term
Fixed remuneration (including superannuation & benefits)	USD$314,301**	A$448,210
Short-term incentive target	USD$125,570	A$177,940
Termination benefit (Company initiated)	12 months notice	3 months notice. Severance - 12 months remuneration
Termination benefit (employee initiated)	12 months notice	3 months notice

** Other nominated executives, are those executives of the Company that are covered within the definition of section 300A (1)(c) of the Corporations Act 2001.*
*** MG Isaacs fixed remuneration excludes those benefits provided to him under his expatriate contract. The amount of those benefits is reported in section 4.4 of this report.*

4.4 Details of executive remuneration

Remuneration details of executive key management personnel and other nominated executives of the consolidated entity, including their personally-related entities, are set out below:

Name	**Year**	**Short-term benefits**			**Post-employment benefits**	**Share-based payments***	**TOTAL**	**Remuneration consisting of share-based payments**
		Cash salary and fees	**Cash bonus**	**Non-monetary benefits**	**Superannuation**	**Options and Performance Share Rights**		
		$	$	$	$	$	$	%
Executive key management personnel								
SCM Kelly	**2005**	**523,138**	**499,543**	**13,404**	**11,862**	**604,264**	**1,652,211**	**36.6%**
	2004	498,707	456,450	9,970	11,293	302,994	1,279,414	23.7%
SJ Parker	**2005**	**318,349**	**243,911**	**8,951**	**28,651**	**179,097**	**778,959**	**23.0%**
	2004	300,000	230,090	4,597	27,000	199,458	761,145	26.2%
GS Phillips	**2005**	**353,760**	**66,443**	**9,662**	**31,838**	**225,550**	**687,253**	**32.8%**
	2004	369,706	-	10,098	33,273	254,624	667,701	38.1%
IH Timmis	**2005**	**309,174**	**202,393**	**41,091**	**27,826**	**155,533**	**736,017**	**21.1%**
	2004	299,593	137,057	41,874	29,625	155,539	663,688	23.4%
BJ Yahl	**2005**	**488,073**	**483,198**	**6,873**	**43,927**	**112,366**	**1,134,437**	**9.9%**
	2004	356,316	340,596	-	32,068	111,375	840,355	13.3%
Other nominated executives**								
MG Isaacs	**2005**	**355,414**	**306,684**	**192,658**	**-**	**193,444**	**1,048,200**	**18.5%**
	2004	366,908	267,997	181,681	-	214,796	1,031,382	20.8%
WP Jowett	**2005**	**370,099**	**294,669**	**45,901**	**33,309**	**210,384**	**954,362**	**22.0%**
	2004	343,375	280,600	86,431	31,315	230,745	972,466	23.7%
Total	**2005**	**2,718,007**	**2,096,841**	**318,540**	**177,413**	**1,680,638**	**6,991,439**	**24.0%**
	2004	2,534,605	1,712,790	334,651	164,574	1,469,531	6,216,151	23.6%

**Share based payments includes shares to the value of A$1,000 allocated under the General Employee Share Plan ('GESP').*
*** Other nominated executives, are those executives of the Company that are covered within the definition of section 300A (1)(c) of the Corporations Act 2001.*

4.5 Cash bonuses and options

	Bonuses*		Options		Performance Share Rights**	
Name	Payable %	Forfeited %	Vested %	Forfeited %	Vested %	Forfeited %
Executive Director						
PN Oneile	100.0%	0.0%	n/a	n/a	0.0%	0.0%
Executive key management personnel						
SCM Kelly	98.4%	1.6%	100.0%	0.0%	0.0%	0.0%
SJ Parker	93.5%	6.5%	100.0%	0.0%	0.0%	0.0%
GS Phillips	90.3%	9.7%	100.0%	0.0%	0.0%	0.0%
IH Timmis	93.5%	6.5%	n/a	n/a	0.0%	0.0%
BJ Yahl	96.8%	3.2%	n/a	n/a	0.0%	0.0%
Other nominated executives						
MG Isaacs	94.7%	5.3%	100.0%	0.0%	0.0%	0.0%
WP Jowett	87.2%	12.8%	100.0%	0.0%	0.0%	0.0%

** Bonuses are accrued in the financial year to which they relate and are paid in the first quarter of the following financial year.*
*** No PSP rights vested or lapsed during the financial year.*

4.6 PSP rights provided as remuneration and rights holdings

The numbers of PSP rights in the Company held during the financial year by any executive director, key management personnel or other nominated executives of the consolidated entity, including their personally related entities, are set out below:

	Series	Expiry date	Value per right at grant date	Balance as at 31 December 2004	Granted during the year as remuneration	Balance as at 31 December 2005
Executive director						
PN Oneile	2	31 December 2006	$8.68	380,000	-	380,000
	4	31 December 2007	$6.10	-	68,343	68,343
Executive key management personnel						
SCM Kelly	4	31 December 2007	$6.10	-	21,707	21,707
SJ Parker	1A	31 December 2006	$6.45	38,166	-	38,166
	1B	31 December 2007	$6.25	38,165	-	38,165
GS Phillips	1A	31 December 2006	$6.45	41,572	-	41,572
	1B	31 December 2007	$6.25	41,572	-	41,572
IH Timmis	1A	31 December 2006	$6.45	41,628	-	41,628
	1B	31 December 2007	$6.25	41,627	-	41,627
BJ Yahl	1A	31 December 2006	$6.45	30,000	-	30,000
	1B	31 December 2007	$6.25	30,000	-	30,000
Other nominated executives						
MG Isaacs	1A	31 December 2006	$6.45	42,297	-	42,297
	1B	31 December 2007	$6.25	42,297	-	42,297
WP Jowett	1A	31 December 2006	$6.45	46,593	-	46,593
	1B	31 December 2007	$6.25	46,593	-	46,593

4.6.1 Valuation of PSP rights

An independent valuation for each tranche of Performance Share Plan Rights at their respective grant dates has been performed by Deloitte Touche Tohmatsu ('Deloitte'). In undertaking the valuation of the rights, Deloitte have used a Total Shareholder Return model (TSR) and an Earnings Per Share Growth (EPSG) model. These models are described below.

TSR model

Deloitte have developed a Monte-Carlo simulation-based model which incorporates the impact of performance hurdles and the vesting scale on the value of the shares. This pricing model takes into account factors such as the Company's share price at the date of grant, volatility of the underlying shares, the risk free rate of return, expected dividend yield and time to maturity. The valuation of the rights has been allocated equally over the vesting period.

EPSG model

The Black-Scholes Generalised model was used to determine the fair value of share rights which incorporates the impact of the earnings per share performance condition. This pricing model takes into account factors such as the Company's share price at the date of grant, current price of the underlying shares, volatility of the underlying share price, the risk free rate of return, expected dividend yield and time to maturity. The valuation of the rights has been allocated equally over the vesting period.

4.7 Options provided as remuneration and option holdings

During the year, as a result of the discontinuance of the plan in 2004, no options were issued.

There were 2,888,000 (2004: 6,092,834) outstanding options under this plan as at 31 December 2005, representing 0.61% (2004: 1.26%) of the issued share capital at that date.

Details of options over ordinary shares in the Company provided as remuneration to any key management personnel or other nominated executives of the consolidated entity are set out below. When exercisable, each option is convertible into one ordinary share of the Company.

	Note	Series	Expiry date	Exercise price*	Balance as at 31 December 2004	Exercised during the year	Balance as at 31 December 2005	Vested during the year	Fair value at exercise date	Vested and exercisable at the end of the year
Executive key management personnel										
SCM Kelly	1	29A	1 September 2008	$1.4503	125,000	125,000	-	125,000	1,132,463	-
	2	29B	1 September 2008	$1.9503	125,000	-	125,000	-	-	-
	3	29C	1 September 2008	$2.4503	125,000	-	125,000	-	-	-
	4	29D	1 September 2008	$2.9503	125,000	-	125,000	-	-	-
	1	31A	1 September 2009	$6.7016	125,000	-	125,000	-	-	-
	2	31B	1 September 2009	$7.2016	125,000	-	125,000	-	-	-
	3	31C	1 September 2009	$7.7016	125,000	-	125,000	-	-	-
	4	31D	1 September 2009	$8.2016	125,000	-	125,000	-	-	-
SJ Parker	5	28	26 August 2008	$1.3497	200,000	50,000	150,000	50,000	480,015	-
GS Phillips	5	30	3 November 2008	$2.2177	200,000	50,000	150,000	50,000	423,615	-
Other nominated executives										
MG Isaacs	5	28	26 August 2008	$1.3497	200,000	50,000	150,000	50,000	480,015	-
	5	26	7 March 2007	$5.7431	37,500	25,000	12,500	12,500	140,423	-
WP Jowen	5	18	19 February 2006	$5.4124	100,000	100,000	-	25,000	541,010	-
	5	26	7 March 2007	$5.7431	50,000	25,000	25,000	12,500	161,673	12,500
	5	28	26 August 2008	$1.3497	200,000	50,000	150,000	50,000	450,515	-

** The option exercise price has been adjusted for the 21 cent capital return paid in July 2005. Where options were exercised prior to the capital return the exercise price was 21 cents higher than shown above.*

Notes to the table:
1 – Options are exercisable 18 months after grant date
2 – Options are exercisable 30 months after grant date
3 – Options are exercisable 42 months after grant date
4 – Options are exercisable 54 months after grant date
5 – Options are exercisable in 4 equal tranches at intervals of 18, 30, 42 and 54 months after the grant date.

4.7.1 Valuation of options

An independent valuation of each tranche of options at their respective grant date has been performed by Deloitte. In undertaking the valuation of the options, Deloitte have used a TSR model, a modified version of the Merton Reiner Rubinstein Barrier Option model. It is called a 'Barrier' model because it takes into account that the options are subject to a performance hurdle. Deloitte have advised that this model is more appropriate than the Black Scholes or Binomial models for valuing this type of option. This pricing model takes into account factors such as the Company's share price at the date of the grant, volatility of the underlying share price, the risk free rate of return, expected dividend yield and time to maturity.

The value of options has been allocated equally over the period from grant date to vesting date. Details of the ESOP including grant dates and vesting conditions are set out in note 27 of the financial statements.

4.8 General Employee Share Plan provided as remuneration

The numbers of shares held under the GESP during the financial year by any of the key management personnel or other nominated executives of the consolidated entity, including their personally related entities, are set out below:

	Balance as at 31 December 2004	Shares issued during the year	Shares vested during the year	Balance as at 31 December 2005
Executive key management personnel				
SCM Kelly	263	89	-	352
SJ Parker	862	89	-	951
GS Phillips	263	-	-	263
IH Timmis	263	89	-	352
BJ Yahl	-	89	-	89
Other nominated executives				
MG Isaacs	1,028	-	(166)	862
WP Jowett	1,028	89	(166)	951

5.0 SHAREHOLDINGS

The numbers of shares (excluding those unvested under the GESP and the PSP) in the Company held during the financial year by each director and executive key management personnel of the consolidated entity, including their personally related entities, are set out below. No amounts are unpaid on any of the shares issued. Where shares are held by the individual director or executive and any entity under the joint or several control of the individual director or executive they are shown as 'benefically held'. Shares held by those who are defined by AASB 124 (‘*Related Party Disclosures*’) as close members of the family of the individual director or executive are shown as ‘non beneficially held’.

	Type	Balance as at 31 December 2004	Options exercised	Net Changes during the year	Balance as at 31 December 2005
Executive director					
PN Oneile	beneficially held	-	-	-	-
	non-beneficially held	6,000	-		6,000
Non-executive directors					
DJ Simpson	beneficially held	106,000	-	-	106,000
	non-beneficially held	17,000	-	(17,000)	-
WM Baker	beneficially held	-	-	4,700	4,700
	non-beneficially held	-	-	-	-
RA Davis	beneficially held	-	-	1,200	1,200
	non-beneficially held	-	-	-	-
P Morris	beneficially held	8,680	-	3,880	12,560
	non-beneficially held	-	-	-	-
SAM Pitkin	beneficially held	-	-	-	-
	non-beneficially held	-	-	6,000	6,000
AW Steelman	beneficially held	10,000	-	6,000	16,000
	non-beneficially held	-	-	4,505	4,505
Executive key management personnel					
SCM Kelly	beneficially held	75,000	125,000	-	200,000
	non-beneficially held	-	-	-	-
SJ Parker	beneficially held	-	50,000	-	50,000
	non-beneficially held	-	-	-	-
GS Phillips	beneficially held	119,687	50,000	-	169,687
	non-beneficially held	-	-	-	-
IH Timmis	beneficially held	-	-	-	-
	non-beneficially held	-	-	-	-
BJ Yahl	beneficially held	-	-	-	-
	non-beneficially held	-	-	-	-

Shareholdings of key management personnel reported as 'non-beneficially held' include those that have been disclosed under representation made to them by the parties within the AASB 124 definition of personally related entities. Directors and executive key management personnel have relied upon the representations made as they have no control or influence over the financial affairs of the personally related entities to substantiate the shareholdings declared. In the event that a personally related entity declines to provide shareholding details, the shareholding of that personally related entity is assumed to be nil.

5.1 Loans to directors and executive key management personnel

No directors or executive key management personnel held any loans with the Company during the financial year.

5.2 Other transactions with directors and executive key management personnel

Refer to note 30 of the financial statements for details of related party transactions with directors and executive key management personnel.

6.0 INDEMNITY OF OFFICERS

The Company's Constitution provides that: "the Company must indemnify every person who is or has been a director, secretary or executive officer of the Company". The liabilities covered by those indemnities are those arising as a result of the indemnified party serving or having served as a director, secretary or executive officer of the Company or of its subsidiaries but are restricted so as not to cover: (i) liability in respect of conduct involving a lack of good faith; (ii) conduct which an indemnified party knows to be wrongful; and (iii) liability which arises out of a personal matter of the indemnified party. The Company maintains a Directors and Officers insurance policy, the premium paid and the terms of cover secured by that premium are confidential.