INTEGRATED INVESTMENT GROUP LIMITED

ABN 23 080 939 135

ANNUAL REPORT 2006

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DIRECTORS' REPORT

Your directors present their report on the Company and its controlled entities for the financial year ended 30 June 2006.

Directors

The names of directors in office at any time during or since the end of the year were as follows:

Name	Type	Date appointed during financial year	Date resigned during financial year
Mr. Timothy J Moore	Executive	-	-
Mr. Glenn Parker	Executive	10 February 2005	
Mr. Richard Daniell	Non-executive	22 October 2004	-
Ms Ganghong Yang	Non-executive	1 January 2005	
Mr. Bomin Yang (Alternate Director for Ms Yang)	Non-executive	1 January 2005	
Mr. Gary Taylor	Non-executive	-	14th November 2005

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The principal activities of the company during the financial year were as an investment company.

Operating Results

The consolidated profit of the company after providing for income tax and eliminating outside equity interests amounted to $299,000. Total revenue for the company increased by 1,028% to $3,971,000. After tax profit included an item of $3,960,000 being the sale of the company's investment in Photolibrary Pty Limited.

Dividends Paid or Recommended

There were no dividends paid or recommended by the company during the reporting period.

DIRECTORS' REPORT (Continued)

Review of Operations

The Board's attention over the past year has been one of tidying up the structure of your company in order to move forward. The last asset sold created an opportunity for a capital return in March 2006 of 2.9 cents.

Significant Changes in State of Affairs

During the financial year the company's remaining investment of 46.7% of Photolibrary was sold and a capital return of 2.9 cents per share was instituted in March 2006. As a result the company has been placed in a trading halt by the ASX.

Changes in controlled entities and divisions

During the financial year the company's remaining investment of 46.7% of Photolibrary was sold.

After Balance Date Events

There were no significant changes in the state of affairs of the parent entity following the Balance Date.

Future Developments

The Board will continue to investigate, evaluate and review current and future investment opportunities available to it that it believes can add shareholder value on an ongoing basis and when such opportunities are secured, appropriate announcements will be made to the market.

Environmental Issues

The Board is not aware of any environmental issues that have a significant impact on the company in relation to its current activities.

INFORMATION ON DIRECTORS

Mr Timothy J Moore	Executive Chairman Age 50.
Qualifications	Bachelor of Business (Marketing) UTS Sydney.
Experience	Appointed a Director of the Company on 23 April 2004. Mr Moore is the founding Director of Photolibrary, which he established in July 1999. He has been in the media industry for 15 years specialising in stock photography and film.
Interest in Shares and Options	20,893,883 Ordinary Shares
Mr Glenn Parker	Director (Executive) Age 42.
Qualifications	Bachelor of Economics ANU.
Experience	Appointed a Director and CEO of the Company 10 February 2005. Mr Parker is also the CEO of Photolibrary. Prior to joining IIG and Photolibrary Mr Parker held senior finance positions with several public companies including AWA Limited and ETrade Australia Limited.
Interest in Shares and Options	3,473,000 Ordinary Shares
Mr Gary Taylor Resigned (14.11.05)	Director (Non-executive) Age 49.
Qualifications	Bachelor of Business (Accounting) UTS Sydney, Chartered Accountant.
Experience	Director of numerous privately held companies through his role as Principal of a Chartered Accounting firm. Over 24 years experience in accounting and finance.
Interest in Shares and Options	5,000 Ordinary Shares
Mr Richard Daniell	Director (Non Executive) Age 48 .
Experience	Mr Daniell was appointed a director on 22 October 2004. Mr Daniell has operated his own graphic design/advertising agency RDA Creative for the last 20 years. Rick's 30 years in the advertising industry will assist the Parent entity in developing finely tuned marketing techniques and bring real industry perspective to the board.
Interest in Shares and Options	1,110,000 Ordinary Shares
Ms Ganghong Yang	Director – (Non-Executive) Age 59.
Experience	Ms Yang is the Chairperson of Sichuan Yangtian Biopharmaceutical Co Ltd in China. Ms Yang provides the board with considerable experience in trading in Asian markets and will assist the Parent entity in any future expansion in the Asian region.
Interest in Shares and Options	15,000,000 Ordinary Shares
Mr Bomin Wang	Alternate Director for Ms Yang – (Non-Executive) Age 29.
Qualifications	Master of Business Administration - Macquarie
Experience	As Ms Yang's Alternate Director, Mr Wang provides considerable financial experience and knowledge of Asian markets.
Interest in Shares and Options	Nil

Directors' Remuneration

The Company's policy for determining the nature and amount of emoluments of Board members and senior executives of the Company seeks to emphasise payment for results through providing various reward schemes, for example the incorporation of incentive payments based on the achievement of agreed targets.

The objective of the reward schemes is to both reinforce the short and long-term goals of the Company and to provide a common interest between management and shareholders.

2006	Primary					Equity	Other	Total
Directors	**Salary, Fees & Commissions**	**Superannuation Contributions**	**Cash Bonus**	**Other Benefits**	**Superannuation**	**Options**		
Mr Gary Taylor	-	-	-	-	-	-	-	-
Mr Richard Daniell	6,000	-	-	-	-	-	24,000	30,000
Mr Timothy John Moore	6,000	-	-	-	-	-	-	6,000
Mr Glenn Parker	6,000	-	-	-	-	-	-	6,000
Ms Ganghong Yang	-	-	-	-	-	-	-	-
Mr Bomin Wang (Alternate Director for G.Yang)	-	-	-	-	-	-	-	-
Secretary								
Mr John Smith	24,000	-	-	-	-	-	-	24,000
	42,000	-	-	-	-	-	24,000	66,000

2005	Primary					Equity	Other	Total
Directors	**Salary, Fees & Commissions**	**Superannuation Contributions**	**Cash Bonus**	**Other Benefits**	**Superannuation**	**Options**		
Mr Gary Taylor	-	-	-	-	-	-	7,013	7,013
Mr Kenneth Lee	9,900	-	-	-	-	-	-	9,900
Mr Richard Daniell	-	-	-	-	-	-	18,991	18,991
Mr Timothy John Moore	155,178	12,184	-	-	-	-	-	167,362
Mr Lyall Gorman	50,000	-	-	-	-	-	404	50,404
Mr Glenn Parker	158,981	13,053	-	-	-	-	-	172,034
Ms Ganghong Yang	-	-	-	-	-	-	-	-
Mr Bomin Wang (Alternate Director for G.Yang)	-	-	-	-	-	-	-	-
Secretary								
Mr John Smith	-	-	-	-	-	-	-	-
	374,059	25,237	-	-	-	-	26,408	425,704

DIRECTORS' REPORT (Continued)

Meetings of Directors

During the financial year, 11 meetings of directors (including committees) were held. Attendances were:

Director	Directors' Meetings		Audit Committee	
	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended
Mr. Gary Taylor	4	1	0	0
Mr. Timothy Moore	9	9	2	2
Mr. Richard Daniell	9	9	2	2
Mr. Glenn Parker	9	9	-	-
Ms. Ganhghong Yang	9	0	2	0
Mr. Bomin Wang	9	0	2	0

Remuneration Report

This report details the nature and amount of remuneration of directors and secretary of the company for the year ended 30 June 2006.

Indemnifying Officers or Auditor

The Company, during the financial year and at the date of this report, has not given any indemnity nor entered into an agreement to indemnify an officer or auditor of the Company or any related body corporate against any liability incurred as an officer or auditor other than an indemnity to allow for the orderly disposition of the Company's subsidiaries.

Options

At the date of this report, the unissued ordinary shares of the company under option are as follows :

Issue date	Number of Options	Expiry Date	Exercise Price
1 May 2002	75,500	30 Nov 2006	$0.471
1 July 2004	1,600,000	1 July 2009	$0.071
28 Oct 2004	1,000,000	28 Oct 2009	$0.071
26 Nov 2004	3,615,310	26 Nov 2009	$0.071

No shares have been issued by virtue of the exercise of an option during the year or to the date of this report and there are no unissued ordinary shares for which options are outstanding at the date of this report.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Rounding of Amounts

The Company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars.

Signed in accordance with a resolution of the Board of Directors.

Timothy Moore
Executive Chairman

Richard Daniell
Director

Dated this 27th day of September 2006

Statement of Corporate Governance Practices - 2006

IIG's Approach to Corporate Governance and Responsibility

The Board of Directors of Integrated Investment Group Limited (IIG) is committed to the principles underpinning best practice in corporate governance, applied in a manner which is most suited to IIG, and to best addressing the directors' accountability to shareholders and other stakeholders. This is supported by an overriding organisation-wide commitment to the highest standards of legislative compliance and financial and ethical behaviour.

The Company continues to address director's accountability to stakeholders in a manner consistent with the Company's individual circumstances enhanced through the introduction of publicly available policies and procedures which are designed to foster a culture of transparency in the way IIG is directed and managed.

As a measure of its stated commitment to the principles of best practice corporate governance, the Board will continue to:

- review and continually improve its governance practices; and,
- monitor developments in best practice corporate governance.

Report on Compliance with the ASX Best Practice Recommendations

The ASX Listing Rules require listed companies to include in their Annual Report a statement disclosing the extent to which they have followed the twenty eight (28) ASX Best Practice Recommendations in the reporting period.

Listed companies must identify the recommendations that have not been followed and provide reasons for the company's decision. Where a recommendation has been followed for only part of the period the company must state the period during which it had been followed.

As detailed within this Statement of Corporate Governance Practices, IIG considers its governance practices comply with each of the ten (10) core Corporate Governance Principles and twenty five (25) of the ASX Best Practice Recommendations.

For the reasons expressed within this Statement, IIG has elected not to adopt ASX Best Practice Recommendations 2.4, 7.3 and 9.2

Date of this Statement

This statement outlines the:

- ten (10) core Principles, and twenty eight (28) Recommendations identified by the ASX as underlying good corporate governance;
- main corporate governance practices of IIG during the year to 30 June 2006, except where stated otherwise.

ASX Principle 1: Lay solid foundations for management and oversight

ASX Recommendation 1.1:

Formalise and disclose the functions reserved to the board and those delegated to management.

IIG: The Board has formalised its roles and responsibilities. The Board clearly defines the matters that are reserved for the Board and those that the Board has delegated to management.

In summary, the responsibilities of the IIG Board include:

- oversight of the company, including its control and accountability systems;
- setting the company's major goals including the strategies and financial objectives to be implemented by management;
- appointing, removing and controlling the Chief Executive Officer;
- ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer and/or Company Secretary;
- input into and final approval of management's development of corporate strategy and performance objectives;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- monitoring senior management's performance and implementation of strategy, and ensuring that appropriate resources are available;

- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- approving and monitoring financial and other reporting;
- corporate governance.

The Board has delegated responsibility to the Chief Executive Officer for:

- developing and implementing corporate strategies and making recommendations on significant corporate strategic initiatives;
- maintaining an effective risk management framework and keeping the Board and market fully informed about material risks;
- managing day-to-day operations in accordance with standards for social and ethical practices which have been set by the Board;
- making recommendations for the appointment of senior management, determining terms of appointment, evaluating performance, and developing and maintaining succession plans for senior management roles; and,
- approval of capital expenditure and business transactions within predetermined limits set by the Board.

ASX Principle 2: Structure the board to add value.

ASX Recommendation 2.1:

A majority of the board should be independent directors.

IIG: *Independence.*

An IIG director will be considered independent where he or she is:

- independent of management, that is, a Non-Executive Director; and,
- free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of his or her unfettered and independent judgement.

Materiality is assessed on a case by case basis by reference to the director's individual circumstances rather than general materiality thresholds.

The IIG Board has made its own assessment to determine the independence of each director on the Board. It is the Board's view that each of the non-executive directors is independent.

The Board have established criteria for assessing independence of its directors.

Composition of the Board

At the date of this statement, the Board comprises two Executive Directors and three Non-Executive Directors (NEDs). The members of the Board and brief resumes of the Board Members are contained in the schedule to the Directors' Report.

The Board has also resolved that where possible, a majority of the members of any Board committee should be NEDs, and that NEDs should chair the Audit and Compliance Committee. The Company acknowledges the importance of having independent directors as determined by objective criteria. Further, the Company is committed to having a Board whose members have the capacity to act independently and have the composite skills to optimise the financial performance of the Company and returns to shareholders. The Company recognises that independent directors are important in assuring shareholders that the Board is properly fulfilling its role and is diligent in holding senior management accountable for its performance.

There is no shareholding requirement imposed upon directors under the Company's constitution. All of the IIG Board do, however, hold shares in the Company.

Details of all holdings by directors in the Company are detailed within the report of the directors.

ASX Recommendation 2.2: The chairperson should be an independent director.

The Chairman is selected by the Board

The current Chairman, Mr T.J.Moore, is a director appointed by the Board. He has been a director of IIG since April 2004 and Chairman since February 2005.

Due to the small size of the company and because the Company does at present not pay Director's fees, the Company has an Executive Chairman. The Directors acknowledge that as the Company continues to grow this issue must be addressed. The Directors have resolved to review the matter on a six monthly basis and determine the Company's ability and need for independent directors in accordance with the above definition and ASX corporate governance recommendations

ASX Recommendation 2.3:

The roles of chairperson and chief executive officer should not be exercised by the same individual.

IIG: IIG's Chairman, Mr T.J.Moore, and its Chief Executive Officer, Mr G.Parker, have separate roles.

ASX Recommendation 2.4: The board should establish a nomination committee.

IIG: IIG has elected not to adopt this recommendation as it considers that its existing selection and appointment practices, detailed within this statement, are an efficient means of meeting the needs of the company, particularly having regard to the fact that IIG is a relatively small publicly listed company by comparison to other listed entities which is reflected by the size of its operations, board structure and composition.

The IIG Board consists of only 4 members. It is considered that further division of the Board for the purposes of establishing a formal committee structure would not achieve enhanced efficiency or enable the Board to add greater value to this process.

The small size of the IIG Board, and the nature of its business, means that IIG has the present capacity to consider director competencies, selection and nomination practices in the context of duly constituted meetings of the Board and as a part of its self-evaluation processes.

ASX Recommendation 2.5:

Provide the information included in the Guide to reporting on Principle 2

- *Skills, experience and expertise of each director.*
- *Term of Office*

The qualifications, experience and expertise of the directors, and the respective terms in the office held by individual directors, are set in the Annual Report.

Names of Independent Directors

It is the Board's view that each of the following non-executive directors is independent:

Mr R Daniell

Ms G Yang

Independent Professional Advice

IIG has in place a procedure whereby, after appropriate consultation, directors are entitled to seek independent professional advice, at the expense of IIG, to assist them to carry out their duties as directors. The policy of IIG provides that any such advice is made available to all directors.

Procedure for Selection and Appointment of New Directors

The process for appointing a director within IIG is that, when a vacancy exists, the Board identifies candidates with the appropriate expertise and experience, using external consultants as appropriate. The most suitable candidate is appointed but must stand for election at the next Annual General Meeting following the appointment.

Consistent with the current law there is no retirement age for directors fixed by the Company's Constitution.

The process for re-election of a director is in accordance with the Company's Constitution , which requires that each year, at least one-third of the non-executive directors retire from office at the Annual General Meeting. The retiring directors may be eligible for re-election.

ASX Principle 3: Promote ethical and responsible decision-making.

ASX Recommendation 3.1:

Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any key executives as to:

3.1.1 the practices necessary to maintain confidence in the company's integrity;

3.1.2 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

IIG: IIG has developed a *Code of Conduct for Directors and Executives* which is designed to ensure that:

- high standards of corporate and individual behaviour are observed by all IIG directors and executives in the context of their respective roles and the performance of their duties with IIG; and,
- directors and executives are aware of their responsibilities to IIG under the terms of their appointment or contract of employment; and,
- all of the stakeholders of the Company can be guided by the stated values and policies of IIG.

In summary, the Code provides that directors, officers and executives must:

- act honestly, in good faith and in the best interests of the company;
- use due care, skill and diligence in the fulfilling their duties;
- use the powers of their position for a proper purpose, in the interests of the company;
- not make improper use of information acquired their position;
- not allow personal interests, or those of associates, conflict with the interests of the company;
- exercise independent judgement and actions;
- maintain the confidentiality of company information acquired by virtue of their position;
- not engage in conduct likely to bring discredit to the company;
- comply at all times with both the spirit and the letter of the law, as well as, policies of the company.

Directors of the company may act in a professional capacity for the Company or its controlled entities, other than as auditor of the Company. These arrangements are subject to the restrictions of the *Corporations Act 2001 (Cth)*.

Disclosure of related party transactions is set out in the notes to the financial report.

Under the Constitution of the Company, and the *Corporations Act 2001 (Cth)*, where the possibility of a conflict of interest exists and involves a director, directly or indirectly, the director must declare the fact, nature, character and extent of the conflict at the first meeting of Directors held after the relevant facts come to the director's knowledge.

The director concerned does not receive copies of the relevant Board papers, if any, and withdraws from the Board meeting while such matters are considered by the remainder of the Board. Accordingly, the interested director takes no part in discussions nor exercises any influence over other members of the Board if a potential conflict of interest exists.

Employees are actively encouraged to report activities or behaviour to senior management, the Company Secretary or the Board, which are a breach of the Code of Conduct and Ethics, other IIG policies or regulatory requirements or laws.

ASX Recommendation 3.2:

Disclose the policy concerning trading in company securities by directors, officers and employees.

IIG: Directors, officers and employees are subject to the *Corporations Act 2001 (Cth)* relative to restrictions applying for, acquiring and disposing of securities in, or other relevant products of, the Company (or procuring another person to do so), if they are in possession of inside information.

Inside information is that information which is not generally available, and which if generally available, a reasonable person would expect it to have a material effect on the price or value of the securities in the Company.

Directors, officers and employees of the Company are restricted from trading in the Company's securities during the period of one (1) month preceding the making of an announcement to the market by the Company relating to:

- the Company's Annual results;
- the Company's Half Year results;
- the Chairman's Address;
- any other matter for which disclosure is required to be made by IIG under the Listing Rules or *Corporations Act*.

In addition, all of the existing directors have entered into an agreement with the Company which requires on-going disclosure to the Company of any change in the director's interests in securities, and in contracts relevant to securities, within three (3) business days of the change occurring.

New directors are required to enter into this form of agreement making initial disclosure of the interests. A director who ceases to hold office must provide a final form of disclosure of their interests at the date of ceasing to be a director.

The Company notifies the ASX of the changes on behalf of the director as required by the Listing Rules.

ASX Recommendation 3.3:

Provide the information indicated in Guide to reporting on Principle 3.

This is provided for in the statements made on Principle 3

ASX Principle 4: Safeguard integrity of financial reporting.

ASX Recommendation 4.1:

Require the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) to state in writing to the board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.

IIG: The IIG Board receive regular reports about the financial condition and operational results of IIG and its controlled entities.

The Chief Executive Officer and Chief Financial Officer of IIG report in writing to the Board that the consolidated financial statements of IIG and its controlled entities for each subsequent half year and full financial year present a true and fair view, in all material respects, of the Group's financial condition and operational results and are in accordance with accounting standards.

ASX Recommendation 4.2: The Board should establish an audit committee.

IIG: The IIG Board has established an Audit Committee and continues to provide assistance to the Board in accordance with its established Terms of Reference.

ASX Recommendation 4.3:

Structure the audit committee so that it consists of:

- **only non-executive directors;**
- **a majority of independent directors;**
- **an independent chairperson, who is not chairperson of the board;**
- **at least three (3) members.**

IIG: With the exception of the first element above (*"only non-executive directors"*) IIG complies with all elements of recommendation 4.3

ASX Recommendation 4.4: The audit committee should have a formal charter.

IIG: The principal functions of the IIG audit committee are to:

- review of the annual and half yearly financial reporting carried out by IIG;
- review of the accounting policies of IIG;
- review the scope and audit programmes of the internal and external auditors and any material issues arising from these audits;
- overseeing the independence of external auditors and determining procedures for the rotation of audit partners;
- the effectiveness of IIG's systems of accounting and internal controls.

Reflecting the relative small size of the company, the full Board remain responsible for:

- the sufficiency of, and compliance with, ethical guidelines and company policies affecting corporate governance, financial reporting and corporate control together with compliance with laws and external regulations;
- identification of the full range of actual or potential risk exposures which are material to IIG; and,
- the effectiveness of the group's risk management systems and strategies.

ASX Recommendation 4.5:

Provide the information indicated in the Guide to reporting on Principle 4.

Details of the members of the Audit Committee

The Board's Audit Committee consists of:

Mr R. Daniell (Chairman)

Mr T.Moore

Ms G Yang

The qualifications of each member of the committee are set out in the Director's Report.

Number of Meetings and Names of Attendees

The number of meetings held during the reporting period and the attendees at these meetings is detailed within the Director's Report.

Audit Committee Charter

This is described in the afore mentioned principal functions of the IIG audit committee

Engagement & Rotation of External Auditor

The Audit Committee is responsible for nominating the external auditor to the Board for re-appointment. If the Audit Committee recommends a change in external auditor to the Board, the Board's nomination of external auditor requires the approval of shareholders. The Audit Committee recommends to the Board the compensation of the external auditor.

It has been determined by the Audit Committee that the external auditor will not provide services to the company where the auditor would:

- have a mutual or conflicting interest with the company;
- be in a position where they audit their own work;
- function as management of the Company; or,
- have their independence impaired or perceived to be impaired in any way.

Specifically, the external auditor will not normally provide the following types of services to the Company:

- bookkeeping or other services relating to the accounting records of the Group;
- financial information or information technology systems design and implementation;
- appraisal and valuation services, fairness opinions or contributions-in-kind reports;
- actuarial services;
- internal audit outsourcing services;
- management functions, including temporary staff assignments or human resource services, including recruitment of senior management;
- broker or dealer services, investment advisor, corporate finance or investment banking services; and
- legal and litigation support services.

Procedures are in place governing approval of any non-audit work before the commencement of any engagement.

Duncan Dovico were appointed to be independent external auditors of IIG this year.

The Board has elected to adopt a policy which is consistent with the primary and secondary rotation obligations regarding auditors introduced by CLERP 9 such that:

- the lead or review audit partner's responsibilities may not be performed by the same person for longer than five (5) successive years ("primary rotation obligation"); and
- the lead or review audit partner's responsibilities may not be performed by the same person for more than five (5) out of seven (7) successive years ("secondary rotation obligation).

In addition, the Board requires a minimum of two (2) consecutive years "cooling off" period before an auditor undergoing rotation can return to playing a significant role in the audit of the Company.

The present lead audit partner for IIG is Ms Rosemary Megale.

ASX Principle 5: Make timely and balanced disclosure.

ASX Recommendation 5.1:

Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.

IIG: The IIG Board is committed to keeping its shareholders, and the market, fully informed of major developments having an impact on the Company.

Comprehensive procedures are in place to identify matters that are likely to have a material affect on the price, or value, of the IIG securities and to ensure those matters are notified to the ASX in accordance with the Listing Rule disclosure requirements.

Senior management and the Board are responsible for scrutinising events and information to determine whether the disclosure of the information is required in order to maintain the market integrity of the Company's shares listed on the ASX.

The Company Secretary is responsible for all communications with the ASX.

ASX Recommendation 5.2:

Provide the information indicated in Guide to reporting on Principle 5.

Compliance with Listing Rule Disclosure Requirements.

The procedures relating to the notification of price sensitive information to the ASX are detailed in the afore mentioned compliance with ASX Listing rule disclosure requirements.

ASX Principle 6: Respect the rights of shareholders.

ASX Recommendation 6.1:

Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.

IIG: IIG recognises the right of shareholders to be informed of matters, in addition to those prescribed by law, which affect their investments in the Company.

IIG is committed to :

- dealing fairly, transparently and openly with both current and prospective shareholders;
- the use of available channels and cost effective technologies to reach shareholders who may be geographically dispersed and in order to communicate promptly with all shareholders; and,
- facilitating participation in shareholders meetings and dealing promptly with shareholder enquiries.

IIG communicates information to shareholders through:

- the annual report;
- disclosures to the ASX and ASIC;
- notices and explanatory memoranda of Annual General Meetings and General Meetings;
- occasional letters from the Chief Executive Officer and Chairman to inform shareholders of key matters of interest.

The Board encourages active participation by shareholders at the Annual General Meetings, or other General Meetings, to ensure a high level of accountability and understanding of IIG's strategy, performance and goals.

Consistent with best practice, important issues are presented to shareholders as single resolutions expressed in plain, unambiguous language. Proceedings are held in a locality, and at a readily accessible venue, conducive to maximising the number of shareholders present, and able to participate, at the meeting. Shareholders are provided with opportunities of asking the Board questions regarding the management of the Company.

ASX Recommendation 6.2:

Request the external auditor to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

IIG: IIG ensures that the lead external audit partner, or representative, attends the Annual General Meeting, or other general meetings, of the Company and that shareholders are afforded the opportunity of asking the auditor questions regarding the conduct of the audit, the content of the audit report or any issues arising from the audit or preparation of the report.

ASX Principle 7: Recognise and manage risk

ASX Recommendation 7.1:

The board or appropriate board committee should establish policies on risk oversight and management.

IIG: The Board of IIG recognise that effective management of risk is an integral part of good management and vital to the continued growth and success of IIG.

The IIG Board is responsible for the oversight of the group's risk management and control framework.

The Board has implemented a policy framework designed to ensure that the group's risks are identified, analysed, evaluated, monitored, and communicated within the organisation on an on-going basis, and that adequate controls are in place and functioning effectively.

This risk management and control policy framework incorporates the maintenance of appropriate policies, procedures and guidelines which address IIG's unique operating environment and is utilised by the Board as a means of identifying opportunities and avoiding or mitigating losses in the context of IIG's businesses.

The Board oversees management's risk management and control processes including the development of risk profiles as a part of the overall business and strategic planning process.

The Chief Executive Officer has ultimate responsibility for control and management of operational risk and the implementation of avoidance or mitigation measures within the group and may delegate control of these risks to the appropriate level of management at each site.

The Board regularly monitors the operational and financial performance of the Company and the economic entity against budget and other key performance measures. The Board also receives and reviews advice on areas of operational and financial risk and develops strategies, in conjunction with management, to mitigate those risks.

Each month, a report is presented to the Board by the Chief Executive Officer. Reports are prepared and submitted on a monthly basis by the Chief Financial Officer in relation to the overall financial position of the Group. The Board is regularly briefed by the Chief Executive Officer and senior management on market and operational factors which may impact on the performance of the Group.

ASX Recommendation 7.2:

The Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) should state to the board in writing that:

7.2.1 the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board;

7.2.2 the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

IIG: The Chief Executive Officer and Chief Financial Officer of IIG report in writing to the Board that:

- the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board;
- the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Statement of Corporate Governance Practices - 2006 (Continued)

ASX Recommendation 7.3:

Provide the information indicated in Guide to reporting on Principle 7.

IIG: As IIG is a small listed company it does not have the resources to establish or maintain a company website. As such there is no public forum for the ongoing display of this policy. Requests for a copy of the policy should be directed to the Company Secretary.

ASX Principle 8: Encourage Enhanced Performance

ASX Recommendation 8.1:

Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives.

IIG: The Board has adopted an on-going, self-evaluation process to measure its own performance and the performance of its committee during the reporting period.

The Chairman meets periodically with individual directors to discuss the performance of the Board and the director. In addition, an evaluation is undertaken by the Chairman of the contribution of directors retiring by rotation prior to the Board endorsing their candidature.

The review process involves consideration of the all of the Board's key areas of responsibility and accountability and is based on an amalgamation of factors including capability, skill levels, understanding of industry complexities, risks and challenges, and value adding contribution to the overall management of the business.

The outcomes of the self-assessment program are used to enhance the effectiveness of individual directors and the Board collectively.

The performance of key executives is monitored by means of scrutiny by the Board of regular monthly reports provided by management regarding the group financial performance and forecasted results, presentations and operational reports, and the achievement of predetermined performance objectives.

Enhanced effectiveness of the Board and management is also addressed through:

Board Meetings

The frequency of Board meetings and director's attendance at those meetings is detailed within the report of the directors. Directors are expected to prepare for meetings in a manner which will enable them to attend and participate at the meeting.

Directors are also required to make on-site visits and attend workshops as required.

Board Papers & Agendas

Board agendas are structured throughout the year in order to ensure that each of the significant responsibilities of the Board is addressed.

Directors receive board packs prior to each meeting which detail financial, operational and strategy reports from senior management who are available to discuss reports with the Board.

Access to information

All directors have access to company records and information, and receive regular detailed financial and operational reports from senior management.

The Company Secretary is available to all Directors and may be consulted on on-going issues of corporate governance, the IIG Constitution and the law. In addition, the Chairman and other independent non-executive directors regularly consult with the Chief Executive Officer and Chief Financial Officer, and may confer and request additional information from any IIG employee. Management are available to discuss reports, and any issue arising, with the Board as required.

The Board collectively, each Board Committee and each individual Director has the right, following appropriate consultation, to seek independent professional advice at IIG's expense to help them carry out their responsibilities.

ASX Principle 9: Remunerate fairly and responsibly

ASX Recommendation 9.1:

Provide disclosure in relation to the company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies and (ii) the link between remuneration paid to directors and key executives and corporate performance.

IIG: The broad remuneration policy objective of IIG is to ensure that the emoluments provided properly reflect the person's duties and responsibilities and is designed to attract, retain and motivate executives of the highest quality and standard to enable the organisation to succeed.

IIG is committed to making timely disclosure of all relevant information relating to its remuneration practices and policies in the context of its reporting obligations in the corporate governance statement, in its annual report, and pursuant to continuous disclosure requirements.

The level of remuneration of Directors, Officers and Senior Executives are set out in the Director's Report and in the notes to the Financial Report.

ASX Recommendation 9.2: The board should establish a remuneration committee.

IIG: IIG has elected not to adopt this recommendation because it considers that its existing remuneration practices, detailed within this Statement, are an efficient means of meeting the needs of the company, particularly having regard to the fact that IIG is a relatively small publicly listed company by comparison to other listed entities which is reflected by the size of its operations, board and management structure and composition.

The IIG Board consists of only 5 members. It is considered that further division of the Board for the purposes of establishing a formal remuneration committee structure would not achieve enhanced efficiency or enable the Board to add greater value to this process.

The small size of the IIG Board, the nature of its business and its management structure, means that IIG has the present capacity to giving due consideration to the overall remuneration policies and strategies of the company during the conduct of its regular board meetings and by appropriate recourse to relevant market data and, where applicable, to external executive remuneration consultants.

ASX Recommendation 9.3:

Clearly distinguish the structure of non-executive directors' remuneration from that of executives.

IIG:

The aggregate remuneration of non executive directors is approved by shareholders.

Non-executive directors are not entitled to participate in performance based remuneration practices unless approved by shareholders.

A review of the compensation arrangements for the Chief Executive Officer and Senior Executives is conducted by the full Board at a duly constituted Directors' Meeting. The review is performed annually and is based on criteria which includes the individual's performance, market rates paid for similar positions and the results of the Company during the relevant period.

ASX Recommendation 9.4:

Ensure the payment of equity based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.

IIG: All equity based executive remuneration paid to any executive has been and will continue to be in accordance with thresholds set in plans approved by shareholders.

ASX Recommendation 9.5:

Provide the information indicated in Guide to reporting on Principle 9.

IIG: All information regarding any equity based executive remuneration is provided to shareholders at a general meeting.

ASX Principle 10: Recognise the legitimate interests of stakeholders.

ASX Recommendation 10.1:

Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.

IIG is committed to the operation of its business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of the company and the industry in which it operates.

The Board has approved a *Code of Conduct and Ethics* ("Code") which applies to all directors, executives, management and employees without exception.

In addition, the conduct of directors and executives is also governed by *Code of Conduct for Directors and Executives* formulated in response to *ASX Recommendation 3.1*.

As IIG is a small listed company it does not have the resources to establish or maintain a company website. As such there is no public forum for the ongoing display of this policy.

DUNCAN DOVICO

INTEGRATED INVESTMENT GROUP LIMITED
ABN 23 080 939 135

AUDITOR'S INDEPENDENCE DECLARATION

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2006 there have been:

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

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

DUNCAN DOVICO
Chartered Accountants

ROSEMARY MEGALE
Partner

Sydney, 27 September 2006

CHARTERED ACCOUNTANTS
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Liability limited by a scheme approved under Professional Standards Legislation

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 $'000	2005 $'000
Revenue from operating activities	3	3,971	352
Operating expenses		(254)	(354)
Non-operating expenses		(3,414)	(5,525)
Borrowing costs expenses		(4)	(40)
PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		299	(5,567)
Income tax (expense)/benefit	13(a)	-	-
PROFIT/(LOSS) FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE		299	(5,567)
Basic earnings per share (cents per share)	16	0.24	(4.85)

The Income Statement is to be read in conjunction with the accompanying notes to and forming part of the financial report.

BALANCE SHEET AS AT 30 JUNE 2006

	Note	2006 $'000	2005 $'000
CURRENT ASSETS			
Cash assets	5	168	87
Receivables	6	-	2
TOTAL CURRENT ASSETS		168	89
NON-CURRENT ASSETS			
Investments	7	-	3,414
TOTAL NON CURRENT ASSETS		-	3,414
TOTAL ASSETS		168	3,503
CURRENT LIABILITIES			
Payables	8	28	22
TOTAL CURRENT LIABILITIES		28	22
NON-CURRENT LIABILITIES			
Interest-bearing liabilites	9	75	128
TOTAL NON-CURRENT LIABILITIES		75	128
TOTAL LIABILITIES		103	150
NET ASSETS		65	3,353
EQUITY			
Contributed equity	10	24,834	28,421
Reserves	11	(16)	(16)
Accumulated Losses	12	(24,753)	(25,052)

The Balance Sheet is to be read in conjunction with the accompanying notes to and forming part of the financial report.

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2006

	Share capital $'000	Retained earnings $'000	Total $'000
Balance at 1 July 2004	26,694	(19,501)	7,193
Shares issued during the year	1,727	-	1,727
Profit (loss) attributable to members of the company	-	(5,567)	(5,567)
Subtotal	28,421	(25,068)	3,353
Dividends paid for or provided for	-	-	-
Balance at 30 June 2005	28,421	(25,068)	3,353
Capital returned during the year	(3,587)	-	(3,587)
Profit (loss) attributable to members of the company	-	299	299
Subtotal	24,834	(24,769)	65
Dividends paid for or provided for	-	-	-
Balance at 30 June 2006	24,834	(24,769)	65

The Statement of Changes in Equity is to be read in conjunction with the accompanying notes to and forming part of the financial report.

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 $'000	2005 $'000
CASH FLOW FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(246)	(424)
Interest received		10	2
Borrowing costs		(3)	(40)
Net cash provided by operating activities	15(ii)	(239)	(462)
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of equity investments		3,961	250
Net cash (used in) investing activities		3,961	250
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of securities		-	1,728
Capital returned during the year		(3,589)	-
Repayment of borrowings		(52)	(1,500)
Net cash (used in) financing activities		(3,641)	228
Net increase in cash held		81	16
Cash at the beginning of the financial year		87	71
CASH AT THE END OF THE FINANCIAL YEAR	15(i)	168	87

The Cash Flow Statement is to be read in conjunction with the accompanying notes to and forming part of the financial report.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Integrated Investment Group Limited is a listed public company, incorporated and domiciled in Australia.

The financial report of the Integrated Investment Group Limited complies with all Australian equivalents to International Financial Reporting Standards (IFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

BASIS OF PREPARATION

First-time Adoption of Australian Equivalents to International Financial Reporting Standards.

The Integrated Investment Group Limited has prepared financial statements in accordance with the Australian Equivalents to International Financial Reporting Standards (IFRS) from 1 July 2005.

In accordance with the requirements of AASB 1: First-time Adoption of Australian equivalents to International Financial Reporting Standards, adjustments to the accounts resulting from the introduction of IFRS have been applied retrospectively to 2005 comparative figures, excluding cases where optional exemptions available under AASB 1 have been applied. These accounts are the first financial statements of Integrated Investment Group Limited to be prepared in accordance with Australian Equivalents to IFRS.

The accounting policies set out below have been consistently applied to all years presented. Reconciliations of the transition from previous Australian GAAP to IFRS have been included in the notes to the financial report.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis, and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

ACCOUNTING POLICIES

(a) Income Tax

The change for current income tax expenses is based on the profit for the year adjusted for the year for any non assessable or disallowed items. Its calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except were it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand and held at call with banks.

(c) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement. Impairment testing is performed annually for intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(d) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the entity.

(e) Loans and borrowings

All loans are measured at the principal amount. Interest is charged as an expense as it occurs.

(f) Employee benefits

The provisions for employee entitlements to wages, salaries and annual leave represents the amount which the Company has a present obligation to pay resulting from employee's services provided up to the balance date. The provisions have been calculated based on the amounts expected to be paid when the liabilities are settled.

The liability for employees' entitlements to long service leave has been calculated at undiscounted amounts based on current wage and salary rates. The provision relates to amounts expected to be paid to employees for long service leave and is based on legal and contractual entitlements and assessments having regard to experience of staff departures and leave utilisation.

(g) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(h) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service, is recognised upon delivery of that service.

All revenue is stated net of the amount of goods and services tax (GST).

(i) Impairment of assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(j) Financial instruments

Recognition

Financial instruments are initially measured at cost, including transaction costs, on the date of the transaction when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the entity's intention to hold these investments to maturity. Any held-to-maturity investments held by the entity are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques, including the discounting of expected future cash flows are applied to determine the fair value for all unlisted securities, including recent arms' length transactions, reference to similar instruments and option pricing models.

(k) Borrowing costs

All borrowing costs are recognised in the period in which they are incurred

(l) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. 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 in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(m) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(n) Rounding of amounts

The Company has applied the relief avaiable to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report and directors report have been rounded off to the nearest $1,000.

(o) Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key estimates - Impairment

The entity assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to the impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value in use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised for assets at 30 June 2006.

Key estimates - Doubtful debts provision

Amounts of accounts receivable were assessed. The directors believe that the full carrying amount of debtors is recoverable, with no provision for doubtful debts being made at 30 June 2006.

	Previous GAAP at 1 July 2004	Adjustment	Australian equivalents to AIFRS at 1 July 2004
	$'000	$'000	$'000

2 FIRST TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Reconciliation of Equity at 1 July 2004

	Previous GAAP at 1 July 2004 $'000	Adjustment $'000	Australian equivalents to AIFRS at 1 July 2004 $'000
ASSETS			
CURRENT ASSETS			
Cash assets	71	-	71
Receivables	2	-	2
Investments	525	-	525
TOTAL CURRENT ASSETS	598	-	598
NON CURRENT ASSETS			
Investments	8,414	-	8,414
TOTAL NON CURRENT ASSETS	8,414	-	8,414
TOTAL ASSETS	9,012	-	9,012
CURRENT LIABILITIES			
Payables	219	-	219
Interest-bearing liabilities	1,500	-	1,500
TOTAL CURRENT LIABILITIES	1,719	-	1,719
NON CURRENT LIABILITIES			
Interest-bearing liabilities	100	-	100
TOTAL NON CURRENT LIABILITIES	100	-	100
TOTAL LIABILITIES	1,819	-	1,819
NET ASSETS	7,193	-	7,193
EQUITY			
Contributed equity	26,694	-	26,694
Reserves	(16)	-	(16)
Retained profits	(19,485)	-	(19,485)
TOTAL MEMBERS FUNDS	7,193	-	7,193

	Previous GAAP at 30 June 2005	Adjustment	Australian equivalents to AIFRS at 30 June 2005
	$'000	$'000	$'000
2 FIRST TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)			
Reconciliation of Equity at 3o June 2005			
ASSETS			
CURRENT ASSETS			
Cash assets	87	-	87
Receivables	2	-	2
TOTAL CURRENT ASSETS	89	-	89
NON CURRENT ASSETS			
Investments	3,414	-	3,414
TOTAL NON CURRENT ASSETS	3,414	-	3,414
TOTAL ASSETS	3,503	-	3,503
CURRENT LIABILITIES			
Payables	22	-	22
TOTAL CURRENT LIABILITIES	22	-	22
NON CURRENT LIABILITIES			
Interest-bearing liabilities	128	-	128
TOTAL NON CURRENT LIABILITIES	128	-	128
TOTAL LIABILITIES	150	-	150
NET ASSETS	3,353	-	3,353
TOTAL EQUITY			
Contributed equity	28,421	-	28,421
Reserves	(16)	-	(16)
Retained profits	(25,052)	-	(25,052)
TOTAL EQUITY	3,353	-	3,353

	Previous GAAP	Effect of transition to Australian equivalents to AIFRS	Australian equivalents to AIFRS
	$'000	$'000	$'000

2 FIRST TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Reconciliation of Profit and Loss for 2005

	Previous GAAP $'000	Effect of transition to Australian equivalents to AIFRS $'000	Australian equivalents to AIFRS $'000
Revenue from operating activities	2	-	2
Other revenues from ordinary activities	350	-	350
Total revenue	352	-	352
Operating expenses	(354)	-	(354)
Non-operating expenses	(5,525)	-	(5,525)
Borrowing costs expenses	(40)	-	(40)
Profit/(Loss) from ordinary activities before income tax	(5,567)	-	(5,567)
Income tax Expense	-	-	-
Profit/(Loss) from ordinary activities after income tax	(5,567)	-	(5,567)
Profit attributable to members of the entity	(5,567)	-	(5,567)

3 REVENUE

Operating activities:		
Interest received	10	2
Proceeds on disposal of investments	3,961	250
Other revenue from non-operating activities	-	100
Total revenue	3,971	352

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (Continued)

	2006 $'000	2005 $'000
4 OPERATING - PROFIT		
Operating profit before income tax is arrived at after charging the following specific items:		
Charging:		
Cost of investments disposed	3,414	525
Auditor's Remuneration - audit	20	10
- other services	-	-
Interest paid - other persons	2	3
5 CASH AND CASH EQUIVALENTS		
Cash at bank	168	87
	168	87
6 RECEIVABLES		
CURRENT		
Other debtors	-	2
	-	2
7 INVESTMENTS		
NON-CURRENT		
Unlisted investments, at cost:		
Shares in TL Int BV	83	83
Provision for write down of investment- TL Int BV	(83)	(83)
Shares in Photolibrary Pty Ltd	-	8,414
Provision for write down of investment- Photolibrary Pty Ltd	-	(5,000)
	-	3,414
8 PAYABLES		
CURRENT		
Unsecured liabilities		
Trade creditors	12	12
Sundry creditors and accrued expenses	16	10
	28	22
9 INTEREST BEARING LIABILITIES		
NON-CURRENT		
Unsecured shareholder's loan	75	128
	75	128

		2006 $'000	2005 $'000
10	**CONTRIBUTED EQUITY**		
	123,741,945 (2004:106,215,435) fully paid ordinary shares	24,834	28,421
		24,834	28,421
a.	**Ordinary shares**		
	At the beginning of the reporting period	28,421	26,694
	Shares issued during the year	-	-
	Capital returned during the year	(3,587)	-
	At reporting date	24,834	28,421
	At the beginning of reporting period	123,741,945	106,215,435
	Shares issued during year		
	- 29 November 2004	-	1,276,510
	- 31 December 2004	-	15,000,000
	- 7 February 2005	-	1,250,000
	At reporting date	123,741,945	123,741,945

During the year, a capital return of approximately 2.9 cents per ordinary share, funded from the sales proceeds of the remaining shareholding of the company in Photolibrary Pty Limited. Both these transactions were approved by the members via a meeting on 28 February 2006.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

		2006 $'000	2005 $'000
11	**RESERVES**		
	Foreign currency translation reserve	(16)	(16)
		(16)	(16)
a.	Foreign currency translation reserve		
	Movements during the year		
	Opening balance	(16)	(16)
	Movements during the year	-	-
	Closing Balance	(16)	(16)

		2006 $'000	2005 $'000
12	**ACCUMULATED LOSSES**		
	Accumulated losses at the beginning of the financial year	(25,052)	(19,485)
	Net profit / (loss) attributable to the members	299	(5,567)
	Accumulated losses at the end of the financial year	(24,753)	(25,052)
13	**TAXATION**		
(a)	The components of income tax expense comprise:		
	Current tax	-	-
	Deferred tax	-	-
	Recoupment of prior year tax losses	-	-
	Under provision in respect of prior years	-	-
		-	-
(b)	The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:		
	Prima facie tax payable on profit from ordinary activities before income tax at 30% (2005: 30%)	90	(1,670)
	Add:		
	Tax effect of:		
	- Write down of non-current assets to recoverable amount	-	1,500
	- Non-deductible expenses	27	224
	- Tax losses not brought to account	50	78
		77	1,802
	Less:		
	Tax effect of:		
	- Non-assessable income	(164)	(105)
	- Other deductible items	(3)	(27)
		(167)	(132)
	Income tax expense/(benefit)	-	-
	Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(a) occur:		
	- tax operating losses	50	78

	2006 $'000	2005 $'000

15 NOTES TO THE CASH FLOW STATEMENT

(i) Reconciliation of Cash

For the purposes of the cash flow statement, cash includes cash on hand and at banks and short term deposits at call, net of outstanding bank overdrafts.

Cash 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:

	2006 $'000	2005 $'000
Cash at bank	168	87
Cash on hand	-	-
Total cash at bank and on hand	168	87

(ii) Reconciliation of Cash Flow form Operations with Operating Profit after Income Tax

	2006 $'000	2005 $'000
Operating Profit after Income Tax	299	(5,567)
Non-Cash Flows in Operating Profit		
Write-down of carrying value of investment	-	5,000
Inter-company loans written back	-	(100)
Loss / (gain) on disposal of investment	(547)	275
Change in Assets and Liabilities:		
Decrease/(Increase) in receivables	2	-
Increase/(Decrease) in payables	7	(70)
Cash Flow from Operations	(239)	(462)

16 EARNINGS PER SHARE

	2006	2005
Earnings used to calculate basic EPS ($'000)	299	(5,567)
Weighted average number of ordinary shares (in '000) outstanding during the year used in calculating basic EPS	123,741	114,888

17 DISCONTINUED OPERATIONS

As reported in the previous year's financial report, on 18 August 2005, the Company's ownership in Photolibrary Pty Limited was reduced from 53% to 46.7% due to a capital raising by Photolibrary Pty Limited in which the Company declined to participate. As a result, Photolibrary Pty Limited ceased to be a controlled entity on the aforementioned date. It was reported that the results of Photolibrary Pty Limited would not be consolidated but rather equity accounted in future reporting periods.

Subsequently, on 15 December 2006, the Company made a public announcement indicating that it had reached an agreement with various third parties including other shareholders of Photolibrary to dispose of its entire remaining shareholding in Photolibrary. As a result of this investment being deemed to have been held for sale, equity accounting of the results of Photolibrary was not done in accordance with the requirements of AASB 128 Investments in Associates. Shareholders approval was received for the above transaction.

Due to the reasons mentioned above, the financial results of Photolibrary have neither been consolidated nor equity accounted in this financial report. The directors believe that disclosure of the same in this report would be misleading and not relevant.

18 FINANCIAL REPORTING BY SEGMENTS

The company operated only one business segment within Australia. Due to the reasons mentioned in Note 17 above, segment reporting is not considered necessary.

19 CONTINGENT LIABILITIES

The contingent liability to Capital Finance Ltd for a total of $20,407, as disclosed in the previous year's annual report has been satisfactorily resolved during the year. However, a contingent liability of up to $161,914 exists on account of a claim made by Leasewise Australia, a vehicle financing company, that had lent money to All Australian Adventures Pty Limited ("AAAPL"). AAAPL was part of of the Kamberra Vineyard Investments Limited ("KVIL") group of companies that was disposed of by Integrated Investment Group Limited towards the end of the year ended 30 June 2004. The claim purports that Integrated Investment Group Limited provided a guarantee against which the money was lent by Leasewise Australia. The present Board of Directors are still in the process of seeking legal advice as to the Company's position since it was not made aware of any outstanding liabilities, actual or contingent, by the previous management resulting from the sale of the KVIL group of companies.

	2006 $'000	2005 $'000
20 RELATED PARTY TRANSACTIONS		
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated and were approved by the Board of Directors prior to the time they were incurred.		
Description of the nature of transaction and amounts paid/payable to related parties during the financial year:		
Directors and Director-related Entities:		
Amounts were paid/payable to Hakuna Matata Pty Ltd, a related entity of Mr Lyall Gorman and represented consulting, company secretarial and executive director's fees.	-	50
Amounts were paid/payable to Bentley Barton Partners, a related entity of Mr Gary Taylor and represented accounting, office facilities and other services at a discount.	1	7
Amounts were paid/payable to Lee Financial Management Pty Ltd, a related entity of Mr Kenneth Lee and represented non-executive director's fees.	-	10
Amounts were paid/payable to Tim Moore, a director of the company and represented directors fees. No other fees, salary or remuneration was paid/payable to Glen Parker during the year.	6	-
Amounts were paid/payable to Richard Daniell Advertising Pty Ltd, a related entity of Mr Richard Daniell and represented preparation of the annual report and directors' fees. No other fees, salary or remuneration was paid/payable to Rick Daniell during the year.	30	19
Amounts were paid/payable to Glenn Parker, a director of the company and represented directors fees. No other fees, salary or remuneration was paid/payable to Glenn Parker during the year.	6	-

21 SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected the operations of the Company for the reported financil year or the state of affairs of the Company as at reporting date.

22 COMPANY DETAILS

The registered office and principal place of business is

Integrated Investment Group Limited

Level 11, 54 Miller Street
North Sydney NSW 2060

23 FINANCIAL INSTRUMENTS

(a) Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans and borrowings. The main purpose of non derivative financial instruments is to raise finance for the operations of the Company. The Company does not have any derivative instruments at 30 June 2006.

(I) Treasury Risk Management

As part of the Board's regular meetings, material exposure to currency and interest rates are evaluated, in the context of recent economic conditions.

(II) Financial Risks

The main risks the Company is exposed to through its financial instruments are interest rate risk, credit risk and liquidity risk.

Interest Rate Risk

For details on interest rate risk, refer to note 23(b).

Foreign Currency Risk

The Company is not exposed to fluctuations in foreign currency.

Liquidity Risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to the financial statements.

The Company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Company.

Price Risk

The Company is not exposed to any commodity price risk.

23 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Interest Rate Risk

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities.

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed interest rate maturing in 1 year or less		Fixed interest rate maturing between 1 and 2 years		Non-interest bearing	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	%	%	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets										
- Cash at bank	5.48	5.48	168	87	-	-	-	-	-	-
- Receivables	NA	NA	-	-	-	-	-	-	-	2
- Investments	NA	NA	-	-	-	-	-	-	-	3,414
Total financial assets			168	87	-	-	-	-	-	3,416
Financial liabilities										
- Payables	NA	NA	-	-	-	-	-	-	28	21
- Interest bearing liabilities	7.5	7.5	-	-	-	-	75	128	-	-
Total financial liabilities			-	-	-	-	75	128	28	21

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1 The financial statements and notes, as set out in the preceding pages are in accordance with the *Corporations Act 2001*:

(a) comply with Accounting Standards and the Corporations Regulations 2001; and

(b) give a true and fair view of the financial position as at 30 June 2006 and performance for the year ended on that date of the company.

2 In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and whey they become due and payable.

This declaration is made in accordance with the resolution of the Board of Directors and is signed for and on behalf of the directors by:

T.J. Moore
Director

R. Daniell
Director

Sydney, 27 September 2006

DUNCAN DOVICO

Independent Audit Report to the members of Integrated Investment Group Limited

Scope

The financial report and directors' responsibility

The financial report comprises the income statement, balance sheet, statement of changes in equity, statement of cash flows, accompanying notes to the financial statements and the directors' declaration for Integrated Investment Group Limited for the year ended 30 June 2006.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with 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 estimates inherent in the financial report.

Audit Approach

We have conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and

- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide an assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Audit Opinion

In our opinion, the financial report of Integrated Investment Group Limited accordance with:

(a) the *Corporations Act*, including;

  (i) giving a true and fair value of the Company's financial position as at 30 June 2006 and of its performance for the year ended on that date; and

  (ii) complying with Accounting Standards and the Corporation Regulations 2001; and

(b) other mandatory professional reporting requirements.

Duncan Dovico

DUNCAN DOVICO
Chartered Accountants

ROSEMARY MEGALE
Partner

Sydney, 27 September 2006

CHARTERED ACCOUNTANTS
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T: 9922 1166 • E: email@duncandovico.com.au • ABN: 19 173 326 199

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following additional information is required by the Australian Stock Exchange Ltd in respect of listed public companies only.

1. Shareholding – Fully Paid Ordinary Shares

a. Distribution of Shareholders Number

Category (Size of Holding	No of Shareholders
1 – 1,000	322
1,001-5,000	195
5,001-10,000	53
10,001-100,000	93
100,000 and over	74

b. The number of shareholdings held in less than marketable parcels is 639

c. The names of the substantial shareholders listed in the holding Company's register as at 27th September, 2005 are :

Shareholder	Number of Ordinary Shares	% of Issued Capital
DARJEELING PTY LTD	19,400,000	15.68%
KANILO PTY LTD	15,588,777	12.60%
GANGHONG YANG	15,000,000	12.12%
KEN DONE & ASSOCIATES PTY LTD	8,031,316	6.49%
DONE NOMINEES PTY LTD	7,881,028	6.37%
LUCETTE MARIE-CLAIRE MOORE	7,690,000	6.21%
CHRIS ZWOLINSKI	6,343,760	5.13%

d. All shares have equal voting rights

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (Continued)

e. 20 Largest Shareholders – Ordinary Shares

Rank	Name	No of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	DARJEELING PTY LTD	19,400,000	15.68%
2.	DONE NOMINEES PTY LTD <DONE SUPERANNUATION PLAN>	16,117,078	13.02%
3.	GANGHONG YANG	15,000,000	12.12%
4.	DONE NOMINEES PTY LTD <DONE SUPER PLAN A/C>	7,881,028	6.37%
5.	LUCETTE MARIE-CLAIRE MOORE	7,690,000	6.21%
6.	CHRIS ZWOLINSKI	6,343,760	5.13%
7.	KEN DONE & ASSOCIATES PTY LTD <SUPERANNUATION FUND A/C>	4,763,630	3.85%
8.	GLENN PARKER	3,475,000	2.81%
9.	KEN DONE & ASSOCIATES PTY LTD <KEN DONE & ASS SUPER FUND>	2,739,385	2.21%
10.	I E PROPERTIES PTY LTD	2,666,670	2.16%
11.	JB & HC POND INVESTMENTS PTY LTD	1,991,288	1.61%
12.	TUKDAH PTY LTD	1,488,883	1.2%
13.	MAMBAT PTY LTD	1,444,631	1.17%
14.	MR SIMON THORNLEY	1,412,666	1.14%
15.	VITTORIA ANNOSCIA-THORNLEY	1,353,991	1.09%
16.	RIDBROOK PTY LTD	1,212,500	.98%
17.	THE HATUNA MATATA GROUP PTY LTD	1,074,048	.87%
18.	RICHARD DANIELL INVESTMENTS PTY LTD	1,030,000	.83%
19.	GEMTAS PTY LTD	1,000,000	.81%
20.	LEE SMASH REPAIRS PTY LTD	1,000,000	.81%

2. Unquoted Securities

As at the date of this report, the following options were granted over unissued ordinary shares in the company. The issued options are not quoted securities.

Issue date	Number of Options	Expiry Date	Exercise Price
1 May 2002	75,500	30 November 2006	$0.471
1 July 2004	1,600,000	1 July 2009	$0.071
28 October 2004	1,000,000	28 October 2009	$0.071
26 November 2004	3,615,310	26 November 2009	$0.071

3. The name of the Company Secretary is Mr. John Smith

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (Continued)

4. The address of the principal registered office in Australia is :

   Level 11
   54 Miller Street
   North Sydney NSW 2060

5. Register of Securities are held at the following address

   Link Market Services Limited

   Level 22, 300 Queen Street
   Brisbane QLD 4000

6. Stock Exchange Listing

   Quotation has been granted for all the ordinary shares of the Company on all member exchanges of the Australian Stock Exchange Limited.

7. Restricted Securities

   No restricted securities exist at the date of this report

8. Difference in results reported to the Australian Stock Exchange

   The results reported to the Australian Stock Exchange in the preliminary final report do not differ materially from the results reported in these accounts.

CORPORATE DIRECTORY

Integrated Investment Group Limited
ABN 23 080 939 135

DIRECTORS
Mr. Timothy J Moore
Mr. Glenn Parker
Mr. Richard Daniell
Ms Ganghong Yang

COMPANY SECRETARY
Mr. John Smith

REGISTERED AND PRINCIPAL OFFICES
Level 11 54 Miller Street,
North Sydney NSW 2060
Phone: 02 8913 6046
Fax: 02 9929 8591

SHARE REGISTRAR
Link Market Services Limited
Level 22 300 Queen Street,
Brisbane QLD 4000
Phone: 02 8280 7454

AUDITORS
Duncan Dovico
Level 4 5 – 9 Harbourview Crescent,
Milsons Point NSW 2061
Phone: 02 9922 1166
Fax: 02 9922 2044

SOLICITORS
Vpro Lawyers
Level 6, 80 William Street,
Sydney NSW 2011
Phone: 02 9332 3933
Fax: 02 9332 4144

AUSTRALIAN STOCK EXCHANGE
20 Bridge Street,
Sydney NSW 2000

ASX Code – Ordinary Share: IIG

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