BOARD OF DIRECTORS	REGISTERED AND PRINCIPAL BUSINESS OFFICE	AUDITORS	SECRETARY
D. G. Rees, Chairman R. Rees, Managing Director G. E. Nanscawen, Director	463-467 Warrigal Road Moorabbin Vic. 3189 Phone : (03) 9553 5740	INPACT McDonald Carter Business Advisors & Chartered Accountants Level 6/31 Queen Street Melbourne Vic 3000	R. Rees, B. Comm., C.A.

SOLICITORS	BANKERS	SHARE REGISTER	Australian Company
Brian Ward and Partners Eggleston Whelan Prior and Prior	National Australia Bank Ltd 330 Collins Street Melbourne Vic 3000 Australia and New Zealand Banking Group 1/533 Blackburn Road Mount Waverley Vic 3149	Link Market Services Ltd Registrars PO Box A2277 Sydney South NSW 1235	No. 004 217 734 ABN 75 004 217 734

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Sietel Limited will be held at 11.00 am on Thursday 19th January 2006 at the Registered Office of the Company, 463-467 Warrigal Road, Moorabbin, Victoria, for the purpose of transacting the following business:

1. To receive and consider the Statement of Financial Position as at September 30, 2005 and Statement of Financial Performance of the Company and the economic entity for the year ended and Reports of the Directors and Auditors thereon.

2. Mr. D. G. Rees retires being over the age of 72 and being eligible offers himself for re-election.

3. To transact any other business as may legally be brought forward.

By Order of the Board.

R. Rees
B. Comm., C.A.

Moorabbin, 14 December 2005

PROXIES :
A member is entitled to appoint no more than two other persons to attend the Meeting and to act on his behalf. Where a member appoints two proxies, the proportion of the members' voting rights given in favour of each proxy must be specified. An additional proxy form will be supplied by the Company on request. The proxy must be deposited at the Office of the Company not less than 48 hours before the time of the Meeting. A proxy may, but need not be a member of the Company. Under the Company's Constitution Preference Shareholders are entitled to vote at this Meeting and have four votes for each share held.

SIETEL LIMITED AND CONTROLLED ENTITIES

DIRECTORS REPORT FOR YEAR ENDED 30 SEPTEMBER 2005

In accordance with a resolution of the Directors dated 14 December 2005, the Directors of the Company have pleasure in reporting on the Statements of Account of the Chief Entity and the Economic Entity for the financial year ended 30 September 2005 and the state of affairs as at 30 September 2005.

The Directors of the Chief Entity in office at the date of this report are:- Delwyn Garland Rees, Richard Rees, and Geoffrey Ernest Nanscawen. The directors have been in office since the start of the financial year to the date of this report unless otherwise stated. Refer table "Directors Meetings" page 3 of this report.

PRINCIPAL ACTIVITIES:
The Chief Entity is engaged principally in investment in industrial and commercial real estate, provision of finance and lease facilities and plant and management services to its controlled entities and management, evaluation and expansion of these and other business opportunities. No significant change in the principal activities of the Chief Entity occurred during the year.

The wholly owned controlled entity Cooks Body Works Pty Ltd continued trading as a commercial vehicle body builder.

The controlled entity, The Cylinder Company Pty Ltd, provided equipment to related companies and is the trustee company for the Sierac Unit Trust.

Aqua-Max Pty Ltd has operated a research and development division since it became a controlled entity.

Aqua-Max Pty Ltd Manufacturing division continued production and sales of water heaters during the year.

There were no significant changes in the nature of the economic entity's activities during the year.

DIVIDENDS:
No dividends were paid or recommended since the end of the previous financial year.

REVIEW OF OPERATIONS:
The properties owned by the Chief Entity have been tenanted for the full year with a number of buildings at the Moorabbin location occupied by controlled entities.

The increased turnover achieved by the manufacturing subsidiaries has been offset by significant material and labour cost increases. The ability to pass on these cost increases has been limited by importers of similar products gaining from the relative strength of the Australian dollar.

The subsidiary company which manufactures high efficiency five star domestic hot water heaters is currently in dispute with the Victorian Government over their ban on the installation of five star gas hot water heaters in new houses under the government's new five star housing regulations while having no restrictions on any other appliances.

This subsidiary company's five star gas water heaters are significantly more competitive than its solar water heaters and will therefore experience a negative impact from these Victorian regulations unless the Victorian Government accepts the company's position and allows building surveyors to approve housing plans incorporating five star gas water heaters in lieu of solar units.

Cooks Body Work's proprietary products continued to be well supported this year. Further investment has been made over the financial year to extend the range of products on offer with two new bodies being added to the range.

Continuation of a strong economy and demand for the group entities services and products is important for future profitability.

OPERATING RESULTS:
The consolidated profit of the Economic Entity after providing for income tax amounted to $798,206 (2004 $1,304,204).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS:
There have been no significant changes in the state of affairs of the economic entity during the financial year.

EVENTS SUBSEQUENT TO BALANCE DATE:
No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Economic Entity and the results of those operations or the state of affairs of the economic entity in financial years subsequent to the financial year ended 30 September 2005.

FUTURE DEVELOPMENTS:
No information has been included on the likely developments of the Chief Entity or the economic entity as the directors are of the opinion that to include such comments would be unreasonably prejudicial to the interests of the economic entity.

INFORMATION ON DIRECTORS:

MR. DELWYN G. REES	**DIRECTOR (CHAIRMAN) Age 79**
Qualifications	Diploma of Commerce (Melbourne University) Member of CPA Australia Certified Practising Accountant
Experience	Board Member since 1967 Appointed Chairman in 1970 An accountant in public practice for over 30 years
Interests in Contracts	Director of a company which provides financial and management services to the Chief Entity. Consultant to Garland Consulting Services which provides consulting and secretarial services to the Chief Entity.
Interests in Shares	Refer to Table headed Directors' Interest in Ordinary Shares on page 25 which is to be read as forming part of this report.
MR. RICHARD REES	**MANAGING DIRECTOR Age 55**
Qualifications	Bachelor of Commerce (Melbourne University)
Experience	Member of the Institute of Chartered Accountants in Australia Board Member and Chief Executive of Chief Entity since 1981.
Interests in Contract	Has a service and share option agreement with the Chief Entity dated March 1984. Receives allowance for the provision of motor vehicles for use by the Economic Entity. Share options taken up during 1996/1997 in accordance with the Trust Deed of Sietel Limited "A Staff Equity Participation Plan" ("the plan") which expired in February 2002.
Interest in Shares	Refer to Table headed Directors' Interest in Ordinary Shares on page 25 which is to be read as forming part of this report.
MR. GEOFFREY NANSCAWEN	**DIRECTOR Age 57**
Experience	Board Member since 2001 and marketing executive of a subsidiary since 1994. Over 30 years experience in the gas industry occupying numerous managerial positions, particularly in marketing, sales and advertising. Member of various Committees within the industry, including the Australian Gas Association. Involved in the product development of many local gas appliances as well as overseas products.
Interests in Contract	Share options taken up during 1996/1997 in accordance with the Trust Deed "A Staff Equity Participation Plan" ("the plan") which expired in February 2002.

DIRECTORS' MEETINGS
During the financial year the attendance at Directors' meetings was as follows:

	Meetings held	Meetings attended
D.G. Rees	8	8
R. Rees	8	8
G. E. Nanscawen	8	8

INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above) and all executive officers of the company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent of the policy limits with a current $5,000,000 in aggregate.

The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 September 2005 is included on page 8 of the Annual Report.

REMUNERATION REPORT

The Board policy for determination of the nature and amount of remuneration for directors and senior executives is based on the Chairman and Managing Director's assessment of individual's performance and the general overall performance of the company.

It is the stated policy that depending on this assessment, the level of remuneration may be increased or decreased after a review from its previous level.

The criteria on which individual performance is assessed are:-

- technical knowledge and skills in light of current levels for the applicable occupation or profession
- application by the individual of their knowledge and skills to their tasks
- the ability and success in imparting their knowledge, skills and work ethic to personnel assigned to them
- the ability to complete assignments successfully and in the allocated time
- the ability to assist the company and or subsidiary achieve profitable short, medium and long term performance and growth by delivering customers with quality, competitively priced and innovative products and services.

The table below sets out the remuneration paid during the year to Directors and executives with a breakdown into salaries, bonuses, superannuation and other benefits.

No equity component of remuneration is provided but board policy is to encourage directors and executives to purchase shares in the company on the stock exchange with the objective of long term investment.

NAME	OFFICE	SALARY/ BONUS	SUPER	BENEFITS	TOTAL
D.G. Rees	Director	10,000	-	-	10,000
R. Rees	Director	149,179	73,426	30,000	252,605
G.E. Nanscawen	Director	149,179	13,426	49,729	212,334
G.J.Taylor	Executive	177,283	13,389	17,811	208,483

There are no proceedings on behalf of the company.

Signed in accordance with a resolution of the Directors made pursuant to S.298 (2) of the Corporations Act 2001.
On behalf of the Board

D. G. Rees, Director

R. Rees, Director

Moorabbin, 14 December 2005

CORPORATE GOVERNANCE

The Directors set out below their comments on the ten essential corporate governance principles as provided by the Australian Stock Exchange as a guide for listed companies.

1. Lay solid foundations for management and oversight.

The Board oversees the performance of management of the company and its controlled entities and provides a central place for discussion and decision making for senior executives under the guidance of the Chairman.

The role of the Board is not set out in proscriptive terms but left to the Chairman and Managing Director to determine depending on their assessment of current circumstances and annunciate to management by face to face discussions.

2. Structure the Board to add value

The Board has no independent directors. The Chairman and Managing Director have a relevant interest in entities, as they are substantial shareholders, and both directors have been members of the Board for over twenty years. The one other Director is an executive of the Company.

The members of the Board, however, are experienced in business generally and more particularly that of the company and its controlled entities. All Directors devote their time to the Group's affairs and have no major outside business interests which conflict and require their excessive time. The Chairman is not an executive of any Group companies and has served for over thirty years as Chairman of the Company providing balance with the other two executive Directors.

The size of the Group, the Board, board members remuneration levels and the stable composition of the Board does not warrant, in the Director's view, a nomination committee or prescriptive procedure for new appointments.

The Chairman can seek independent professional advice in the furtherance of his duties as a Director and has direct access to senior staff of the Company. The Company will pay claims by Directors for reimbursement of this expenditure provided prior written authority of the expenditure and amount has been obtained from the Chairman or one other Director.

3. Promote ethical responsible decision making

The Directors will continue to maintain their high standard of decision making and promote and encourage ethical behaviour of all employees.

The Directors believe personal integrity and honesty is the key, rather than documented codes or company regulations, to enable maintenance of high standards of business practice.

The Directors believe the most important matter, when considering an investment in the Company's shares, is that it is for the long term and short term buying or selling is discouraged no matter when the purchase or sale may be made.

4. Safeguard integrity in financial reporting

The small size of the Board does not lend itself or provide any advantage in the appointment of committees and for this reason the Board has retained the responsibility for all committee work including audit and corporate governance committees.

The stability of the Board, the long term association with the industry and the combined expertise of its members assists in the maintenance of reliable reporting systems and preparation of true and fair accounts.To further support the above measures the Board has provided for the Auditor, or appointed representative, to be available at the AGM to answer any shareholder questions on financial report matters.

5. Make timely and balanced disclosure

The Board has the policy that all company announcements to the shareholders and ASX are approved prior to issue by at least two Directors and are timely, factual and in accordance with the law.

The Board also appreciates the need in the very competitive industries in which its controlled entities operate, that disclosure to the market does not disclose competitive sensitive information which would be unnecessarily prejudicial to the interests of the Group and the Company shareholders.

CORPORATE GOVERNANCE (cont.)

6. Respect the rights of shareholders

A hardcopy of the annual report is sent to all shareholders who have their current address registered with the Company and includes a notice to attend the Annual General Meeting (AGM). The Annual Report is prepared, on a no nonsense, uncluttered and to the point basis, to assist non technocrats to gain a reasonable understanding of the group and individual entities performance over the year and financial position at year end.

The AGM is held at the Company's premises which provides free parking and easy access. The format of the meeting provides shareholders with the opportunity to ask questions of the Directors and the Auditor or his nominated representative. Shareholder inquiries during the course of the year are addressed by the Managing Director or Chairman in a timely manner.

The two manufacturing subsidiaries have web sites which provide information relevant to their products. This allows shareholders to become better acquainted with these businesses.

7. Recognise and manage risk

The Company and its controlled entities operate in an environment of increasing risk because of government and related party regulation and the onus on businesses and Directors to protect the rights of employees, customers, contractors, consumers, small businesses and the public at large.

The Directors have followed the principle that direct day to day involvement with all these parties at all levels by Directors, combined with experienced and knowledge of the industries in which the group operates, is the best way of managing risk.

In relation to the traditional risks relating to group physical assets and operating facilities, insurance cover and policies are reviewed regularly with the Company's insurance brokers. Also regular inspections by underwriters' risk surveyors of the businesses and premises along with action required reports, has assisted in reducing exposure.

The Board encourages and fosters a culture of continual improvement and review of past problem areas experienced by group companies or other businesses to further address the issue of risk control and minimisation.

8. Encourage enhanced performance

The relative small size of the group and individual businesses, plus the very competitive nature of the markets in which operations are conducted, provide a good background against which Directors and staff can review the group and their performances.

Internal promotion and or recruitment by direct knowledge of applicants backgrounds has been a principle adopted by the Board to assist with obtaining suitable personnel for board and key executive positions.

Directors have access to all staff and if required independent professional advice with the cost of the latter being funded by the Company provided prior approval of one other Director is obtained for the specific amount of the proposed expenditure.

9. Remunerate fairly and responsibly

The Board, with its experience in the relevant industries in which group companies operate plus reference to independent survey information combined with regular in depth meetings between staff and the Managing Director, have implemented a policy of fair remuneration based on individual and relevant company or divisional and group performance.

Long term rather than short term performance has been the overriding objective, along with assessment of the dedication and commonly held objectives, plus the ability of the relevant business to achieve a return on the investment in time, money and intellectual property.

10. Recognise the legitimate interests of stakeholders

The Board believes in conducting the group businesses in an environment where all stakeholders are treated fairly and appropriately but do not shy away from the basic principle that all actions must be in the long term interests of shareholders not other third parties or the popular presses short term political objectives.

The enhancement of the long term corporate reputation of the group and its member companies is seen by Directors as important but in the context of the role which companies of the size and resources should play and separate from that of governments and the welfare state.

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF SIETEL LIMITED

Scope

We have audited the financial report of Sietel Limited and controlled entities for the financial year ended 30 September 2005 as set out on pages 8 to 24.

The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year. The company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Sietel Limited is in accordance with:

a. the *Corporations Act 2001*, including:
   i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 September 2005 and of their performance for the year ended on that date; and
   ii. complying with Accounting Standards in Australia and the *Corporations Regulations 2001*; and

b. Other mandatory professional reporting requirements in Australia.

INPACT McDonald Carter
Chartered Accountants

G.S. Parker
Partner

Dated this 14th day of December, 2005
Melbourne

DIRECTORS' DECLARATION

The directors declare that:

a) The attached financial statements and notes (pages 9 to 24) thereto comply with accounting standards;

b) The attached financial statements and notes thereto give a true and fair view of the financial position and performance of the company and the economic entity;

c) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and

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

Signed, in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors

Mr. D. G. Rees Director	Mr. R. Rees Director

Moorabbin,
14 December 2005

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Sietel Limited for the year ended 30 September 2005,
I declare that, to the best of my knowledge there have been:

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

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

INPACT McDonald Carter Chartered Accountants	**G.S. Parker** Partner

Melbourne
14 December 2005

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 SEPTEMBER 2005

Note	Economic Entity			Chief Entity	
	2004	2005		2005	2004
	$	$		$	$
20	23,552,377	28,831,692	Revenues from ordinary activities	4,145,045	3,342,781
21	22,288,424	28,006,034	Expenses from ordinary activities	2,856,991	2,717,431
21	162,716	123,248	Borrowing expenses	123,248	162,716
	1,101,237	702,410	Profit (loss) from ordinary activities before income tax expense	1,164,806	462,634
22	(202,967)	(95,796)	Income tax expense/(revenue) relating to ordinary activities	216,603	92,561
23 31	1,304,204	798,206	Profit (loss) from ordinary activities after income tax expense	948,203	370,073
	-	-	Total revenues, expenses and valuation adjustments attributable to members of the parent entity and recognised directly in equity.	-	-
	1,304,204	798,206	Total changes in equity other than those resulting from transactions with owners as owners.	948,203	370,073

32	16.28	9.97	Earnings per share - Basic (cents per share)
32	16.13	9.88	Earnings per share - Diluted (cents per share)

Notes to and forming part of the accounts are set out on pages 12 to 24.

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2005

Note	Economic Entity 2004 $	Economic Entity 2005 $		Chief Entity 2005 $	Chief Entity 2004 $
			Current Assets		
	917,881	1,372,230	Cash assets	138,290	131,779
2	1,747,524	2,516,760	Receivables	8,325	52,405
3	-	-	Other financial assets	3,249,677	1,792,379
4	2,670,765	2,925,183	Inventories	-	-
5	70,204	51,952	Other	51,199	69,273
	5,406,374	6,866,125	Total Current Assets	3,447,491	2,045,836
			Non-Current Assets		
6	21,776	18,776	Receivables	18,776	21,776
7	28,587	28,664	Other financial assets	1,186,377	1,186,298
8	11,511,006	11,612,567	Property, plant and equipment	8,106,479	8,994,214
9	350,647	316,672	Intangibles	-	-
10	1,166,425	1,306,354	Deferred tax assets	985,414	923,177
11	179,782	-	Other	-	-
	13,258,223	13,283,033	Total Non-Current Assets	10,297,046	11,125,465
	18,664,597	20,149,158	**Total Assets**	13,744,537	13,171,301
			Current Liabilities		
12	2,279,568	3,125,433	Payables	76,529	85,503
13	452,389	697,667	Interest bearing liabilities	697,667	452,389
14	3,019,543	3,229,046	Provisions	779,021	698,912
15	(90,410)	(7,034)	Current tax liabilities	21,208	14,921
	5,661,090	7,045,112	Total Current Liabilities	1,574,425	1,251,725
			Non-Current Liabilities		
16	813,132	115,465	Interest bearing liabilities	115,465	813,132
	813,132	115,465	Total Non-Current Liabilities	115,465	813,132
	6,474,222	7,160,577	**Total Liabilities**	1,689,890	2,064,857
	12,190,375	12,988,581	**Net Assets**	12,054,647	11,106,444
			Equity		
18	4,257,129	4,257,129	Contributed equity	4,257,129	4,257,129
19	1,223,241	1,223,241	Reserves	1,223,241	1,223,241
	6,710,005	7,508,211	Retained profits	6,574,277	5,626,074
	12,190,375	12,988,581	Total Shareholders' Equity	12,054,647	11,106,444

Notes to and forming part of the accounts are set out on pages 12 to 24.

STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 SEPTEMBER 2005

Note	Economic Entity			Chief Entity	
	2004	2005		2005	2004
	$	$		$	$
			Cash flows from Operating Activities		
	25,597,425	30,884,810	Receipts from customers	4,044,637	3,696,425
	(22,994,545)	(27,770,073)	Payment to suppliers and employees	(2,468,852)	(2,261,895)
	(464,439)	(190,118)	Income Tax Paid	(113,892)	(267,421)
	63,548	56,032	Interest received	1,912	2,063
	(162,716)	(43,859)	Borrowing costs	(43,859)	(162,716)
31(ii)	2,039,273	2,936,792	Net cash provided by/(used in) operating activities	1,419,946	1,006,456
			Cash flows from Investing Activities		
	-	-	Cash paid for investments	-	-
	2,000	16,500	Proceeds from sale of property, plant and equipment	8,000	2,000
	181,430	-	Proceeds from sale of investments	-	181,430
	(1,876,135)	(2,048,457)	Payment for property, plant and equipment	(12,658)	(457,091)
	-	(77)	Payment for investments	(79)	-
	1,500	1,980	Dividends received	500,990	750
	(1,691,205)	(2,030,054)	Net cash provided by/(used in)investing activities	496,253	(272,911)
			Cash flows from Financing Activities		
	-	-	Loans (to)/repaid by Controlled Entities	(1,457,299)	686,030
	-	-	Proceeds from borrowings	-	-
	(1,331,437)	(452,389)	Repayment of borrowings	(452,389)	(1,331,437)
	(1,331,437)	(452,389)	Net cash provided by/(used in) financing activities	(1,909,688)	(645,407)
	(983,369)	454,349	**Net increase/(decrease) in cash held**	6,511	88,138
	1,901,250	917,881	**Cash as at 1 October 2004**	131,779	43,641
31(i)	917,881	1,372,230	**Cash as at 30 September 2005**	138,290	131,779

Notes to and forming part of the accounts are included on pages 12 to 24.

Note 1 STATEMENT OF ACCOUNTING POLICIES

Financial Reporting Framework

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

(A) Significant Accounting Policies

Accounting policies are selected and applied in a manner which helps ensure that the resultant financial information satisfies the concepts of relevance and reliability, thereby, ensuring that the substance of the underlying transactions and other events is reported. The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

In addition to the accounting policies prescribed by applicable Accounting Standards and Urgent Issues Group Consensus Views, the following significant accounting policies have been adopted in the preparation and presentation of the financial report.

(B) Property, Plant and Equipment and Investments

Depreciation has been charged in the accounts using either the reducing balance or straight line method on all classes of depreciable assets so as to write off their book value over the estimated useful life of the asset including buildings classified as investments. The economic entity's land and buildings leased to third parties and land and buildings occupied by the economic entity have been classified as Property, Plant and Equipment. The following estimated useful lives are used in the calculation of depreciation. Buildings: 20 – 25 years and Plant and Equipment 4 - 8 years. The policy of the company is to review its valuations of land and buildings every 3 years. There has also been no capital gains tax taken into account in determining revalued amounts.

(C) Inventories

All entities in the economic entity have:

(i) Valued stocks at the lower of cost and net realisable value

(ii) Calculated costs by including all variable manufacturing cost, and an appropriate portion of fixed manufacturing cost, but excluding selling, distribution and administration expenses, and

(iii) Assigned cost to inventory quantities on hand at balance date on a first in first out basis.

(D) Goodwill

Goodwill is recorded initially at the amount by which the purchase price for a business exceeds the fair value attributed to its net tangible assets at date of acquisition. Goodwill is amortised on a straight line basis over the period in which the future benefits are expected to arise, but not exceeding 20 years. The balances are reviewed annually and any balance representing future benefits, the realisation of which is considered to be no longer probable, are written off.

(E) Research and Development Expenditure

Research and development expenditure on new major projects is deferred where it is expected beyond reasonable doubt that sufficient future benefits will be derived so as to recover those deferred costs.

Deferred research and development expenditure is amortised on a straight line basis over the period during which the related benefits are expected to be realised.

(F) Employee Entitlements

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and are capable of being measured reliably.

Provisions made in respect of wages and salaries, annual leave and long service leave expected to be settled within 12 months are measured at their nominal values. Provisions made in respect of other employee entitlements, (annual leave, long service leave), which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the economic entity in respect of services provided by employees up to the reporting date

(G) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities within the economic entity and classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated to the reduction of the lease liability. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(H) Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted with changes in presentation for the current financial year.

(I) Receivables

Trade receivables and other receivables are recorded at amounts due less any provision for doubtful debts.

(J) Recoverable Amount of Non-Current Assets

Non-current assets are written down to recoverable amounts where the carrying value of any non-current assets exceed recoverable amounts. In determining the recoverable amount of non-current assets, the expected net cash flows have been discounted to their present value.

Investment in subsidiary companies are valued at cost although in the case of one subsidiary the net assets are less than the company's investment. The Directors have written down this investment as they believe there is a permanent diminution in value.

(K) Accounts Payable

Trade payables and other accounts payable are recognised when the economic entity becomes obliged to make future payments resulting from the purchase of goods and services.

(L) Principles of Consolidation

The consolidated accounts comprise the accounts of Sietel Limited and all of its controlled entities . A controlled entity is any entity controlled by Sietel Limited. Control exists where Sietel Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Sietel Limited to achieve the objectives of Sietel Limited. A list of controlled entities is contained in Note 23 to the financial statements.

All intercompany balances and transactions between entities in the economic entity, including any unrealised profit or losses, have been eliminated on consolidation.

(M) Revenue

Revenue from the sale of goods is recognised upon the delivery and invoicing of goods to customers.
Revenue from rent is recognised on expiration of time. The holding company recognises rental income from all properties as normal operating income.
Interest revenue is recognised on proportional basis taking into account the interest rates applicable to the financial assets.
Revenue from the rendering of a service is recognised upon the delivery and invoicing of the service to the customers.

(N) Provision for Warranties

Provision is made in respect of the economic entity's estimated liability on products under warranty at balance date.

(O) Income Tax

The economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty or realisation of the benefit.

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 economic 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.

The Group accounts have been prepared on the basis that the Company and its wholly owned controlled entities formed a tax consolidation group from 1st October 2003.

	Economic Entity		Chief Entity	
	2005	2004	2005	2004
	$	$	$	$
Note 2 CURRENT RECEIVABLES				
Trade Receivables	2,447,915	1,658,048	-	-
Other	68,845	89,476	8,325	52,405
	2,516,760	1,747,524	8,325	52,405
Note 3 OTHER FINANCIAL ASSETS				
Investments in controlled entities				
- Loans	-	-	3,249,677	1,792,379
	-	-	3,249,677	1,792,379
Note 4 CURRENT INVENTORIES				
Raw materials and stores	1,149,787	970,691	-	-
Work in progress	1,017,233	737,273	-	-
Finished goods	758,163	962,801	-	-
	2,925,183	2,670,765	-	-
Note 5 OTHER CURRENT ASSETS				
Pre-payments	51,952	70,204	51,199	69,273
Note 6 NON-CURRENT RECEIVABLES				
Receivables	18,776	21,776	18,776	21,776
	18,776	21,776	18,776	21,776
Note 7 NON-CURRENT OTHER FINANCIAL ASSETS				
Investments in controlled entities				
- Loans at Cost	-	-	400,000	400,000
- Shares at Cost	-	-	771,713	771,713
	-	-	1,171,713	1,171,713
Investments in other companies				
- Shares at cost	28,664	28,587	14,664	14,585
	28,664	28,587	14,664	14,585
	28,664	28,587	1,186,377	1,186,298
Note 8 PROPERTY PLANT AND EQUIPMENT				
Plant and Equipment at cost	16,134,258	14,322,421	5,564,009	5,748,025
Less Accumulated depreciation	(12,000,345)	(10,852,133)	(4,936,184)	(4,794,529)
	4,133,913	3,470,288	627,825	953,496
Leased Plant and Equipment	1,924,650	2,045,292	1,924,650	2,045,292
Less Accumulated depreciation	(1,332,753)	(1,028,789)	(1,332,753)	(1,028,789)
	591,897	1,016,503	591,897	1,016,503
Total Plant and Equipment	4,725,810	4,486,791	1,219,722	1,969,999
Property				
Land at Directors Valuation 1998*	3,702,937	3,702,937	3,702,937	3,702,937
Land at Cost*	1,273,568	1,273,568	1,273,568	1,273,568
Total Land	4,976,505	4,976,505	4,976,505	4,976,505
Buildings at Directors Valuation 1998*	1,989,750	1,989,750	1,989,750	1,989,750
Buildings at Cost*	878,477	379,659	878,477	379,659
Additions at Cost*	-	498,818	-	498,818
Less Accumulated depreciation	(957,975)	(820,517)	(957,975)	(820,517)
Total Buildings	1,910,252	2,047,710	1,910,252	2,047,710
Total Property	6,886,757	7,024,215	6,886,757	7,024,215
Total Property Plant and Equipment	11,612,567	11,511,006	8,106,479	8,994,214

In 2005 the Directors resolved to leave the current book value for the Group properties at this stage at 1998 Directors valuations or at cost. An independent valuation of interests in land and buildings was carried out by Mr. N. Walsh, certified practising valuer F.A.P.I., A.R.E.I. 1st October, 2004. The valuation was carried out for the company's bankers to provide the current market value for mortgage security purposes.

Valuation October 2004	$11,690,000
WD Book Value as at 30 September 2004	$ 7,024,215
Net Gain	$ 4,665,785
Capital Gain subject to Capital Gains tax as per above	$ 1,761,699

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land	Buildings	Plant and Equipment	Leased plant And Equipment	Total
Balance at the beginning of the year	4,976,505	2,047,710	3,470,288	1,016,503	11,511,006
Additions	-	-	2,048,457		2,048,457
Disposals		-	(100)	-	(100)
Depreciation expense	-	(137,458)	(1,414,830)	(394,508)	(1,946,796)
Transfers to plant and equipment	-	-	-	(120,642)	(120,642)
Transfers from leased plant and equipment	-	-	120,642	-	120,642
Transfers to plant and equipment (depreciation)	-	-	-	90,544	90,544
Transfers from leased plant and equipment (depreciation)	-	-	(90,544)	-	(90,544)
Carrying amount at the end of the year	4,976,505	1,910,252	4,133,913	591,897	11,612,567

	Economic Entity 2005 $	Economic Entity 2004 $	Chief Entity 2005 $	Chief Entity 2004 $
Note 9 INTANGIBLES				
Goodwill at cost	679,495	679,495	-	-
Accumulated amortisation	(362,823)	(328,848)	-	-
Total intangibles	316,672	350,647	-	-
Note 10 DEFERRED TAX ASSETS				
Future income tax benefit				
- The future income tax benefit is made up of the following estimated tax benefits:				
- tax losses	-	-	-	-
- timing difference	1,306,354	1,166,425	985,414	923,177
	1,306,354	1,166,425	985,414	923,177
Note 11 OTHER NON-CURRENT ASSETS				
Research and Development Expenditure Ref Note 1 (e)				
Balance 1st October	2,568,895	2,568,895	-	-
Capitalised during the year	-	-	-	-
Balance 30th September	2,568,895	2,568,895	-	-
Less accumulated amortisation	(2,568,895)	(2,389,113)	-	-
	-	179,782	-	-
Note 12 CURRENT ACCOUNTS PAYABLE				
Unsecured :				
Trade Creditors	3,016,549	2,158,052	62,585	42,347
Sundry Creditors	108,884	121,516	13,944	43,156
Amounts payable to controlled entities wholly owned	-	-	-	-
	3,125,433	2,279,568	76,529	85,503

	Economic Entity		Chief Entity	
	2005	2004	2005	2004
	$	$	$	$
Note 13 INTEREST BEARING LIABILITIES				
Unsecured :	-	-	-	-
Secured :				
Bank Overdraft (i)	-	-	-	-
Commercial Bills (i)	-	-	-	-
Finance Lease Liabilities (ii)	673,950	398,014	673,950	398,014
Hire Purchase Creditors (ii)	24,285	58,283	24,285	58,283
Less Unexpired term changes	(568)	(3,908)	(568)	(3,908)
	23,717	54,375	23,717	54,375
	697,667	452,389	697,667	452,389

(i) Bank overdraft and commercial bills secured by 1st ranking registered mortgage over free hold property and 1st ranking debentures over undertaking of the chief entity.

(ii) Effectively secured over the assets leased or hired.

	Economic Entity 2005	Economic Entity 2004	Chief Entity 2005	Chief Entity 2004
Note 14 CURRENT PROVISIONS				
Employee entitlements :				
Annual Leave	892,783	742,088	571,826	510,477
Long Service Leave	570,263	522,455	182,195	168,435
Sick Pay	-	-	-	-
Directors' Fees	35,000	30,000	25,000	20,000
Other : Provision for Warranty	1,731,000	1,725,000	-	-
	3,229,046	3,019,543	779,021	698,912
Total No. of employees	152	116	11	11
Note 15 CURRENT TAX LIABILITIES				
Current				
- Income Tax	(7,034)	(90,410)	21,208	14,921
Note 16 NON-CURRENT BORROWINGS				
Secured :				
Lease Liability (ii) above in Note 13	115,465	789,415	115,465	789,415
Hire Purchase Creditor	-	24,285	-	24,285
Less Unexpired term charges	-	(568)	-	(568)
	-	23,717	-	23,717
	115,465	813,132	115,465	813,132
Note 17 NON-CURRENT PROVISIONS				
Employee Entitlements Long service leave	-	-	-	-
Note 18 SHARE CAPITAL				
Issued and Paid Up Capital				
8,007,479 Ordinary Shares fully Paid (2004 8,007,479)	4,107,129	4,107,129	4,107,129	4,107,129
75,000 Preference Shares 5% Cumulative fully paid (2004 75,000) Refer to Note 24	150,000	150,000	150,000	150,000
	4,257,129	4,257,129	4,257,129	4,257,129
Note 19 RESERVES				
Asset revaluation – Land and Buildings	1,223,241	1,223,241	1,223,241	1,223,241
As per Balance Sheet	1,223,241	1,223,241	1,223,241	1,223,241

	Economic Entity 2005 $	Economic Entity 2004 $	Chief Entity 2005 $	Chief Entity 2004 $
Note 20 REVENUE FROM ORDINARY ACTIVITIES				
Operating:				
Sales Revenue	27,608,377	22,193,091	-	-
Dividends				
- Controlled Entities	-	-	500,000	-
- Other Corporations	1,980	1,500	990	750
Interest Received				
- Controlled Entities	-	-	50,000	50,000
- Other Corporations	56,032	63,548	1,912	2,063
Rent Revenue				
- Controlled Entities	-	-	701,000	513,048
- Other Corporations	313,035	299,361	313,035	299,361
Internal Leases				
- Controlled Entities	-	-	626,766	584,486
Management Fees				
- Controlled Entities			1,569,359	1,360,296
Other Revenue	835,867	811,447	373,983	349,347
	28,815,291	23,368,947	4,137,045	3,159,351
Non Operating:				
Proceeds on disposal				
- property, plant and equipment	16,401	2,000	8,000	2,000
- investments	-	181,430	-	181,430
	16,401	183,430	8,000	183,430
Total Revenue from ordinary activities	28,831,692	23,552,377	4,145,045	3,342,781
Note 21 EXPENSES FROM ORDINARY ACTIVITIES				
(a) Operating profit before income tax has been determined after:				
Cost of goods sold	14,242,917	10,955,637	-	-
Overheads	7,085,450	6,407,510	2,757,581	2,586,334
Administration expenses	577,975	552,732	75,473	112,086
Selling expenses	5,649,372	3,995,656	19,751	14,757
Finance expenses	450,320	376,889	4,186	4,254
Total expense from ordinary activities	28,006,034	22,288,424	2,856,991	2,717,431
Depreciation included above:				
- Buildings	137,458	133,377	137,458	133,377
- Plant and equipment owned	1,414,830	1,247,626	368,427	385,534
- Plant and equipment leased	394,508	393,691	394,508	393,691
Amortisation of:				
- Goodwill	33,975	33,975	-	-
- Research and development costs	179,783	139,055	-	-
	2,160,554	1,947,724	900,393	912,602
(b) Borrowing expenses:				
- Interest paid				
Other corporations	47,768	70,606	47,768	70,606
Finance leases	75,480	92,110	75,480	92,110
	123,248	162,716	123,248	162,716
(c) Net transfers to (from) provisions for:				
- Employee entitlements	203,503	(10,983)	80,109	40,712
- Provision for doubtful debts	-	-	-	-
(d) Research and Development Costs	3,315,747	3,246,523	-	-

	Economic Entity 2005 $	Economic Entity 2004 $	Chief Entity 2005 $	Chief Entity 2004 $
Note 22 INCOME TAX REVENUE				
a) The prima facie tax on operating profit is reconciled to the income tax expense (benefit) in the accounts as follows:				
Operating profit (loss) before income tax	702,410	1,101,237	1,164,806	462,634
Intergroup dividend paid to Chief Entity by Controlled Entity			(500,000)	
Operating profit (loss) before income tax after intergroup dividend	702,410	1,101,237	664,806	462,634
Prima Facie income tax expense applicable to Operating Profit at 30% (2004 30%)	210,723	330,371	199,442	138,790
Add/Deduct tax effect of:				
Permanent differences				
Amortisation of Goodwill	3,000	3,000		
Depreciation on Buildings	18,338	17,736	18,338	17,736
Legal Expenses	-	6,270		
Entertainment Expenses	10,950	9,658		
Research and Development Expenditure	(344,401)	(333,489)		
Tax losses not previously recognised now brought to account	-	(54,429)		(54,429)
Reclassification of brought forward timing differences and over provision for tax	5,594	(182,084)	(1,177)	(9,536)
Income Tax Expense/(Revenue) per Accounts	(95,796)	(202,967)	216,603	92,561

Note 23 CONTROLLED ENTITIES

(a) Entities controlled by ultimate parent entity Sietel Ltd and contribution to Consolidated Profit(Loss)

Name of controlled Entity of Sietel Limited	Beneficially Owned by Sietel Ltd		Contribution to consolidated operating Profit (loss) after income tax attributable to members of the chief entity		Investment by Sietel Ltd at cost.	
	2005 %	2004 %	2005 $	2004 $	2005 $	2004 $
Cooks Body Works Pty Ltd	100	100	(27,004)	183,229	290,000	290,000
The Cylinder Co Pty Ltd	100	100	274	911	-	-
Aqua-Max Pty Ltd	100	100	390,824	677,913	481,713	481,713
Sietel Limited	N/A	N/A	434,112	442,151	-	-
			798,206	1,304,204	771,713	771,713

*All companies incorporated in Australia.

(b) Statement of Operations by Business

	Revenue		Results		Assets		Liabilities		Depreciation	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Manufacturing Vehicle Bodies	3,502	3,450	(27)	183	1,276	1,349	307	412	55	41
Manufacturing Hot Water Services	24,761	19,367	391	678	5,128	4,144	5,164	3,997	1,181	994
Equipment services			-	1	-	-	-	-	-	-
Total Manufacturing	28,263	22,817	364	862	6,404	5,493	5,471	4,409	1,236	1,035
Investment	568	735	434	442	13,745	13,171	1,690	2,065	924	913
Total Investment	568	735	434	442	13,745	13,171	1,690	2,065	924	913
	28,831	23,552	798	1,304	20,149	18,664	7,161	6,474	2,160	1,948

*All businesses operated within Australia.
Internal revenue has been eliminated.

	Economic Entity		Chief Entity	
	2005	2004	2005	2004
	$	$	$	$
Note 24 DIVIDENDS PAID AND PROPOSED				
5% Cumulative Preference	NIL	NIL	NIL	NIL
A preference dividend was last paid for the half year ended 31st March 1987.				
Adjusted Franking Account Balance	407,594	464,439	245,257	267,420

The directors intention at this stage is to apply amounts in franking credits to dividends paid for ordinary shares even when paid in the future. The balance of the above Franking Account will remain unchanged following the current year results as the Group has not generated a taxable income for this period.

Note 25 REMUNERATION OF DIRECTORS AND EXECUTIVES

Income received or due and receivable by all directors of each entity in the Economic Entity from all entities in the Economic Entity and any related bodies corporate:$683,422 (2004 $620,605), including superannuation as disclosed below.

Income received or due and receivable by all directors of the Chief Entity from the Chief Entity and any related bodies corporate $ 474,939 (2004 $498,606) including superannuation as disclosed below.

Number of Chief Entity Directors whose income from the Chief Entity and related bodies corporate was within the following bands:

	2005	2004
$ 10,000 - $ 19,999	1	1
$200,000 - $209,999		1
$210,000 - $219,999	1	
$250,000 - $259,999	1	
$280,000 - $289,999		1

Retirement and Superannuation payments paid on retirement from office or to prescribed superannuation funds for the provision of retirement benefits of Directors of the Chief Entity : $86,852 (2004 - $115,202)

The names of Chief entity directors who have held office during the financial year:

Mr Delwyn Garland Rees | Mr Richard Rees | Mr. Geoffrey Ernest Nanscawen

		Economic Entity		Chief Entity	
		2005	2004	2005	2004
		$	$	$	$
Note 26 AUDITORS REMUNERATION					
Amount received or due and receivable by the Chief Entity Auditors for:					
- Auditing the accounts		25,700	24,500	8,995	8,575
- Other services					
		25,700	24,500	8,995	8,575
Note 27 CAPITAL AND LEASING EQUIPMENT					
(a) Finance leasing Commitments					
Payable					
- not later than one year		710,844	473,494	710,844	473,494
- later than one year and not later than five years		125,939	836,783	125,939	836,783
Minimum lease payments		836,783	1,310,277	836,783	1,310,277
Less future finance charges		47,368	122,848	47,368	122,848
Total finance lease liability		789,415	1,187,429	789,415	1,187,429
Represented by:					
Current liability	Note 13	673,950	398,014	673,950	398,014
Non-current liability	Note 16	115,465	789,415	115,465	789,415
(b) Hire purchase commitments					
Payable					
- not later than one year		24,285	58,283	24,285	58,283
- later than one year and not later than five years		-	24,285	-	24,285
Minimum hire purchase payments		24,285	82,568	24,285	82,568
Less future finance charges		568	4,476	568	4,476
Total hire purchase liability		23,717	78,092	23,717	78,092
Represented by:					
Current liability	Note 13	23,717	54,375	23,717	54,375
Non-current liability	Note 16	-	23,717	-	23,717

	Economic Entity		Chief Entity	
	2005	2004	2005	2004
	$	$	$	$
Note 28 STANDBY ARRANGEMENTS AND UNUSED CREDIT FACILITIES				
Standby arrangements with banks to provide funds and support facilities				
Credit facility	6,300,000	5,850,000	6,150,000	5,850,000
Amount Utilised	813,132	1,265,520	813,132	1,265,520
Unused credit facility	5,486,868	4,584,480	5,336,868	4,584,480

The major facilities are as follows:
Lease Facilities $3,000,000 (2004 $3,000,000)
Commercial Bill Facility
$2,000,000 (2004 $2,000,000) variable interest rate facility provided by an Australian bank.
As at 30 September 2005 $NIL (2004 $NIL) was utilised.
Banking Overdrafts - Bank overdraft facilities are arranged with an Australian bank with the general terms and conditions being set and agreed to from time to time.
Finance will be provided under all facilities provided the company and the economic entity have not breached any borrowing requirements and the required financial ratios are met.

Note 29 SUPERANNUATION COMMITMENTS
Sietel Ltd, Cook's Body Works Pty Ltd and Aqua-Max Pty Ltd each pay the employer's contribution required by the Superannuation Guarantee Charge Act and any further salary sacrifice amounts or employee contributions, if instructed, to complying superannuation funds as selected by their employees.

The amount and time of payment of benefits by these various superannuation funds will be in accordance with the terms and conditions negotiated by each individual employee and are not guaranteed in any way by the company or its subsidiaries.

The relevant company has a legal obligation to contribute to these superannuation funds in accordance with relevant requirements of the Superannuation Guarantee legislation.

Sietel Ltd also has a fund called the Senior Staff Superannuation fund where the benefits are the accumulation of contributions by the employer and if applicable the employees which become payable on retirement, death or total and permanent disability. Contributions to this fund are at the discretion of the employer or the employee.

	Economic Entity		Chief Entity	
	2005	2004	2005	2004
	$	$	$	$
Note 30 RELATED PARTY TRANSACTIONS				
Transactions between related parties are on normal commercial terms and conditions unless otherwise stated.				
(a) Transactions with directors and director-related entities -				
- Motor vehicles are leased by the Chief Entity from Mr. R. Rees	-	12,000	-	12,000
- Consulting fees are paid to a company of which Mr. D. G. Rees is a Director for financial and management services provided.	15,500	10,500	15,500	10,500
- Directors of entities within the economic entity are able to receive goods and services at discounted prices and participate in field testing of new products.				
(b) Controlling entities				
- Personnel charges by Chief Entity to :				
Cooks Body Works Pty Ltd	-	-	481,235	310,800
Aqua-Max Pty Ltd	-	-	1,088,124	1,049,496
Interest Received :				
Cooks Body Works Pty Ltd	-	-	50,000	50,000
Aqua-Max Pty Ltd	-	-	-	-
Rent received from premises for:				
Cooks Body Works Pty Ltd	-	-	140,000	120,000
Aqua-Max Pty Ltd			561,000	393,048
Lease rentals for plant :				
Cook's Body Works Pty Ltd	-	-	86,580	78,645
Aqua-Max Pty Ltd	-	-	540,186	505,841
Data Processing:				
Aqua-Max Pty Ltd	-	-	50,000	40,000
Equipment rental:				
Aqua-Max Pty Ltd	-	-	80,000	60,000
Increase in provision for doubtful debts in Cooks Body Works Pty Ltd			-	-
-Guarantees and Indemnities given by Chief Entity to controlled entities banker for facilities:				
Cooks Body Works Pty Ltd	50,000	50,000	50,000	50,000
Aqua-Max Pty Ltd	100,000	100,000	100,000	100,000
- Guarantees and Indemnities given by Controlled Entity to Chief Entity's banker for facilities:	3,750,000	3,750,000	3,750,000	3,750,000
Directors acquired 2,500 ordinary shares in Sietel Ltd, the Chief Entity. Directors sold 0 ordinary shares.				

	Economic Entity 2005	Economic Entity 2004	Chief Entity 2005	Chief Entity 2004
	$	$	$	$
Note 31 NOTES TO THE STATEMENT OF CASH FLOWS				
(i) Reconciliation of Cash				
For the purpose of the statement of cash flows cash includes:				
(a) Cash on hand and at call deposits with banks or financial institutions				
(b) Investments in money market instruments with less than 14 days to maturity				
Cash at the end of the year is shown in the balance sheet as:				
Cash on hand	1,372,230	917,881	138,290	131,779
Bank overdrafts				
- Secured	-	-	-	-
- Unsecured	-	-	-	-
	1,372,230	917,881	138,290	131,779
(ii) Reconciliation of cash flows from operations with Operating Profit after Income Tax				
Operating Profit after Income Tax	798,206	1,304,204	948,203	370,073
Cash flows in Operating Profit attributable to Non-Operating activities				
Dividends Received	(1,980)	(1,500)	(500,990)	(750)
Non-cash flows in Operating Profit				
- Amortisation	213,757	173,030	-	-
- Depreciation	1,946,796	1,920,842	900,393	912,602
- Write off of Investment	2	-		
- Income Tax	(95,796)	(202,967)	216,603	92,561
Charges to provisions				
- tax	(190,118)	(464,439)	(113,892)	(267,420)
- employee entitlements	209,503	(10,983)	80,109	40,712
(Profit)/Loss on sale of Plant and Equipment	(16,400)	(2,000)	(8,000)	(2,000)
(Profit)/Loss on sale of Investments	-	(181,430)	-	(181,430)
Changes in assets and liabilities				
(Increase)/Decrease trade debtors	(536,878)	(218,362)	(111,581)	60,875
(Increase)/Decrease in pre-payments	18,252	15,021	18,075	15,583
(Increase)/Decrease in inventories	(254,418)	(277,781)	-	-
Increase/(Decrease) in trade creditors	845,866	(14,362)	(8,974)	(34,350)
	2,936,792	2,039,273	1,419,946	1,006,456

(iii) Net cash provided by operating activities the statement of cash flows should be read in conjunction with Note 28- Standby Arrangements and Unused Credit Facilities

	Economic Entity 2005	Economic Entity 2004
Note 32 EARNINGS PER SHARE		
Basic earnings per share (cents per share)	9.97	16.28
There were NIL options on issue at the end of the year. Options that were on issue expired February 2002. (2004 NIL)		
Diluted earnings per share (cents per share)	9.88	16.13
The weighted average number of ordinary shares on issue used in the calculation of basic earnings per share.	8,007,479	8,007,479

$$\text{Basic EPS} = \frac{\text{Profit/loss for the period}}{\text{No. of ordinary securities}} \times 100 = \frac{798{,}206}{8{,}007{,}479} \times 100 = 9.97$$

$$\text{Diluted EPS} = \frac{\text{Profit/loss for the period}}{\text{No. of ordinary securities + Preference securities}} \times 100 = \frac{798{,}206}{8{,}007{,}479+75{,}000} \times 100 = 9.88$$

Note 33 FINANCIAL INSTRUMENTS

(a) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the accounts.

(b) Significant Terms and Conditions

Cap Interest Rate Option Agreement

Contracts	Principal Amount	Cap Rate	Maturity Date	Premium Amount
9 AUG 2005	2,500,000	7.00% PA	9 AUGUST 2009	18,000

(c) Interest Rate Risk

The following details the economic entity's exposure to interest rate risk as at the reporting date.

	2005 Average Interest Rate %	2005 Total $	2004 Average Interest Rate %	2004 Total $
Financial Assets				
Trade receivables (net)	-	2,447,915	-	1,658,048
Other receivables	-	68,845	-	89,476
Cash	2.5	1,372,230	2.2	917,881
		3,888,990		2,665,405
Financial Liabilities				
Trade Payables	-	3,016,549	-	2,158,052
Lease liabilities	7.0	789,415	7.0	1,187,429
Other liabilities	-	1,863,601	-	1,924,607
Employee entitlements	-	1,498,046	-	1,294,544
		7,167,611		6,564,632

(d) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the economic entity. The economic entity has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The economic entity measures credit risk on a fair value basis.

(e) Net Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in note 1 to the accounts.

Security Holders Privacy Statement

Link Market Services Limited, (formerly ASX Perpetual Registars Limited) , collects personal information from security holders of entities ("clients") for which we act as security registrars. We are committed to protecting the privacy of these security holders' personal information.

We need to collect personal information from you so we can accurately identify your security interest in our clients, fulfil legal obligations under the Corporations Act and other legislation governing the operation and activities of the clients' progress, business activities and ranges of products and services that may be of interest to you.

Without this information we may not be able to, for instance, process your application for securities issued by clients, pay dividends to you or provide copies of notices of meetings.

As Share Registrar, we may provide your personal information to the securities issuer, persons inspecting securities registers, bidders for your securities in the context of take-overs, regulatory bodies, including the Australian Tax Office, authorised security brokers, print service providers and mail houses. Your personal information may also be disclosed to a related body corporate of Link Market Services Limited for the purpose of facilitating securities registry functions such as paying distributions or preparing information for mail outs.

At any time you may request access to the personal information that we hold about you and advise us of any inaccuracies.

If you would like to access or update your personal information, obtain a copy of our Security Holder Privacy Policy or change your mind about receiving marketing information, you can contact us by:

Telephone:	(07) 3228 4219
Facsimile:	(07) 3221 3149
Email:	aprlaccounts@linkmarketservices.com.au
Correspondence:	Link Market Services Limited PO Box A2277 Sydney South NSW 1235
Website:	linkmarketservices.com.au; Share Enquiries

Note 34
ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

For the reporting period beginning on or after 1 January 2005, Sietel Limited must comply with International Financial Reporting Standards (IFRS) as issued by the Australian Accounting Standards Board. This requires the production of accounting data for future comparative purposes at the beginning of the current financial year.

The economic entity's management, along with its auditors, have assessed and are continuing to assess the significance of these changes and preparing for their implementation. This process involves identifying and evaluating the key differences in accounting policies and the effect on the consolidated entity's financial performance and financial position. We will continue to keep stakeholders informed as to the impact of these new standards as they are finalised.

The directors are of the opinion that the key differences in the economic entity's accounting policies which have arisen from the adoption of International Financial Reporting Standards are:

Research and Development Expenditure
Pending standard AASB 138: Intangible Assets further requires that costs associated with research be expensed in the period in which they are incurred. In terms of current policy, research costs have been capitalised to the statement of financial position where it is expected beyond any reasonable doubt that sufficient future benefits will be derived so as to recover these deferred costs.

Impairment of Assets
The economic entity currently determines the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the assets use and subsequent disposal. In terms of pending AASB 136: Impairment of Assets, the recoverable amount of an asset will be determined as the higher of fair value less costs to sell and value in use. It is likely that this change in accounting policy will lead to impairments being recognised more often than under the existing policy.

Goodwill on Consolidation
Under the proposed changes to the IAS 22: Business Combinations, goodwill is to be capitalised to the statement of financial position and subjected to an annual impairment test. Amortisation of goodwill is to be prohibited. Current accounting policy of the entity is to amortise goodwill on a straight line basis over the period of 20 years.

Non-current Investments
Under the pending AASB 139: Financial Instruments: Recognition and measurement, financial instruments that are classified as available for sale instruments must be carried at fair value. Unrealised gains or losses may be recognised either in income or directly to equity. Current accounting policy is to measure non-current investments at cost, with an annual review by directors to ensure that the carrying amounts are not in excess of the recoverable value of the instrument.

Income Tax
Currently, the economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. Under the Australian equivalent to IAS 12, the economic entity will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of the timing and permanent differences between taxable income and accounting profit.

Converting Preference Shares
The economic entity has converting cumulative preference shares which are currently accounted for partly as equity. Under pending AASB 132, entities that have issued hybrid financial instruments, currently classified as equity, may be required to classify those instruments as debt depending on the terms and conditions of the instruments.

Derivative Financial Instruments
The economic entity does not currently recognise derivative financial instruments in the financial statements. Pending AASB 139: Financial Instruments: Recognition and Measurement will require a change to the method of accounting for derivative financial instruments and hedging activities so that they are recorded in the financial statements.

STATEMENT IN COMPLIANCE WITH AUSTRALIAN ASSOCIATED STOCK EXCHANGES LISTING REQUIREMENTS.

DIRECTORS' INTEREST IN ORDINARY SHARES AS AT 30TH SEPTEMBER 2005

Director	Ordinary Shares in name of Director	Ordinary shares in which Directors may have relevant interest
D. G. Rees	28,237	5,141,756
R.Rees	469,961	5,865,401

Substantial Shareholders
Triple Two Investments Pty. Ltd., Lyntina Pty.Ltd., Delvest Pty. Ltd., Merben Pty Ltd and The Three Pumpkins Pty.Ltd. of Suite 3, 15 Tintern Avenue Toorak are shown in the Substantial Shareholder Register as holding 2,310,891; 689,000; 652,000; 615,365 and 560,000 Ordinary shares respectively.

20 Largest Shareholders at 30th September 2005

The twenty largest Ordinary Shareholders of the Company held 6,896,849 Ordinary Shares representing 86% of the voting shares of the Company. The twenty largest preference Shareholders of the Company held 71,300 Preference Shares which attract votes on the basis of four for each $2 Preference Share held while there are dividends in arrears as is the present situation.

List of the twenty largest Shareholders for each class of Shares have been supplied to The Stock Exchange of Melbourne Limited.

Directors

There were no loans to Directors during the financial year nor do any loans to Directors exist. The Company has not entered into any service agreement with any Director or with a Company in which a Director has a direct or indirect interest, except for a service and option agreement with the Managing Director and supply of motor vehicles. There is no contingent liability or termination under this agreement.

Distribution of Shareholding as at 30th September 2005

Number of Shareholders		Number of Shares Held
Ord	Pref	
319	45	Up to 1,000
190	3	1,001 to 5,000
20	1	5,001 to 10,000
38	4	10,001 and over

The number of shareholders holding less than marketable parcels is :
319 Ordinary
45 Preference

SIETEL LIMITED

A.B.N. 75 004 217 734

Registered Office: 463-67 Warrigal Road, Moorabbin 3189

FORM OF PROXY

I/We...

of..

Being a member of Sietel Limited and entitled to..

HEREBY APPOINT...

....

of..

or failing him the Chairman of the Meeting as my/our proxy vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 11am on the 19th January 2006 and at the adjournment thereof.

Should you desire to direct your proxy how to vote please complete the following section of this form by inserting X in the appropriate boxes. If you do not direct your proxy on any item he will vote on it as he thinks fit or may abstain from voting.

I/WE INSTRUCT MY/OUR PROXY TO VOTE AS INDICATED BELOW IN RESPECT OF:-

	FOR	AGAINST
Adoption of Reports and Accounts		
Adoption of Remuneration Report		
Election of a Director - Mr. D. G. Rees		

As witness on this..day of..............................2005/2006

Signature...

A member entitled to attend and vote is entitled to appoint not more than two proxies. Where a member appoints more than one proxy, each proxy must be appointed a specified portion of the members voting rights. A proxy need not be a member of the Company. To be effective Proxies and any Power of Attorney under which a Proxy may be signed must be lodged at the company's registered office, 463-67 Warrigal Road, Moorabbin, not less than 48 hours before the time for holding the Meeting. A proxy executed by a Corporation must be under seal. Under the Articles of Association, Preference Shareholders are entitled to vote at this Meeting and have four votes for each share held.

SIETEL LIMITED
SHAREHOLDER RANKING
PREFERENCE SHARES
AS AT 30 SEPTEMBER, 2005

NUMBER		NAME	RANKING	NO. OF SHARES HELD	% OF SHARES HELD
10001		WINPAR HOLDINGS LIMITED	1	16,300	21.73
10055		OPAL MAX PTY LTD	2	15,100	20.13
4370		ELKINGTON, DR GORDON BRADLEY	3	11,500	15.33
4380		ELKINGTON ,MILLY	4	11,500	15.33
30036		LYNTINA PTY LTD	5	5,300	7.07
7650		LEAVER GRAHAM ALLAN	6	4,800	6.40
1119		ALITON PTY LTD	7	1,600	2.13
4800		FLINT GRACE LAMOND	8	1,200	1.60
7655		LEAVER, GRAHAM ALAN AND	9	500	0.67
8355		MANNERIM PTY LTD	10	500	0.67
8380		MARSHALL EST. OF THE LATE GUY	11	500	0.67
3480		CROFTON HENRY EDWARDS MELVILLE	12	400	0.53
8430		MARTINDALE MARJORIE HILDA	13	300	0.40
11515		ROSS DORIS ISABEL	14	300	0.40
30027		BRENTALL, GWENDOLINE	15	300	0.40
30108		KENEALLY, SUZANNE DENISE	16	300	0.40
30109		MORTLOCK, PATRICIA GAIL	17	300	0.40
2110		BODLE MARY CATHERINE	18	200	0.27
2538		BROWN, PATRICIA FLORENCE EMILY	19	200	0.27
4930		FOWLES HERBERT ALEXANDER	20	200	0.27

SIETEL LIMITED
SHAREHOLDER RANKING
ORDINARY SHARES
AS AT 30 SEPTEMBER, 2005

NUMBER		NAME	RANKING	NO. OF SHARES HELD	% OF SHARES HELD
13180		TRIPLE TWO INVESTMENTS PTY LTD	1	2,271,666	28.37
8018		LYNTINA PTY LTD	2	689,000	8.60
3790		DELVEST PTY LTD	3	590,000	7.37
30034		THE THREE PUMPKINS PTY LTD	4	560,000	6.99
30016		MERBEN PTY LTD	5	425,050	5.31
11170		REES RICHARD	6	353,800	4.42
12100		SIDERFIN HOLDINGS PTY LTD	7	337,250	4.21
9170		METASOKOL PTY LTD	8	333,000	4.16
4370		ELKINGTON, DR GORDON BRADLEY	9	313,200	3.91
30049		SIDERFIN HOLDINGS PTY LTD	10	219,645	2.74
9140		MERBEN PTY LTD	11	121,450	1.52
12104		SIDERFIN HOLDINGS PTY LTD	12	120,000	1.50
30015		REES RICHARD	13	111,661	1.39
9840		NIGHTINGALE JOHN KENNING	14	101,250	1.26
30021		MERBEN PTY LTD	15	68,865	0.86
30120		PELZ, RALF	16	68,162	0.85
11090		REDEN INVESTMENTS PTY LTD	17	62,000	0.77
30024		DELVEST PTY LTD	18	62,000	0.77
30030		TRIPLE TWO INVESTMENTS PTY LTD	19	39,225	0.49
7770		LILLIE JAMES MOAR	20	38,500	0.48