DULHUNTY POWER LIMITED

ABN 38 002 679 469

Annual Financial Report

for the year ended 30 June 2011

Corporate Information

ABN 38 002 679 469

Directors

Martin H. Thomas (Chairman)

Anthony J. Wingrove (Managing Director)

Alfred J. Chown (Non-Executive Director)

Richard K. Llewellyn (Non-Executive Director)

Philip W. Dulhunty (Non-Executive Director)

Michael D. Butcherine (Non-Executive Director))

Company Secretary

Gregory R. Knoke

Registered Office

Building 2, Ground Floor, 35-41 Waterloo Road

MACQUARIE PARK NSW 2113

Bankers

Australia and New Zealand Banking Group Limited

1 Market Street

SYDNEY NSW 2000

National Australia Bank Limited

NAB House, 255 George Street

SYDNEY NSW 2000

Share Register

Computershare Investor Services Pty Ltd

Level 3, 60 Carrington Street

Sydney NSW 2000

Telephone:- (02) 8234 5000

Facsimile:- (02) 8235 8150

Auditors

Gould Ralph Assurance

Chartered Accountants

Level 42, Suncorp Place

259 George Street

SYDNEY NSW 2000

Contents

Chairman's Report

Although the turnaround in Dulhunty Power Limited (DUL) upon which I reported last year has stabilised, the end of year result was disappointingly below that of 2010.

The dominant activity of the past year, which has impacted significantly upon your company's performance and costs, has been the unsolicited offer from MacLean Power LLC and associated entities (the MacLean Fogg Group) of the USA for much of the business of Dulhunty Power International Limited (DPIL). DPIL is the established transmission line fittings company owned 50.82% by DUL and, to date, providing the bulk of its income.

Under the potentially attractive terms of the confidential MacLean offer, first announced to the ASX in late 2010, DUL has contributed fully to an exhaustive due diligence process. Initially it had been expected that this process and consolidation of the offer would take around three months before explicit details could be put to DPIL's shareholders. In the event, given the broad ranging scope and complexity of DPIL's varied international businesses, the process took significantly longer and has given rise to some A$150,000 in expensed transaction costs to 30 June 2011. Nevertheless DUL was able to announce to the ASX on 24 August 2011 that it, DPIL and certain subsidiaries of DPIL had entered into legally binding arrangements with the MacLean Group for the sale, subject to certain conditions, of substantially all of the businesses and assets of DPIL.

Details of the offer with the unanimous recommendation of DUL directors were mailed to shareholders on Monday 29 August 2011 with the Notice of General Meeting to receive and consider shareholder responses was held on Tuesday 27 September 2011 and approved by shareholders.

The cash consideration of approximately A$17 million, subject to post-completion net asset adjustments, represents approximately 4.90 cents per DUL share, a premium to the recent market and a significant multiple of EBIT. Cash received will allow for the return of a portion of the proceeds to shareholders by way of dividend or capital return. The balance will be available to retire debt and, most importantly, to make new investments in the electricity supply industry, some of which are currently being assessed, as well as further consolidating the company's stake in Dulhunty Poles Limited.

I reported last year on the successful establishment of the Dulhunty Poles Pty Limited (Poleco) factory at Moolap near Geelong in south western Victoria, set up to produce Titan composite glass fibre reinforced concrete (GFRC) power distribution poles. Compared to traditional wood and reinforced concrete, Titan poles offer much lighter weight, easier transport and handling, superior fire resistance, a lower carbon footprint, longer life and pollution free final disposal.

DUL owns 39.85% of Poleco with options to uplift this later as is intended. During the year considerable progress was made in refining factory production, quality assurance and testing procedures. Marketing continues to be intense and utility interest, albeit conservative as expected with an entirely new product, is now lifting significantly. At the time of writing firm sales prospects to Australian and overseas utilities are sufficient to satisfy current factory capacity. Further Australian manufacturing plants are planned.

Our smallest but 100% owned subsidiary, Cogenic Pty Ltd, is exploring the potential for new products including battery storage and gas fired combined heat and power (CHP) tri-generation systems which can produce electricity, process heat and air conditioning at high efficiency.

Chairman's Report (Cont'd)

I conclude this report at a time of dramatic change for your company. I do however stress that the proposed sale of DPIL carries with it security of employment for all the loyal staff who must be admired for the manner in which they have continued their duties throughout a difficult period. As DUL moves to a changed structure within the electricity supply industry, your directors are actively working to develop new opportunities to secure future income streams and to reduce operating costs. While nothing can be certain in manufacturing in the so called 'two speed' high dollar Australian economy, every effort is being made to maximise product innovation, further reduce costs, and develop the business in which shareholders have shown considerable faith and patience. I thank my fellow directors for their continued support and significant efforts throughout a difficult year, and also all of the management and staff of the Dulhunty associated companies for their continued loyalty and dedication.

Martin H Thomas AM
Chairman

Sydney, 29 September 2011

Directors Report

Your Directors submit their report for the year ended 30 June 2011.

DIRECTORS

The names and details of the Company's Directors in office during the year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Martin H. Thomas AM FTSE HonFIEAust (Age 77) (Chairman) Appointed 13 October 2005.
Mr Thomas gained his degree in Mechanical Sciences from Cambridge University in 1957. He came to Australia in 1967 joining Merz Australia. Following a merger he became a Principal of Sinclair Knight Merz. Mr Thomas founded and served as chairman of Austenergy (1988-1994), chairman of the New South Wales Electricity Council (1988-1995), deputy chairman of Australian Inland Energy and Water (1996-2003) and chairman of the Sydney 2000 Olympic Energy Panel (1995-2000). With Austenergy Mr Thomas led missions through the Asia Pacific region to establish technological, institutional and potential export relationships. From 1995-1998 he was Managing Director of the Cooperative Research Centre for Renewable Energy (ACRE). He is a past Director of the Tyree Group, EnviroMission Limited and Alecto Energy Plc. He was President of the Institution of Engineers, Australia from 1991-1992 and elected a Fellow of the Australian Academy of Technological Sciences and Engineering in 1991. From 1992 to 1994 he was President of the Federation of Engineering Institutions of South East Asia and the Pacific. He was President of the Australian Institute of Energy from 2000 to 2002. He was awarded the James Kirby Memorial Award of the Institution of Electrical Engineers, Australasian Region in 1992 and in 2008 the Peter Nicol Russell Memorial Medal of Engineers Australia, its highest award. He was appointed a Member of the Order of Australia in 1993 for services to engineering and energy management and was awarded an Australian Centenary Medal in 2003. Mr Thomas is a member of the Audit Committee, Remuneration Committee, and the Nomination Committee.

Anthony J. Wingrove ARMIT, FAIMM (Age 67) (Managing Director) Appointed 16 April 2007.
Mr Wingrove joined Dulhunty Power in 2007 with the aim of identifying and completing suitable acquisitions intended to increase the footprint of the company in the infrastructure sector.

Mr Wingrove has long experience in metallurgical industries with an emphasis on electrical products and has advised companies operating in the transport, communication and electrical power sectors. He is a former director of Extruded Metals, Luke and Singer and Tycan Australia and was Group General Manager of the Pacific Dunlop Cables Group. In recent years he has advised many manufacturing companies, in particular, Pirelli Cables and Systems during the construction of the Basslink project. Mr Wingrove is a member of the Audit Committee and the Remuneration Committee.

Alfred J. Chown, B.Econ, (Age 50) (Director) Appointed 4 July 1997.
Born in 1960, in Sale, Victoria, Mr Chown is an Australian citizen currently residing in Hong Kong. In 1987 he co-founded E.L. Consult Ltd an executive search provider that prior to being sold to the Clarius group (ASX:CND) and renamed Lloyd Morgan in March 2007, had an extensive network of offices throughout Hong Kong, China, Singapore and Malaysia. Mr Chown continues to provide his services to Lloyd Morgan in a regional role. In the early 1990's Mr Chown also co-founded Dulhunty Engineering Ltd and in 1997 this company established Dulhunty Yangzhou Line Fittings Co Ltd, a manufacturer of line fittings for the electric power transmission and distribution industry. In 2003 Mr Chown was the driving force to merge these businesses together with Dulhunty Industries Pty Ltd of Australia to form the current day Dulhunty Power Ltd. Mr Chown is a former Chairman of the Australian Chamber of Commerce in Hong Kong and has extensive commercial experience in both Australia and Asia. Mr Chown is also a member of the Remuneration and Nomination Committees of the company.

Philip W. Dulhunty OAM (Age 87) (Non-Executive Director) Appointed 31 March 2003.
Founder of Dulhunty Power (Aust) Pty Ltd, importers, exporters and distributors of electrical power transmission equipment. Honorary Life Member and distinguished member of the international electrical transmission industry body, CIGRE and Honorary Life Senior member of IEEE. Holder of Centenary Medal for Contribution to Australian Industry. Mr Dulhunty was also the recipient of the Institute of Engineering and Technology (IET) James N Kirby Medal in 2007. Mr Dulhunty is a member of the Nomination Committee.

Directors Report (Cont'd)

Richard K. Llewellyn, (Age 60) (Non-Executive Director) Appointed 20 September 2005.

Company Director with 35 years experience in many senior marketing and management roles primarily in the financial services and IT&T sectors. CEO of an Australian IT company that grew 10 fold in five years. Vice president and member of the Executive Committee of a NYSE listed IT&T company. Over the past fifteen years involved in managing numerous corporate advisory and funding projects with a total value in excess of $A1 billion. National judge Telstra Small Business Awards. Founding fellow of the AICD and Fellow of AIM. Director and founder of Nextec Strategic Capital. Executive Director of Howitt & Co. Mr Llewellyn is a member of the Audit Committee.

Michael D. Butcherine (BEc (Hons)/LLB (Hons)) (Age 44) Appointed 14 December 2009

Michael Butcherine was born in Dubbo, New South Wales in 1967. He graduated from the University of Sydney with Honours in Economics in 1989 and Honours in Law in 1991. During his studies, he worked for the Commonwealth Bank and for a top-tier Sydney law firm. After graduation, he travelled overseas, including working for two legal firms in the City of London. On his return to Australia, Michael practiced with a commercial firm in Cairns, North Queensland. He returned to Dubbo in 1995 where he joined and subsequently became a principal of a local firm. His work was mainly in commercial property and business structuring and transactions. Since 2007, Michael has conducted a private practice, acting for a very limited number of clients, providing highly specific revenue, structuring, commercial and financial advice, both strategic and transaction-specific. Michael has completed the Graduate Diploma of Legal Practice, and the Graduate Diploma of In-house Legal Practice. He is a solicitor of the Supreme Court of New South Wales and the High Court, and a member of the Law Society of New South Wales, the Australian Corporate Lawyers Association and a Graduate Member of the Australian Institute of Company Directors.

COMPANY SECRETARY

Gregory R. Knoke, B. Com, CA (Age 58) (Company Secretary and Chief Financial Officer) Appointed 30 April 2003.

Director of Cogenic Pty Limited. Mr Knoke was a director of Dulhunty Power Limited from May 2000 until 30 April 2003, resigned upon acceptance of the position of CFO. Born in 1952, educated at University of NSW and graduated in 1973 with major in accountancy, he holds a Bachelor of Commerce degree with merit. Mr Knoke is a Chartered Accountant and Associate member of the Institute of Chartered Accountants in Australia since 1979, an affiliate member of Chartered Secretaries of Australia and member of the Australia China Business Council. Business consultant and advisor, with extensive work experience throughout Asia and Europe, Mr Knoke spent 13 years in Hong Kong as Asian Group Financial Controller and Director for BIL Asia Holdings Limited and subsidiaries of the Brierley Investments Limited Group.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activities during the year of entities within the consolidated entity were:

- The manufacture and sale of electricity transmission and distribution products and services, anchor systems and foundry products; and,
- The development of energy generation technology
- Management support of a new facility established to develop and commercialise technology licensed from CMT Worldwide of Atlanta, USA, for production of distribution power poles
- Respond to and negotiate in regard to unsolicited offer for the sale, subject to the satisfaction or waiver of a number of conditions precedent, of substantially all of the businesses and assets of DPIL to the MacLean Group for cash consideration, refer Note 30

There were no significant changes in the nature of the operating activities of the consolidated entity during the year.

Directors Report (Cont'd)

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES (Cont'd)

The consolidated entity's objectives and targets to achieve for the 2012 financial year and beyond are:

- Completion of the sale of the business of DPIL (refer Note 30)
- Continue to provide management services and other support to ensure successful development of the Titan power pole
- Increase the holding in Dulhunty Poles Pty Ltd (Poleco) to subsidiary level and continue to develop the business of that company
- Expand the company's presence in the electrical sector by acquiring a long established specialised manufacturing business offering standard and proprietary products for the mining and industrial power markets
- Grow market share for existing and acquired business interests and increase revenue and operating activities
- Further develop the intellectual property of the Cogenic subsidiary to increase business for independent power supplies
- Continue to develop consolidated sales
- Develop new agencies for emerging technologies and product groups
- Consider strategic alliances in development of the Dulhunty Power Group's energy generation technology
- Strategic review of parent company operations to ensure most effective and efficient employment of key executives and employees

REVIEW AND RESULTS OF OPERATIONS

DUL has reported an after tax consolidated loss of ($432,874) compared with a profit after tax of $12,584 for the previous year. DUL expenses have been contained at levels consistent with FY2010, and DUL continues to receive management fee income from it's associated entity, Dulhunty Poles Pty Ltd, albeit adjusted under IFRS accounting standards by the percentage holding in that entity. The signing of a substantial, multi - year contract by Dulhunty Poles Pty Ltd with a utility operating in the Pacific region is expected to take more than 40% of the company's output and produce positive results in 2012.

The operating subsidiary, Dulhunty Power International Limited (DPIL), yielded an EBIT of $1,249,907 on sales of $23,697,491 compared with 2010- $2,556,383 on sales of $23,183,972 for the corresponding period last year. The sales growth of 2.2% was less than expected due to a below budget performance by the USA and International divisions, driven by significant overseas orders being delayed until after 30 June 2011. Firm orders are now in hand for approximately $A1.3 million. Results were also impacted by sunk costs expensed (in excess of $150,000) that are directly associated with the transaction considered by shareholders at a General Meeting on 27 September 2011, and subsequently approved by shareholders, as well as increased overheads and demands on management related to the protracted due diligence process. Dulhunty Power International Limited declared a dividend of $509,677 during FY2011.

An improved overall performance occurred in Australia and New Zealand but high sales in both Malaysia and Thailand were affected by price competition although both companies recorded solid results. The performance of the Chinese operation, although profitable, reflected lower sales as a result of the previously announced quality issue in Russia. This is now subject to a court action against the Chinese subsidiary of DPIL with a hearing set down for 21 February, 2012. The outcome of this matter may not be known for some considerable time and claims lodged with relevant insurers are undergoing due process.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

As disclosed elsewhere in this report Dulhunty Power Limited (DUL), DPIL and certain subsidiaries of DPIL have entered into legally binding arrangements (Transaction Documents) with MacLean Power, LLC and its associated entities (collectively, MacLean Group) for the sale, subject to the satisfaction or waiver of a number of conditions precedent, of substantially all of the businesses and assets of DPIL to the MacLean Group (Transaction) for cash consideration of approximately A$17 million. Shareholders of Dulhunty Power Limited approved this transaction at a General Meeting held on 27 September 2011. Subject to completion of all required conditions precedent this transaction will reach completion.

DUL will receive approximately 50.82% of the net proceeds of this transaction.

DIVIDENDS

No dividends were paid or declared by Dulhunty Power Limited, the Parent entity, since the start of the financial year. No recommendation for payment of a dividend has been made.

Directors Report (Cont'd)

NON-AUDIT SERVICES

During the year Gould Ralph Assurance, the Company's auditor, performed certain other services in addition to their statutory duties.

The board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the audit committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001.

The reasons for this are that all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the audit committee to ensure they do not impact the integrity and objectivity of the auditor; and the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditor and their associates for audit and non-audit services provided during the year are set out in note 6 to the financial statements. In addition, amounts paid to other auditors for the statutory audit have been disclosed in that note.

A copy of the lead auditors' independence declaration as required under Section 307C of the Corporations Act is included in the Directors' report.

EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to balance date Dulhunty Power Limited (the Company) announced that on 24 August 2011 the Company, DPIL and certain subsidiaries of DPIL entered into legally binding arrangements (Transaction Documents) with MacLean Power, LLC and its associated entities (collectively, MacLean Group) for the sale, subject to the satisfaction or waiver of a number of conditions precedent, of substantially all of the businesses and assets of DPIL to the MacLean Group (Transaction) for cash consideration of approximately A$17 million (subject to a post-completion net asset adjustment). The conditions precedent to the Transaction included, among others, the Company obtaining the approval of its shareholders under ASX Listing Rule 11.2 of the Transaction, as the Company's shareholding in DPIL is a major asset of the Company. A General Meeting of the Company was called for 27 September 2011 and Notice of Meeting and Explanatory Memorandum sent to shareholders. The results of the General Meeting, as announced to ASX on 27 September are that shareholders have approved both resolutions as submitted for vote:

- That for the purpose of ASX Listing Rule 11.2 and for all other purposes, approval is given for the Company to agree to the disposal by its subsidiary, Dulhunty Power International Limited, of substantially all of its assets and main undertaking, on the terms and conditions of the Transaction Documents described in the Explanatory Statement

- That, subject to the passing of Resolution 1 and Completion of the Transaction, for the purpose of section 157(1) of the Corporations Act and for all other purposes, approval is given for the Company to change its name from Dulhunty Power Limited to Energy Technologies Limited

At the date of this Report the Transaction is subject to conditions precedent to enable completion.

In addition, subsequent to 30 June 2011, the previously announced quality issue in Russia has now become subject to a court action against Dulhunty Yangzhou Line Fittings Co Ltd with a hearing set down for 21st February, 2012. The outcome of this matter may not be known for some considerable time and claims lodged with relevant insurers are undergoing due process.

Directors Report (Cont'd)

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

As a result of the transaction disclosed elsewhere in this report Dulhunty Power Limited (DUL), DPIL and certain subsidiaries of DPIL are likely to sell, subject to the satisfaction or waiver of a number of conditions precedent, substantially all of the businesses and assets of DPIL for cash consideration of approximately A$17 million.

DUL will receive approximately 50.82% of the net proceeds of this transaction. Directors propose, subject to the final settlement, to allocate the net proceeds as follows:

- Return of a portion of the proceeds to shareholders by way of capital return. It is proposed that this be set at a minimum of 2.0 cents per share.
- Working capital and repayment of debt.
- New investments in the electricity supply industry.
- Expansion of the company's stake in Dulhunty Poles Pty Limited

ENVIRONMENTAL REGULATION AND PERFORMANCE

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Indemnification

The Company has entered into Deeds of Indemnity and Access with persons who are an Officer or Director of the Company or a related body corporate, indemnifying such persons against a liability incurred by them in their capacity as an Officer or Director, including costs and expenses of defending legal proceedings and providing them with access to company records where a claim is made or threatened against such Officer or Director.

Insurance Premiums

The Company has not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the Company or a related body corporate paid or agreed to pay a premium in respect of a contract insuring against a liability for costs or expenses of defending legal proceedings.

The Company has paid insurance premiums in respect of Directors' and Officers' liability and legal expense insurance for Directors and Officers of the Company. In accordance with subsection 300(9) of the Corporations Act 2001, further details have not been disclosed due to confidentiality provisions contained in the insurance contract.

PROCEEDINGS ON BEHALF OF THE 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.

EMPLOYEES

The consolidated entity employed 172 employees as at 30 June 2011 (2010: 167 employees).

REMUNERATION REPORT

The remuneration report is set out on page 15 and forms part of the directors' report for the financial year ended 30 June 2011.

Directors Report (Cont'd)

DIRECTORS' MEETINGS

The numbers of meetings of Directors (including meetings of Committees of Directors) held during the year and the number of meetings attended by each director were as follows:

	Board of Directors'	Remuneration Committee	Audit Committee	Nomination Committee
Number of meetings held:	13	1	3	-
Number of meetings attended:				
Martin H. Thomas	13	1	3	-
Alfred J. Chown	13	1	-	-
Philip W. Dulhunty	13	-	-	-
Anthony J. Wingrove	13	1	3	-
Richard K. Llewellyn	11	-	2	-
Michael D. Butcherine	13	-	-	-

Committee Membership

As at the date of this report, the members of the Audit Committee are Martin Thomas (Chairman), Richard Llewellyn and Anthony Wingrove; members of the Remuneration Committee are Alfred Chown, Anthony Wingrove and Martin Thomas, and members of the Nomination Committee are Alfred Chown, Philip Dulhunty and Martin Thomas.

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

The relevant interest of each director in the shares, and options over such instruments, issued by the companies within the consolidated entity and other related bodies corporate, as notified by the directors to the Australian Securities Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Dulhunty Power Ltd		Dulhunty Power International Ltd
	Ordinary Shares	**Options**	**Ordinary Shares**
Alfred J. Chown	23,660,691	500,000	59,724
Philip W Dulhunty	2,660,286	500,000	-
Anthony J. Wingrove	3,397,890	500,000	-
Martin H. Thomas	2,859,557	750,000	-
Richard K. Llewellyn	2,529,222	500,000	-
Michael D. Butcherine	1,053,157	-	-

Directors Report (Cont'd)

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Company support and have adhered to the principles of corporate governance. The Company's corporate governance principles are contained in the Corporate Governance Statement.

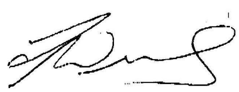
CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER DECLARATIONS

The chief executive officer and the chief financial officer declared in writing to the board that the financial records of the Company for the financial year have been properly maintained, the Company's financial statements for the year ended 30 June 2011 comply with accounting standards and present a true and fair view of the Company's financial condition and operational results. This statement is required annually.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under Section 307C of the Corporations Act 2001 is set out on page 22 and forms part of the Director's Report for the year ended 30 June 2011.

Signed in accordance with a resolution of the Directors.



Anthony J. Wingrove
Managing Director

Sydney, 29 September 2011

Remuneration Report (audited)

The Remuneration Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the directors, the chief executive officer and the executive team. Remuneration levels are set to attract and retain appropriately qualified and experienced Directors and senior executives. The Remuneration Committee obtains independent advice on the appropriateness of remuneration packages, given trends in comparative companies both locally and internationally. The Remuneration Committee also assesses the appropriateness of the nature and amount of emolument of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and fringe benefits such as motor vehicles. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the company.

Executive remuneration packages include a mix of fixed remuneration and performance based remuneration.

Fixed Remuneration

Fixed remuneration consists of base remuneration as well as employer contributions to superannuation funds. Remuneration levels are reviewed annually by the Remuneration Committee through a process that considers individual, segment and overall performance of the consolidated and operating entity. A senior executive's remuneration is also reviewed on promotion.

Performance – linked Remuneration

The Remuneration Committee links the nature and amount of directors' and executives' emoluments to the company's financial and operational performance. All senior executives have the opportunity to qualify for participation in the Employee Bonus Plan, which currently provides incentives where specified criteria are met including criteria relating to profitability.

Performance linked remuneration includes both short term and long term incentives and is designed to reward executive directors and senior executives for meeting or exceeding financial and personal objectives. The short term incentive is an at-risk bonus provided in the form of cash, and is based on the relevant operating subsidiaries' results and on achieving a preset target. The long term incentive is provided as ordinary shares of Dulhunty Power Limited or options over ordinary shares of Dulhunty Power Limited under the rules of the Dulhunty Power Ltd Share Option Plan.

The remuneration structures result in and took into account:

- The overall level of remuneration for each director and executive
- The executive's ability to control performance
- The amount of incentives within each executive's remuneration.

Remuneration Report (audited)

Short term incentive

Each half year the remuneration committee sets the key performance indicators, which generally include measures relating to the operating group, the relevant segment and the individual, and are based on financial, customer and strategy measures. The measures directly align the reward to the key performance indicators and the operating group performance. The financial performance objectives are operating group turnover and EBIT to working capital ratio analyses compared to budgeted amounts on a regional and consolidated basis. The non financial objectives vary with position and responsibility and include measures such as achieving strategic outcomes, safety and business development.

The remuneration committee approves the cash incentive to be paid to the individuals.

Long term incentive

Options are available to be issued under the Dulhunty Power Share Option Plan (made in accordance with thresholds set in plans approved by shareholders at the 2008 AGM), and it provides for directors, executives and employees to receive options in total limited to 15% of the issued ordinary capital and exercisable strictly under the terms of the Plan.

The Board considers that the above remuneration structure is generating the desired result. The evidence for this is firstly the sustained growth in turnover, and secondly, the performance linked element appears to be appropriate because the executives strive to achieve a level of performance which qualifies them for bonuses.

The remuneration for all non-executive directors, last voted upon by shareholders at the 2007 AGM, is not to exceed $500,000 per annum. Director’s base fees are presently up to $20,000. Directors receive additional cash benefit of $2,500 for participation and attendance at each board approved committee, up to a maximum $5,000.

Details of the nature and amount of each element of the emolument of each director of the company and each of the executive officers of the company and the consolidated entity receiving the highest emolument for the financial year are disclosed in the table below.

Remuneration Report (audited)

Remuneration of key management personnel (audited)

The following table provides the details of all directors of the Company ("specified directors") and the executives of the consolidated entity with the greatest authority ("specified executives"), and the nature and amount of the elements of their remuneration for the year ended 30 June 2011.

	Short-term benefits			**Post Employment Benefits**	**Share-based payment**	**Total**
	Cash, salary, fees & commissions	Cash bonus	Other	Superannuation	Equity	
2011	$	$	$	$	$	$
Specified Directors						
Martin H Thomas	9,100	-	-	-	37,000	46,100
Alfred J. Chown	161,000	-	-	-	25,000	186,000
Anthony J. Wingrove	120,000	-	-	-	25,000	145,000
Richard K. Llewellyn	-	-	-	-	22,500	22,500
Philip W. Dulhunty	30,000	-	-	-	25,000	55,000
Michael D Butcherine	-	-	-	-	20,000	20,000
Specified executives						
Tee Hock Lee	183,612	42,843	3,991	33,968	-	264,414
Brian C. Mathiesen	175,438	12,392	-	-	-	187,830
John C. Roughan	222,557	27,000	9,262	22,242	-	281,061
Gregory R. Knoke	188,136	-	8,909	16,550	25,000	238,595
Peter W. Dulhunty	123,754	11,941	16,199	12,069	-	163,963
Malcolm J. Munro	227,769	19,619	15,964	21,998	-	285,350
	1,441,366	113,795	54,325	106,827	179,500	1,895,813

The bonus portion of specified executives' remuneration that is performance based varies between 7% and 24% of the fixed salary portion of remuneration.

Revised bonus structures for executives and key staff have been put in place and will result in performance based payments to a maximum of 30% of fixed salary.

Remuneration Report (audited)

Remuneration of key management personnel (audited)

The following table provides the details of all directors of the Company ("specified directors") and the executives of the consolidated entity with the greatest authority ("specified executives"), and the nature and amount of the elements of their remuneration for the year ended 30 June 2010.

	Short-term benefits			Post Employment Benefits	Share-based payment	Total
	Cash, salary, fees & commissions	Cash bonus	Other	Superannuation	Equity	
2010	$	$	$	$	$	$
Specified Directors						
Martin H Thomas	12,500	-	-	-	12,500	25,000
Alfred J. Chown	83,500	-	-	1,688	12,500	97,688
Anthony J. Wingrove	144,500	-	-	1,688	12,500	158,688
Richard K. Llewellyn	11,250	-	-	1,266	11,250	23,766
Philip W. Dulhunty	42,885	-	-	-	12,500	55,385
Michael D Butcherine (Appointed 14 December 2009)	-	-	-	-	10,932	10,932
Specified executives						
Tee Hock Lee	183,209	30,535	11,717	27,481	-	252,942
Brian C. Mathiesen	176,155	9,708	-	-	-	185,863
John C. Roughan	162,154	-	7,088	14,400	-	183,642
Gregory R. Knoke	158,657	-	-	14,097	-	172,754
Peter W. Dulhunty	119,480	-	22,481	10,612	-	152,573
Malcolm J. Munro (Appointed 25 November 2009)	129,462	-	-	11,652	-	141,114
	1,223,752	40,243	41,286	82,884	72,182	1,460,347

Corporate Governance Statement

ASX Listing Rule 4.10.3 requires listed companies to disclose in their Annual Report the extent to which they have complied with the ASX Best Practice Recommendations of the ASX Corporate Governance Council in the reporting period. A description of the Company's main corporate governance practices is set out below. Dulhunty Power Limited's corporate governance practices were in place throughout the entire year ended 30 June 2011 and were fully compliant with the 2nd Edition ASX Corporate Governance Council best practice recommendations, unless otherwise stated below.

Principle 1: Lay solid foundations for management and oversight

Board of Directors

The board of directors guides and monitors the business and affairs of Dulhunty Power Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. The board of directors of Dulhunty Power Limited is responsible for the overall corporate governance of the consolidated entity. To assist the Board in discharging it's responsibilities it has adopted the following principles of corporate governance that are considered appropriate for the present size of the Consolidated Entity and that unless otherwise explained, follow the recommendations of the Australian Securities Exchange (ASX) Corporate Governance Council. The Board is responsible for:

- formulating the vision, strategic direction and monitoring performance objectives of the Company
- overseeing and fostering an appropriate culture for the company that is aligned to its values
- developing and monitoring adoption of the most appropriate principles of corporate governance
- reviewing and ratifying systems of risk management and internal control, codes of conduct and legal compliance
- approving and monitoring the progress of major capital expenditure projects, funding programmes, acquisitions and divestments
- reviewing and approving annual business plans and budgets
- ensuring appropriate resources are available to senior executives
- reviewing and ratifying systems for health, safety and environmental management and controls
- appointing and evaluating the performance of senior executives
- appointing, removing and creating succession policies for directors and senior executives
- approving and monitoring financial and other reporting. The board has delegated responsibility for operation and day to day administration of the company to the Chief Executive Officer, Chief Financial Officer and executive management.
- ensuring corporate accountability to the shareholders primarily through an effective communications strategy and through the Chairman adopting the key interface role between the Company and the shareholders.

A schedule of directors meetings is detailed in the directors' report.

Corporate Governance Statement (Cont'd)

Principle 1: Lay solid foundations for management and oversight (Cont'd)

The CEO is responsible for the achievement of the Company's goals, in accordance with the strategies and policies approved by the Board and with support from executive management. The specific duties of the CEO include;

- assist the Board to develop the Company's Business Plan and goals
- responsibility for the achievement of these goals
- development in conjunction with senior management of short, medium and long term strategies to enable the Company to achieve its objectives
- preparation and update of business plans and relevant reports with senior management and implementation of those plans
- assessment of business opportunities including acquisitions
- proposing and controlling with board approval items of material capital expenditure
- maintaining positive relationships with board members, shareholders, trading partners and the investment community, including accepting the role of key spokesperson
- recommending and seeking appropriate approval for delegations of authority, key performance incentives and organizational changes, including key staff appointments, in conjunction with established board committees
- ensure legal and regulatory compliance, in conjunction with senior management
- overall control of the staff appraisal process

The Board undertakes a review of the CEO and senior executive performance at least annually, together with the Remuneration Committee, including setting targets. Due to the size of the Company the board has not considered it necessary to implement a formal documented performance review program for CEO and senior executives, and informal review processes are completed at board level by the Chairman and in conjunction with the Remuneration Committee.

Principle 2: Structure the board to add value

Board Composition

The composition of the Board is determined in compliance with the Parent Entity's constitution. The names of the directors of the company in office at the date of this report, their term of office and their skills, experience and relevant expertise are detailed in the director's report.

The names of independent directors of the company are:

Martin Thomas (Chairman) Richard Llewellyn Philip Dulhunty Michael Butcherine

An independent director is a director who is not a member of management and who:

- Is not a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company
- Has not within the last three years been employed in an executive capacity by the company or another group member, or been a director after ceasing to hold any such employment
- Within the last three years has not been a principal or employee of a material professional advisor or a material consultant to the company or another group member
- Is not a material supplier or customer of the company or another group member, or an officer of or otherwise associated with a material supplier or customer
- Has no material contractual relationship with the company or another group member other than as a director of the company
- Is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company

Dulhunty Power Limited has a majority of independent directors on the board.

Corporate Governance Statement (Cont'd)

Principle 2: Structure the board to add value (Cont'd)

Board Processes

To assist in the execution of its responsibilities, the board has established a number of committees, including a nomination committee, a remuneration committee and an audit committee. The board has also established a framework for the management of the consolidated entity including regular management committee meetings, internal control systems and the establishment of appropriate ethical standards.

Nomination Committee

The names and qualifications of those appointed to the nomination committee for the year ended 30 June 2011 and their attendance at meetings of the committee are included in the director's report. This committee is involved in the overseeing of the appointment and induction process for new directors, committee members and senior management.

Principle 3: Promote ethical and responsible decision making

Code of Conduct

The Company has developed a Code of Conduct and an Employee Handbook which has been approved by the Board and applies to all employees, officers and Directors. This Code is reviewed and may be amended as necessary to ensure it continues to reflect the best practices necessary to take into account legal obligations, maintain the Company's integrity and comply with the reasonable expectations of the Company's shareholders.

Trading Policy

Trading in Company securities is regulated by the Corporations Act and the ASX Listing Rules. The company's policy regarding directors and employees trading in its securities is set by the board. The board restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's price.

Principle 4: Safeguard integrity in financial reporting

Audit Committee

The names and qualifications of those appointed to the audit committee for the year ended 30 June 2011 and their attendance at meetings of the committee are included in the director's report. The audit committee consists of a majority of independent directors and has at least three members. The Chief Financial Officer is invited to audit committee meetings at the discretion of the committee. The external auditor met with members of the committee at least twice during the year.

The responsibilities of the audit committee include:

- Assessing whether non – audit services provided by the external auditor are consistent with maintaining the external auditor's independence. Each reporting period the external auditor provides an independence declaration in relation to the audit or review.
- Providing advice to the Board in respect of whether the provision of the non – audit services by the external auditor is compatible with the general standard of independence of auditors imposed by the Corporations Act 2001.

Financial Reporting

To assist the Board in approving the Company's financial statements, the Chief Executive Officer and the Chief Financial Officer are required to present a statement with regard to the integrity of the financial statements to confirm to the Board that the Company's financial statements present a true and fair view in all material respects of the Company's financial condition and that operational results are in accordance with applicable accounting standards and the Corporations Act.

Corporate Governance Statement (Cont'd)

Principles 5 and 6: Make timely and balanced disclosure and respect the rights of shareholders

Disclosure

The Company has established an ASX Listing Rules disclosure strategy to ensure compliance with ASX Listing Rules and Corporations Act obligations to keep the market fully informed of any information which may have material effect on the price or value of its securities. All ASX announcements are linked to the Company's website as soon as possible after confirmation from ASX, including financial statements.

The Company takes advantage of electronic communication for investor relations. The Company's website contains extensive information about the Board and management globally. It includes relevant press releases and media announcements in relation to the Company's operations, relevant announcements made to the market via the ASX, Company presentations and copies of financial statements. The Company has recently upgraded its website and further development to ensure continuous and full disclosure is currently under way.

The Board encourages full participation of attending shareholders at the Annual General Meeting to maintain a high level of accountability and allow shareholders to identify the Company's strategies and goals. The Company completes the Notice of Meeting and Explanatory Notes so that they provide clearly and concisely all of the information relevant to shareholders to enable them to make decisions on matters to be voted on at the meeting. The General Meetings are viewed as a tool to communicate with shareholders and the Company encourages and allows time for participation in the meetings. The external auditors are requested to attend each Annual General Meeting and be available for shareholder questions regarding the audit and the content of the audit report.

Principle 7: Recognise and manage risk

Risk Management

The group takes a proactive approach to risk management. The board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the group's objectives and activities are aligned with the risks and opportunities identified by the board.

The group believes that it is crucial for all board members to be a part of this process, and as such the board has not established a separate risk management committee. Instead sub-committees are convened as appropriate in response to issues and risks identified by the board as a whole, and the sub-committee further examines the issue and reports back to the board.

The board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include the following:

- Regular shareholder open days in addition to the AGM, attended by the Board and specified executives, which ensure that the board is cognizant of the diverse needs of various stakeholders and assist in identifying the risks the business may face if those needs are not met. The board holds ongoing discussion of issues raised in these meetings, to specifically review and update the corporate strategy as necessary.
- Board approval of a strategic business plan, which encompasses the entity's vision, mission and strategy statements, designed to meet stakeholder's needs and manage business risk.
- Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets, including the establishment and monitoring of key performance indicators (KPI's) of both a financial and non-financial nature.
- The establishment of committees to report on specific business risks, including for example, such matters as occupational health and safety.
- Regular management meetings involving executive directors, specified executives, and staff during which reports are given on production, sales, financial, compliance and strategic issues and decisions taken on operating matters, or referred to the board.
- Regular reports and cash forecasts from the CFO and COO which assist in discharging the board's responsibility to manage the organization's financial risks. The board is advised on such matters as the entity's liquidity, available credit and currency exposures and monitors actions to ensure they are in line with company policy.

Corporate Governance Statement (Cont'd)

Principle 8: Remunerate fairly and responsibly

Remuneration Committee

The remuneration committee reviews and makes recommendations to the board on remuneration packages and policies applicable to the Chief Executive Officer, senior executives and staff and directors themselves. It is also responsible for share option schemes, incentive performance packages, compliance with superannuation requirements, termination entitlements, fringe benefits policies and professional indemnity and liability insurance policies as applicable.

The names of the members of the remuneration committee and their attendance at meetings of the committee are detailed in the director's report. The remuneration committee in place for the year ended 30 June 2011 consisted of three directors but did not have an independent majority, due to the size of the company and its board. The Chief Financial Officer is invited to Remuneration Committee meetings, as required, to discuss senior executives and staff performance and remuneration packages.

There are no schemes for retirement benefits other than statutory superannuation for non-executive directors.

Remuneration Policies

Remuneration levels are set to attract and retain appropriately qualified and experienced directors, senior executives and staff to run the consolidated entity. The board considers that the remuneration structure will be able to attract and retain the best executives with the necessary incentives to work to grow long-term shareholder value.

The remuneration committee obtains independent advice as necessary on the appropriateness of remuneration packages, given trends in comparative companies both locally and internationally. Remuneration includes a mix of fixed remuneration and performance based remuneration. All executives receive a base salary, superannuation, fringe benefits and performance incentives. The remuneration committee reviews executive packages semi annually by reference to company performance, executive performance, comparative industry information and relevant independent advice. The performance of executives is measured against criteria agreed half yearly which is based on the forecast growth of the company's turnover and profits and shareholders value.

A revised Directors Equity Plan was established in 2008 and approved by shareholders at the 2008 Annual General Meeting.

Executives and employees are also entitled to participate in the Dulhunty Power Share Option Plan also approved by shareholders at the 2008 Annual General Meeting.

The amount of remuneration for all directors and the five highest paid executives, including all monetary and non-monetary components, are detailed in the note 5 to the financial statements.

The board considers that the above performance linked remuneration structure is generating the desired outcome. The evidence for this is a consistent high level of achievement of executives, which qualifies them for bonus.

Auditor's Independence Declaration

GouldRalph
ASSURANCE

Chartered Accountants
ABN 74 632 161 298
Level 42, Suncorp Place
259 George Street
Sydney NSW 2000
Australia
T: +61 2 9032 3000
F: +61 2 9032 3088
E: mail@gouldralph.com.au
W: www.gouldralph.com.au

29 September 2011

The Board of Directors
Dulhunty Power Limited
Building 2, Ground Floor
35-41 Waterloo Road
MACQUARIE PARK NSW 2113

Dear Members of the Board

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead auditor for the audit of Dulhunty Power Ltd for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been:

(a) No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to this audit;

(b) No contraventions of the Code of Professional Conduct in relation to this audit.

This declaration is in respect of Dulhunty Power Limited and any entities it controlled during the year.

GOULD RALPH ASSURANCE
Chartered Accountants

MALCOLM J BEARD, M.Com., F.C.A.
Partner

Consolidated Income Statement

for the year ended 30 June 2011

	Note	Consolidated 2011 $	2010 $
Continuing Operations			
Sales Revenue	2a	**23,510,338**	23,077,831
Cost of Sales	3	**(15,313,840)**	(13,977,432)
Gross Profit		**8,196,498**	9,100,399
Rendering of services	2a	**233,712**	106,914
Other revenue	2b	**778,882**	669,121
Marketing expenses		**(108,573)**	(138,321)
Occupancy expenses		**(635,196)**	(625,058)
Administrative expenses		**(7,039,428)**	(6,492,197)
Finance costs	3	**(237,140)**	(214,713)
Other expenses		**(581,427)**	(488,616)
Share of Net (Loss) of associate		**-**	(133,660)
Profit/(Loss) before income tax		**607,328**	1,783,869
Income tax expense	4	**(643,844)**	(771,371)
Profit/(Loss) for the year		**(36,516)**	1,012,498
Profit attributable to non-controlling interest		**(396,358)**	(999,914)
Profit/(Loss) attributable to members of the parent entity		**(432,874)**	12,584
Earnings per share			
Basic earnings per share (cents per share)	8	**(0.28)**	0.01
Diluted earnings per share (cents per share)	8	**(0.28)**	0.01

The accompanying notes form part of these financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2011

	Consolidated	
	2011 **$**	2010 $
PROFIT/(LOSS) FOR THE YEAR	**(36,516)**	1,012,498
OTHER COMPREHENSIVE INCOME FOR THE YEAR AFTER TAX:		
Exchange differences on translating foreign entities	**(1,029,207)**	(158,633)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(1,065,723)**	853,865
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Members of the parent entity	**(760,341)**	(21,020)
Non-controlling interest	**(305,382)**	874,885
	(1,065,723)	853,865

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

as at 30 June 2011

	Note	Consolidated 2011 $	2010 $
CURRENT ASSETS			
Cash and cash equivalents	9	**1,575,705**	1,759,667
Trade and other receivables	10	**5,304,151**	4,677,512
Inventories	11	**4,331,297**	4,304,478
Financial assets	12	**24,601**	23,707
Other current assets	17	**337,677**	301,870
TOTAL CURRENT ASSETS		**11,573,431**	11,067,234
NON-CURRENT ASSETS			
Property, plant and equipment	15	**1,107,620**	1,271,935
Investments Accounted for Using the Equity Method	14	**-**	75,428
Deferred tax assets	20b	**118,102**	90,884
Intangible assets	16	**2,549,187**	2,552,784
TOTAL NON-CURRENT ASSETS		**3,774,909**	3,991,031
TOTAL ASSETS		**15,348,340**	15,058,265
CURRENT LIABILITIES			
Trade and other payables	18	**4,730,217**	4,597,788
Financial liabilities	19	**2,557,368**	1,307,784
Current tax liabilities	20	**106,351**	226,854
Short-term provisions	21	**497,827**	239,998
TOTAL CURRENT LIABILITIES		**7,891,763**	6,372,424
NON-CURRENT LIABILITIES			
Other long-term provisions	21	**72,976**	72,155
TOTAL NON-CURRENT LIABILITIES		**72,976**	72,155
TOTAL LIABILITIES		**7,964,739**	6,444,579
NET ASSETS		**7,383,601**	8,613,686
EQUITY			
Issued capital	22	**10,074,580**	9,841,648
Reserves		**(241,543)**	85,924
Accumulated losses		**(6,671,948)**	(6,239,074)
Parent interest		**3,161,089**	3,688,498
Non-controlling interest		**4,222,512**	4,925,188
TOTAL EQUITY		**7,383,601**	8,613,686

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2011

	Issued Capital $	Reserves $	Accumulated losses $	Non-Controlling Interest $	Total $
Consolidated					
Balance at 1 July 2009	9,356,211	119,528	(6,251,658)	4,080,750	**7,304,831**
Profit for the year	-	-	12,584	-	**12,584**
Equity contribution	372,000	-	-	-	**-**
Shares issued in lieu of directors fees	113,437	-	-	-	**485,437**
Profit attributable to minority shareholders	-	-	-	999,914	**999,914**
Dividends paid	-	-	-	(30,447)	**(30,447)**
Other comprehensive income for the year	-	(33,604)	-	(125,029)	**(158,633)**
Balance at 30 June 2010	**9,841,648**	**85,924**	**(6,239,074)**	**4,925,188**	**8,613,686**
Loss for the year	-	-	(432,874)	-	**(432,874)**
Equity contribution	-	-	-	-	**-**
Shares issued in lieu of directors fees	232,932	-	-	-	**232,932**
Profit attributable to minority shareholders	-	-	-	396,358	**396,358**
Dividends paid	-	-	-	(397,294)	**(397,294)**
Other comprehensive income for the year	-	(327,467)	-	(701,740)	**(1,029,207)**
Balance at 30 June 2011	**10,074,580**	**(241,543)**	**(6,671,948)**	**4,222,512**	**7,383,601**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 30 June 2011

	Note	Consolidated 2011 $	2010 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**24,622,220**	23,115,588
Interest received		**10,561**	12,419
Payments to suppliers and employees		**(24,055,448)**	(21,343,905)
Finance costs		**(237,140)**	(214,713)
Income tax paid		**(789,992)**	(722,728)
Net cash provided by operating activities	**28a**	**(449,799)**	846,661
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		**1,853**	10,152
Purchase of property, plant and equipment		**(394,077)**	(368,934)
Payments for investment in associate		**-**	(328,638)
Advances (to) from related parties		**(119,033)**	41,634
Net cash (used in) investing activities		**(511,257)**	(645,786)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**-**	372,000
Proceeds from borrowings		**1,000,000**	125,436
Repayment of borrowings		**-**	(52,607)
Dividends paid		**(224,057)**	(133,718)
Net cash provided by financing activities		**775,943**	311,111
Net increase/(decrease) in cash held		**(185,113)**	511,986
Cash at beginning of financial year		**1,155,083**	681,506
Effect of exchange rates on cash holdings in foreign currencies		**(269,586)**	(38,409)
Cash at end of financial year	**9**	**700,384**	1,155,083

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

for the year ended 30 June 2011

Note 1 Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial statements are a general-purpose financial report, which has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and the Corporations Act 2001. The financial statements have also been prepared on a historical cost basis.

The financial statements are presented in Australian dollars unless otherwise stated.

The financial statements were authorised for issue on 29 September 2011 by the directors of Dulhunty Power Ltd.

(b) Statement of compliance

Compliance with Australian Accounting Standards ensures the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS') as issued by the IASB.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Dulhunty Power Limited (the parent entity) and its subsidiaries as at 30 June each year.

Dulhunty Power Ltd is a listed public company, incorporated and domiciled in Australia.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Controlled entity acquisitions are accounted for using the acquisition method of accounting. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Dulhunty Power Limited has control.

Changes in ownership interest - New issue of capital by controlled entity

When a controlled entity makes a new issue of capital and the consolidated entity’s percentage ownership changes, the share of retained profits and reserves is attributed to the Company and outside equity interest reflecting the new ownership interest. The adjustment is not reflected in net profit but as a direct adjustment to the specific equity accounts.

(d) Foreign currencies

Both the functional and presentation currency of Dulhunty Power Limited and its Australian subsidiaries is Australian dollars (A$).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the year-end date.

All differences in the consolidated financial statements are taken to the income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the income statement.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Notes to the Financial Statements

for the year ended 30 June 2011

Note 1 Summary of Significant Accounting Policies (Cont'd)

(d) Foreign currencies (Cont'd)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of the overseas subsidiaries are:
Dulhunty Power (NZ) Limited – New Zealand Dollars
Dulhunty Power (Thailand) Limited – Thai Baht
Dulhunty Power Line Fittings Co. Limited – Chinese RenMinBi
Dulhunty Power (Malaysia) Sdn Bhd – Malaysian Ringgit
Dulhunty Power Inc – US Dollars

As at the reporting date the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of Dulhunty Power Limited at the rate of exchange ruling at the year-end and the income statements are translated at the average exchange rates for the year.

(e) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Land and buildings are measured at fair value less accumulated depreciation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Buildings & Leasehold Improvements	4.5%
Plant and equipment	7.5% to 40%
Leased plant & Equipment	15% to 33.3%

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in the income statement.

Notes to the Financial Statements

for the year ended 30 June 2011

Note 1 Summary of Significant Accounting Policies (Cont'd)

(f) Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates.

Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

(g) Intangible assets

Intangible assets acquired separately are capitalised at cost as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of Patents, Computer Software and Licenses are assessed and amortised over their useful lives and amortisation charged is taken to the income statement.

Intangible assets are tested for impairment where an indicator of impairment exists either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

(h) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(i) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short term profit taking. Such assets are subsequently measured at fair with changes in carrying value being included in profit or loss.

Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity.

For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process.

For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Notes to the Financial Statements

for the year ended 30 June 2011

Note 1 Summary of Significant Accounting Policies (Cont'd)

(j) Inventories

Manufacturing

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- Raw materials — purchase on a first in, first out basis;
- Finished goods and work-in-progress — cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(k) Recoverable amounts of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(l) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

A provision for doubtful debts is made against specific trade receivables where collection of the debt, either in full or in part, remains uncertain. Bad debts are written off when identified.

(m) Cash and cash equivalents

Cash on hand and in banks and short-term deposits are stated at nominal value.

For the purposes of the Statement of Cash Flows, cash includes cash on hand, in banks and money market investments readily convertible to cash within 2 working days, net of outstanding bank overdrafts.

Bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues.

Notes to the Financial Statements

for the year ended 30 June 2011

Note 1 Summary of Significant Accounting Policies (Cont'd)

(n) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised and as well as through the amortisation process.

(o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying consolidated benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(p) Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(q) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods
Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

Rendering of services
Revenue is recognised only to the extent of the expenses recognised that are recoverable.

Notes to the Financial Statements

for the year ended 30 June 2011

Note 1 Summary of Significant Accounting Policies (Cont'd)

(q) Revenue (Cont'd)

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Dividends

Revenue is recognised when the shareholders' right to receive the payment is established.

(r) Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

(s) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

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

Notes to the Financial Statements

for the year ended 30 June 2011

Note 1 Summary of Significant Accounting Policies (Cont'd)

(t) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(u) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(v) Payables

Liabilities for trade creditors and other amounts are carried at amortised 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 consolidated entity.

(w) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements 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

i) Impairment

The company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

No impairment has been recognised in respect of goodwill at the end of the reporting period. Refer to Note 16 for further details.

ii) Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits over the next two years together with future tax planning strategies.

iii) Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturer's warranties (for plant and equipment), lease terms (for leased equipment), and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Notes to the Financial Statements

for the year ended 30 June 2011

Note 2 Revenue

	Consolidated	
	2011	2010
	$	$
a) Revenue		
Sale of goods	**23,510,338**	23,077,831
Services revenue	**233,712**	106,914
	23,744,050	23,184,745
b) Other Revenue		
Foreign exchange gains on unhedged transactions	**526,403**	430,655
Management Fees	**186,044**	180,450
Profit on Sale of Assets	**28,073**	823
Net gain on financial asset at fair value through profit and loss	**895**	10,288
Interest revenue	**11,859**	12,418
Other	**25,608**	34,487
Total Other Revenue	**778,882**	669,121

Note 3 Profit/(Loss) for the Year

Expenses		
Cost of sales	**15,313,840**	13,977,432
Finance costs:		
- Other persons	**237,140**	214,713
Rental expense on operating leases*:*		
- minimum lease payments	**618,366**	607,974
Research and development costs	**6,498**	7,431

Notes to the Financial Statements

for the year ended 30 June 2011

Note 4 Income Tax Expense

	Note	Consolidated 2011 $	2010 $
(a) The components of tax expense comprise:			
Current tax		**671,732**	759,746
Deferred tax	**20c**	**(27,218)**	3,807
Under (over) provision in respect of prior years		**(670)**	7,818
		643,844	771,371
(b) The prima facie tax on profit/(loss) from ordinary activities is as follows:			
Prima facie tax on profit (loss) from ordinary activities before income tax at 30% (2010: 30%)		**182,198**	535,161
Add: Tax effect of:			
- other non-allowable items		**109,087**	43,771
- unrealised foreign exchange loss		**18,473**	151,312
- tax losses not brought to account *		**601,050**	305,894
- Sundry items		**1,434**	363
- deferred income tax		**-**	3,808
- Under provision for income tax in prior year		**-**	7,818
		730,044	512,966
Less: Tax effect of:			
- foreign currency exchange profit not subject to tax		**147,875**	548
- revaluation of investments		**269**	-
- research and development allowance		**23,628**	-
- Effect of lower rates of tax on overseas income		**68,738**	154,001
- Under provision for income tax in prior year		**670**	-
- Tax losses utilised		**-**	122,207
- deferred income tax		**27,218**	-
		268,398	276,756
Income tax attributable to entity		**643,844**	771,371

*Current year tax losses unable to be offset within the group and not brought to account.

Notes to the Financial Statements

for the year ended 30 June 2011

Note 5 Key Management Personnel Compensation

(a) Names and positions held of consolidated entity key management personal in office at any time during the financial year are:

Key Management Person	Position
Martin. H. Thomas	Chairman – Non-executive
Alfred. J. Chown	Director – Non-executive
Anthony. J. Wingrove	Managing Director of Dulhunty Power Ltd
Richard K. Llewellyn	Director – Non-executive
Philip W. Dulhunty	Director – Non-executive
Michael D. Butcherine	Director – Non-executive
Peter W. Dulhunty	Sales Manager
Malcolm J. Munro	CEO of Dulhunty Power International Limited
Brian Mathiesen	Manager Dulhunty Power NZ Ltd
John C. Roughan	Executive Director of Dulhunty Power International Limited
Gregory. R. Knoke	CFO and Company Secretary of Dulhunty Power Ltd
Tee Hock Lee	Manager Dulhunty Power (Malaysia) Sdn Bhd

(b) Compensation of Key Management Personnel

	Consolidated	
	2011	2010
	$	$
Short-term employee benefits	**1,609,486**	1,305,281
Post-employment benefits	**106,827**	82,884
Other long-term benefits	**-**	-
Termination benefits	**-**	-
Share-based payments	**179,500**	72,182
	1,895,813	1,460,347

Information regarding individual directors and executives' compensation and some equity instrument disclosures as permitted by the Corporations Regulations 2M 3.03 and 2M 6.04 are provided in the Remuneration Report section of the Directors' Report.

Notes to the Financial Statements

for the year ended 30 June 2011

Note 5 Key Management Personnel Compensation (Cont'd)

(c) Options and Rights Holdings

Number of Options Held by Key Management Personnel

	Balance 1 July 2010	Granted as Compensation	Options Exercised	Options expired	**Balance 30 June 2011**
Specified directors					
Martin. H. Thomas	750,000	-	-	-	**750,000**
Alfred. J. Chown	500,000	-	-	-	**500,000**
Anthony. J. Wingrove	500,000	-	-	-	**500,000**
Richard K Llewellyn	500,000	-	-	-	**500,000**
Philip W. Dulhunty	500,000	-	-	-	**500,000**
Specified executives					
Gregory R. Knoke	500,000	-	-	-	**500,000**
	3,250,000	-	-	-	**3,250,000**

The table above includes those options that have been forfeited by holders as well as options issued during the year under review.

(d) Shareholdings

Number of Shares held by Key Management Personnel	Balance 1 July 2010	Received as Remuneration	Purchases	Disposals	**Balance 30 June 2011**
Specified directors					
Martin. H. Thomas	1,841,080	1,018,477	-	-	**2,859,557**
Alfred. J. Chown	22,812,275	848,416	-	-	**23,660,691**
Anthony. J. Wingrove	2,555,251	842,639	-	-	**3,397,890**
Richard K Llewellyn	1,584,196	945,026	-	-	**2,529,222**
Philip W. Dulhunty	1,350,000	1,210,286	100,000	-	**2,660,286**
Michael D. Butcherine	150,000	903,157	-	-	**1,053,157**
Specified executives					
John C. Roughan	63,923	-	-	-	**63,923**
Gregory R. Knoke	5,598,445	641,026	-	-	**6,239,471**
Peter W. Dulhunty	6,081,000	-	-	-	**6,081,000**
Brian Mathiesen	1,465,039	-	-	-	**1,465,039**
	43,501,209	6,409,027	100,000	-	**50,010,236**

Notes to the Financial Statements

for the year ended 30 June 2011

Note 6 Auditors' Remuneration

	Consolidated	
	2011	2010
	$	$
Remuneration of the auditor of the parent entity for:		
— auditing or reviewing the financial statements	**94,465**	103,283
— other services	**7,124**	11,567
	101,589	114,850
Remuneration of other auditors of subsidiaries for:		
— auditing or reviewing the financial report of subsidiaries	**28,755**	41,248
— other services	**10,185**	6,869
	38,940	48,117

Note 7 Dividends

No dividends have been paid or proposed by the Parent for the year ended 30 June 2011 (2010:NIL)

(a) Balance of franking account at end of year	-	-

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

Note 8 Earnings per Share

Earnings used to calculate basic EPS	**(432,874)**	12,584
Earnings used in the calculation of dilutive EPS	**(432,874)**	12,584

There are no securities that have a dilutive effect on the earnings per ordinary share.

	Number	Number
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	**155,609,660**	150,732,484
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	**155,800,836**	150,836,191

Notes to the Financial Statements

for the year ended 30 June 2011

Note 9 Cash and Cash Equivalents

	Note	Consolidated 2011 $	2010 $
Cash at bank and on hand		**1,575,705**	1,759,667
		1,575,705	1,759,667

Reconciliation of cash
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the Statement of Financial Position as follows:

	Note	2011	2010
Cash and cash equivalents		**1,575,705**	1,759,667
Bank overdrafts	**19**	**(875,321)**	(604,584)
		700,384	1,155,083

Note 10 Trade and Other Receivables

CURRENT

	Note	2011	2010
Trade receivables	(a)	**4,818,701**	4,333,506
Provision for impairment of receivables		**-**	-
		4,818,701	4,333,506
Other receivables		**374,403**	296,673
Amounts receivable from:			
— other related parties		**81,476**	46,351
— associated entity	(b)	**29,571**	-
— Goods and services tax receivable		**-**	982
		5,304,151	4,677,512

(a) Trade debtors are based on normal terms of trade, typically 30 days from end of month. Retention of title terms exist on sales.

		Note	2011	2010
(b)	Loan to Associated entity		**77,399**	-
	Transfer from investment accounted for using equity method	14	**(47,828)**	-
			29,571	-

Note 11 Inventories

	2011	2010
At cost		
Raw materials and stores	**1,280,200**	1,377,366
Work in progress	**550,475**	474,516
Finished goods	**2,500,622**	2,452,596
	4,331,297	4,304,478

Notes to the Financial Statements

for the year ended 30 June 2011

Note 12 Other Financial Assets

	Note	Consolidated 2011 $	Consolidated 2010 $
CURRENT			
Financial assets at fair value through profit or loss	(a)	**24,601**	23,707
		24,601	23,707

(a) Financial assets at fair value through profit or loss comprise:

		2011 $	2010 $
CURRENT			
Listed investments at market value			
- shares in listed corporation		**24,601**	23,707
		24,601	23,707

Financial assets at fair value through profit or loss comprise investments in the shares of Firstfolio Ltd (ASX Code: FFF).

(b) Reconciliation of Movements in Assets at Fair Value:

	2011 $	2010 $
Opening Balance	**23,707**	13,419
Net gain through Profit and Loss	**894**	10,288
Closing Balance	**24,601**	23,707

Notes to the Financial Statements

for the year ended 30 June 2011

Note 13 Controlled Entitles

Controlled Entitles Consolidated	Country of Incorporation	Percentage Owned (%)*	
Parent Entity:		**2011**	2010
Dulhunty Power Limited	Australia		
Subsidiaries of Dulhunty Power Limited:			
Cogenic Pty Limited	Australia	**100**	100
Dulhunty Power International Limited (previously Dulhunty Engineering Limited)	British Virgin Islands	**51**	51
Dulhunty Power International Limited (Hong Kong Branch)	Hong Kong	**51**	51
Dulhunty Power (Aust) Pty Limited	Australia	**51**	51
Duhunty Power (NZ) Limited	New Zealand	**51**	51
Dulhunty Yangzhou Line Fittings Co Limited	China	**51**	51
Dulhunty Power (Thailand) Limited	Thailand	**51**	51
Dulhunty Power (Malaysia) Sdn Bhd	Malaysia	**51**	51
Dulhunty Power, Inc	USA	**51**	51
Dulhunty Power North America., LLC	USA	**51**	51
M.F. Sales Co., LLC.	USA	**51**	51

* Percentage of voting power is in proportion to ownership

Note 14 Investment Accounted for Using the Equity Method

	Consolidated	
	2011	2010
	$	$
Associated Company	**-**	75,428
	-	75,428

An Interest is held in the following associated company

Name	Principal Activity	Country of Incorporation	Shares	Ownership Interest	Carrying Amount of Investment
Unlisted:				%	$
Dulhunty Poles Pty Ltd	Manufacture & Sale of Glass Fibre Reinforced Cement Composite Power Poles	Australia	Ordinary	39.85	-
					-

Notes to the Financial Statements

for the year ended 30 June 2011

Note 14 Investment Accounted for Using the Equity Method (Cont'd)

	Note	Consolidated 2011 $	2010 $
(a) Movements During The Year in Equity Accounted Investment in Associated Company			
Balance at beginning of the financial year		**75,428**	-
New Investment during the year		**-**	328,638
Share of associated company loss after income tax	**(b)**	**(123,256)**	(253,210)
Transfer to amount receivable from Associated entity	**10(b)**	**47,828**	-
Balance at end of the financial year		**-**	75,428

	Consolidated 2011 $	2010 $
(b) Equity Accounted Loss of Associate is as follows:		
Share of Associate (Loss) before income tax	**(123,256)**	(253,210)
Management Fees Charged	**123,256**	119,550
Share of Associate Income Tax expense	**-**	-
Share of Associate (Loss) after income Tax	**-**	(133,660)

Share of loss from associate has been accounted for after adjustment of management fee

	Consolidated 2011 $	2010 $
(c) Summarised Presentation of Aggregate Assets, Liabilities and Performance of Associates		
Current Assets	**493,696**	529,622
Non-current assets	**2,473,313**	2,906,294
Total Assets	**2,967,009**	3,435,916
Current Liabilities	**726,547**	296,881
Non-current liabilities	**1,260,872**	947,747
Total Liabilities	**1,987,419**	1,244,628
Net Assets	**979,590**	2,191,288
Revenues	**10,869**	10,319
Loss after income Tax of Associate	**(1,211,698)**	(635,408)

Notes to the Financial Statements

for the year ended 30 June 2011

Note 15 Property, Plant and Equipment

	Consolidated	
	2011	2010
	$	$
Land and Buildings		
Building & Leasehold Improvements at cost:	**524,745**	547,103
Less: Accumulated depreciation	**(202,128)**	(210,082)
	322,617	337,021
Plant and Equipment		
Plant and equipment at cost:	**2,847,001**	2,852,653
Accumulated depreciation	**(2,061,998)**	(1,917,739)
	785,003	934,914
Total Plant and Equipment	**785,003**	934,914
Total Property, Plant and Equipment	**1,107,620**	1,271,935

Movements in Carrying Amounts

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

	Building & Leasehold Improvements	Plant & Equipment	Total
	$	$	$
Consolidated Entity:			
Balance at the beginning of year	337,021	934,914	**1,271,935**
Additions	68,859	247,443	**316,302**
Disposals	-	(2,224)	**(2,224)**
Depreciation expense	(29,143)	(302,309)	**(331,452)**
Write-back on disposals	-	279	**279**
Foreign exchange differences on translation of self sustaining operation	(54,120)	(93,100)	**(147,220)**
Carrying amount at the end of year	322,617	785,003	**1,107,620**

Notes to the Financial Statements

for the year ended 30 June 2011

Note 16 Intangible Assets

	Consolidated	
	2011	2010
	$	$
Goodwill at cost	**2,344,980**	2,344,980
Trademarks, computer software and licenses at cost	**586,523**	537,904
Accumulated amortisation and impairment	**(382,316)**	(330,100)
Net carrying value	**204,207**	207,804
Total intangibles	**2,549,187**	2,552,784

Consolidated Entity:	**Goodwill $**	**Trademarks, Software & Licenses $**
Year ended 30 June 2011		
Balance at the beginning of the year	2,344,980	207,804
Additions/(disposals)	-	83,304
Amortisation	-	(86,901)
	2,344,980	204,207

Intangible assets, other than goodwill have finite useful lives. The current amortisation charges in respect of intangible assets are Included under depreciation and amortisation expense per the income statement. Goodwill has an infinite life.

Impairment Disclosures

Goodwill is allocated to cash-generating units which are based on the group's reporting segment	**2011**	2010
	$	$
Energy segment	**2,344,980**	2,344,980

The recoverable amount of each cash-generating unit above is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 3-year period. The cash flows are discounted using the yield of 5 year government bonds at the beginning of the budget period plus a risk adjusted premium of 5%.

The following assumptions were used in the value-in-use calculations:

	Growth Rate	Discount Rate
Energy segment	20.00%	10.75%

Management has based the value-in-use calculations on budgets for each reporting segment. These budgets use management's growth rates to project revenue. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the period which is consistent with inflation rates applicable to the locations in which the segments operate. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular segment.

Notes to the Financial Statements

for the year ended 30 June 2011

Note 17 Other Assets

	Note	Consolidated 2011 $	2010 $
CURRENT			
Prepayments		**337,677**	301,870
		337,677	301,870

Note 18 Trade and Other Payables

		2011 $	2010 $
CURRENT			
Unsecured liabilities:			
Trade payables		**3,333,330**	2,999,659
Sundry payables and accrued expenses		**1,396,887**	1,556,496
Amounts payable to:			
- associated entity		**-**	41,633
		4,730,217	4,597,788

Trade payables are based on normal terms of trade, typically 45 days from end of month.

Note 19 Financial Liabilities

	Note	2011 $	2010 $
CURRENT			
Secured liabilities:			
Bank overdrafts	**(a)**	**628,961**	604,584
Trade facility	**(a)**	**246,360**	-
Bank loans	**(b)**	**1,106,612**	127,765
		1,981,933	732,349
Unsecured liabilities:			
Directors loans		**575,435**	575,435
		575,435	575,435
Total Financial Liabilities		**2,557,368**	1,307,784
Total current and non-current secured liabilities:			
Bank overdrafts		**875,321**	604,584
Bank loan		**1,106,612**	127,765
		1,981,933	732,349

(a) The bank overdraft of $628,961 (2010: $604,584), the trade facility for $246,360 (2010: $NIL) and bank loans of $1,106,612 (2010: $127,765) are secured by a fixed and floating charge over the assets of Dulhunty Power (Aust) Pty Limited and Dulhunty Power (NZ) Ltd, and a cross guarantee from Dulhunty Power International Limited.

(b) The bank loan totaling $106,612 (2010: $127,765) is secured over the building owned by Dulhunty Yangzhou Line Fittings Co Ltd and guarantee from Dulhunty Power International Limited.

Notes to the Financial Statements

for the year ended 30 June 2011

Note 20 Tax

	Note	Consolidated 2011 $	Consolidated 2010 $
(a) **Liabilities**			
CURRENT			
Income Tax		**106,351**	226,854
TOTAL		**106,351**	226,854
(b) **Assets**			
Deferred tax assets comprise:			
Provisions		**118,102**	90,884
Other		**-**	**-**
		118,102	90,884
(c) **Reconciliations**			
(i) Gross Movements			
The overall movement in the deferred tax account is as follows:			
Opening balance		**90,884**	94,691
(Charge) / credit to income statement	**4**	**27,218**	(3,807)
Closing balance		**118,102**	90,884
(ii) Deferred Tax Assets			
The movement in deferred tax assets for each temporary difference during the year is as follows:			
Provisions			
Opening balance		**90,884**	89,645
Credited to the income statement		**27,218**	1,239
Closing Balance		**118,102**	90,884
Other			
Opening Balance		**-**	5,046
Credited/(charged) to the income statement		**-**	(5,046)
Closing Balance		**-**	-
Total Deferred Tax Assets		**118,102**	90,884

Notes to the Financial Statements

for the year ended 30 June 2011

Note 21 Provisions

	Consolidated	
	2011	2010
CURRENT	**$**	$
Employee Entitlements		
Opening balance at beginning of year	**239,998**	213,722
Additional provisions raised during year	**85,325**	26,276
Balance at end of the year	**325,323**	239,998
Dividend provision		
Opening balance at beginning of year	**-**	103,271
Provision raised/(paid) during the year	**172,504**	(103,271)
Balance at end of the year	**172,504**	-
Total current provisions	**497,827**	239,998
NON CURRENT		
Employee Entitlements		
Opening balance at beginning of year	**72,155**	86,097
Additional provisions raised during year	**821**	(13,942)
Balance at end of the year	**72,976**	72,155
Analysis of Total provisions		
Current	**497,827**	239,998
Non-current	**72,976**	72,155
	570,803	312,153

Provision for Employee Entitlements

A provision has been recognised for employee entitlements relating to annual leave and long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to this report.

Notes to the Financial Statements

for the year ended 30 June 2011

Note 22 Issued Capital

	Consolidated	
	2011	2010
	$	$
Number of Ordinary shares fully paid 160,135,186 (2010: 153,726,159):	**10,074,580**	9,841,648
	10,074,580	9,841,648

(a) Ordinary Shares

	No.	No.
At the beginning of reporting period	**153,726,159**	140,799,495
Shares issued during year		
- 30 July 2009	**-**	5,000,000
- 17 September 2009	**-**	5,000,000
- 11 December 2009	**-**	2,523,438
- 29 June 2010	**-**	403,226
- 21 July 2010	**937,307**	-
- 22 March 2011	**3,567,308**	-
- 29 June 2011	**1,904,412**	-
At reporting date	**160,135,186**	153,726,159

On 21 July 2010, the company issued 937,307 ordinary shares at $0.031 per share for payment of director's fees under the director's equity plan.

On 22 March 2011, the company issued 3,567,308 ordinary shares at $0.039 per share for payment of director's fees under the director's equity plan.

On 29 June 2011, the company issued 1,904,412 ordinary shares at $0.034 per share for payment of director's fees under the director's equity plan.

Terms and conditions:

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the company, ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

Note 23 Reserves

(a) Reserves

Included in consolidated reserves is a Capital Reserve and Exchange Differences Reserve arising on translation of foreign controlled subsidiaries.

Notes to the Financial Statements

for the year ended 30 June 2011

Note 24 Parent Entity Disclosures

a) Financial Position

	2011 $	2010 $
CURRENT ASSETS		
Cash and cash equivalents	**17,684**	37,146
Trade and other receivables	**124,237**	789
Financial Assets	**24,601**	23,707
Other Current Assets	**34,794**	40,618
TOTAL CURRENT ASSETS	**201,316**	102,260
NON CURRENT ASSETS		
Trade and other receivables	**-**	21,756
Financial Assets	**4,774,706**	5,554,591
Property, plant and equipment	**2,684**	233
Intangible assets	**2,187**	1,060
TOTAL NON CURRENT ASSETS	**4,779,577**	5,577,640
TOTAL ASSETS	**4,980,893**	5,679,900
CURRENT LIABILITIES		
Trade and other payables	**253,369**	258,529
Financial liabilities	**575,435**	575,435
Short-term provisions	**27,012**	22,285
TOTAL CURRENT LIABILITIES	**855,816**	856,249
NON CURRENT LIABILITIES		
Other long-term provisions	**26,197**	22,329
TOTAL NON CURRENT LIABILITIES	**26,197**	22,329
TOTAL LIABILITIES	**882,013**	878,578
NET ASSETS	**4,098,880**	4,801,322
EQUITY		
Issued capital	**10,074,580**	9,841,648
Accumulated Losses	**(6,800,694)**	(6,645,206)
Asset Revaluation Reserve	**824,994**	1,604,880
TOTAL EQUITY	**4,098,880**	4,801,322

b) Financial Performance

	Year Ended 30/06/2011 $	Year Ended 30/06/2010 $
Loss for the year	**(155,488)**	(343,968)
Other Comprehensive Income	**(779,886)**	682,647
Total Comprehensive Income (Loss)	**(935,374)**	338,679

c) Guarantees entered into by the parent entity in relation to the debts of its subsidiaries $NIL (2010 $NIL)

d) Contingent Liabilities of the Parent Entity – Refer to Note 26

e) Commitments for the acquisition of Property, Plant and Equipment by the parent entity $NIL (2010 $NIL)

f) The directors of the Parent Entity have undertaken to ensure that the Company has sufficient funds to meet its financial obligations and maintain solvency

Notes to the Financial Statements

for the year ended 30 June 2011

Note 25 Capital and Leasing Commitments

	Consolidated	
	2011	2010
	$	$
(a) **Operating Lease Commitments** Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable — minimum lease payments		
— not later than 12 months	**850,606**	694,482
— between 12 months and 5 years	**2,587,121**	2,189,493
— more than 5 years	**1,496,197**	-
	4,933,924	2,883,975

Note 26 Contingent Liabilities

John Fielding Ltd

Previous financial statements of the company have noted a contingent liability to John Fielding Ltd for services carried out prior to 30 June 1995 in regards to amendments to income tax returns. However in accordance with the contract no fee is payable until a cash benefit is received by the Company. At this stage no cash benefit has been received by the Company. The maximum liability is $130,241.

Bank Guarantee

The controlled entity (DPIL) has provided indemnities to its bankers in respect of bank guarantees given by the bank to third parties. The maximum liability is $386,118 (2010: $351,118).

The parent entity (DUL) has guaranteed the obligations of the associated entity, Dulhunty Poles Pty Ltd, under a $750,000 Asset Finance Facility arranged with the National Australia Bank (NAB). The Asset Finance Facility is secured by pole manufacturing plant and equipment owned by Dulhunty Poles Pty Ltd in excess of $1.5 million and a Fixed and Floating Charge held by NAB over all of the present and future rights, property and undertaking of Dulhunty Poles Pty Ltd. It is also a condition of the Asset Finance Facility that DUL provide a guarantee and a Fixed and Floating Charge over the rights, property and undertaking of DUL. In consideration of DUL having provided the guarantee and charge, Dulhunty Poles Pty Ltd has indemnified DUL against any loss and charge DUL may suffer or incur arising out of the guarantee or charge. As at 30 June 2011 the maximum liability of Dulhunty Poles Pty Ltd under the facility including term charges is $615,009.

Notes to the Financial Statements

for the year ended 30 June 2011

Note 26 Contingent Liabilities (Cont'd)

Insurance Claim

A subsidiary of Dulhunty Power International Limited (DPIL) has made claim under the Dulhunty Power Group Public and Product Liability insurance policy in response to a claim received from a customer based in Russia. This claim involves product warranty issues and consequential damages under a contract for supply of spacer dampers. A Steering Committee has been established by Dulhunty Power to assess and respond to the claims and to liaise with the insurer and to report to the Board of Directors.

This claim has now become subject to a court action against Dulhunty Yangzhou Line Fittings Co Ltd with a hearing set for 21 February 2012. The outcome of the matter may not be known for some considerable time and claims lodged with relevant insurers are undergoing due process. At the date of this report it is not possible to quantify the extent of any liability for costs or damages which may vest with the subsidiary or DPIL.

Accordingly no amounts have been recognised as a liability in the financial report.

Lease Guarantee

The parent entity (DUL) has guaranteed the obligations of the associated entity, Dulhunty Poles Pty Ltd, as tenant under the terms of a lease over premises Lot 1, 35-39 Buckley Grove, Moolap. The lease is for a period of ten years, with rent payments commencing 1 August 2010. Rent is subject to a fixed annual review and the total rental for the first year excluding outgoings is $280,000. Dulhunty Poles Pty Ltd is entitled to rental incentive rebates over the first three years of the lease.

Dulhunty Poles Pty Ltd (Poleco) shareholders options

Under the terms of the Dulhunty Poles Pty Ltd Shareholders' Agreement, DUL has granted to each holder of Stapled Shares in Poleco the option to sell all or half of their shares in Poleco to DUL at an agreed purchase price. This option exercise period is between 1 July 2012 and 31 August 2012. If all shareholders choose to exercise the put option and sell all shares to DUL (Put Option 1), DUL would acquire 1,840,000 shares in Poleco at a cost of approximately $2,501,000. DUL has a call option to acquire all or part of these shares if the put option is not exercised. Should holders not exercise the put options and DUL not exercise the call option, no change in holding will occur. Indications are that it is unlikely that a majority of Stapled Shareholders will choose to exercise put option 1.

Notes to the Financial Statements

for the year ended 30 June 2011

Note 27 Segment Reporting

Primary reporting - Business segments

	Energy/Energy Infrastructure		Investment		Total	
	2011	2010	**2011**	2010	**2011**	2010
	$	$	**$**	$	**$**	$
Revenue	**24,522,932**	23,853,866	**-**	-	**24,522,932**	23,853,866
Segment result before income tax	**607,327**	1,917,529	**-**	(133,660)	**607,327**	1,783,869
Income tax expense	**643,844**	771,371	**-**	-	**643,844**	771,371
Segment Assets	**15,348,340**	14,982,837	**-**	75,428	**15,348,340**	15,058,265
Segment Liabilities	**7,964,739**	6,444,579	**-**	-	**7,964,739**	6,444,579

The group's primary business segment is Energy/Energy Infrastructure products.

Segment accounting policies

Inter-segment pricing is determined on an arms-length basis and are eliminated on consolidation.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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

Secondary reporting - Geographic segments

	Segment Revenues from External Customers		Carrying Amount of Segment assets		Acquisitions of Non-current Segment Assets	
	2011	2010	**2011**	2010	**2011**	2010
	$	$	**$**	$	**$**	**$**
Geographical location:						
Asia	**14,087,184**	14,050,845	**12,988,575**	14,364,032	**150,945**	156,608
Australia	**10,542,474**	10,146,349	**10,274,935**	11,732,556	**208,818**	205,787
New Zealand	**4,079,862**	4,047,831	**1,436,807**	1,161,390	**15,455**	1,556
USA	**799,074**	977,141	**415,877**	547,806	**18,858**	7,539
Eliminations	**(4,985,662)**	(5,368,300)	**(9,767,854)**	(12,747,519)	**-**	-
	24,522,932	23,853,866	**15,348,340**	15,058,265	**394,076**	371,490

Notes to the Financial Statements

for the year ended 30 June 2011

Note 28 Cash Flow Information

	Consolidated	
	2011	2010
	$	$
(a) **Reconciliation of Cash Flow from Operations with Net Profit/(Loss) after Income Tax**		
Net profit/(loss) after income tax	**(36,516)**	1,012,498
<u>Non-cash flows in profit/(loss)</u>		
Depreciation and amortisation	**418,353**	376,413
Unrealised foreign exchange movements	**(639,842)**	(91,149)
Net loss on disposal of property, plant and equipment	**120**	5,380
Share of loss from associate	**123,256**	253,210
<u>Non-Operating Cash Flow Cash Items</u>		
Shares issued in lieu of directors fees	**232,932**	113,438
<u>Changes in assets and liabilities</u>		
(Increase)/decrease in trade and other receivables	**(597,069)**	(472,962)
(Increase)/decrease in inventories	**(26,819)**	95,897
Increase/(decrease) in trade payables and accruals	**174,061**	(619,506)
Increase/(decrease) in income taxes payable	**(120,503)**	44,451
(Increase)/decrease in deferred tax asset	**(27,218)**	3,807
Net decrease in value of non-current financial asset	**-**	13,419
Net (increase) decrease in value of current financial asset	**(895)**	(23,707)
Net (increase) /decrease in value of other current assets	**(35,806)**	123,138
Net movement in provisions for current/non current employee entitlements	**86,147**	12,334
Cash flow (outflows) from operations	**(449,799)**	846,661

(b) **Non-cash Financing and Investing Activities**

Share issues

- On 21 July 2010, the company issued 937,307 ordinary shares at $0.031 per share for payment of director's fees under the director's equity plan.
- On 22 March 2011, the company issued 3,567,308 ordinary shares at $0.039 per share for payment of director's fees under the director's equity plan.
- On 29 June 2011, the company issued 1,904,412 ordinary shares at $0.034 per share for payment of director's fees under the director's equity plan.

(c) **Credit Standby Arrangements with Banks**

Credit facility	**1,700,000**	1,850,000
Amount utilised	**(875,321)**	(604,584)
	824,679	1,245,416

(d) **Loan Facilities**

Available Loan facilities	**1,106,612**	127,765
Amount utilised	**(1,106,612)**	(127,765)
	-	-

The major facilities are Trade and Term loan facilities. Refer Note 19 Financial Liabilities for further details

Notes to the Financial Statements

for the year ended 30 June 2011

Note 29 Share-Based Payments

The following share-based payment arrangements existed at 30 June 2011:

On 15 December 2008, Dulhunty Power Limited, the Parent entity issued 3,250,000 options at an exercise price of $0.032 to the directors and key management under the Dulhunty Power Share Option Plan. The options are exercisable on or before 15 December 2011. The options hold no voting or dividend rights. In addition the options are not transferable. At balance date, no share option has been exercised.

	Consolidated			
	2011		2010	
	Number of Options	**Weighted Average Exercise Price**	**Number of Options**	**Weighted Average Exercise Price**
Outstanding at the beginning of the year	**3,250,000**		**3,250,000**	
Granted	**-**		**-**	
Forfeited	**-**		**-**	
Exercised	**-**		**-**	
Outstanding at year-end	**3,250,000**	3.20 cents	**3,250,000**	3.20 cents

All options were issued over unissued ordinary shares in Dulhunty Power Limited, the Parent Entity. The options outstanding at 30 June 2011 had a weighted average exercise price of $0.032 and a weighted average remaining contractual life of 0.46 years.

The weighted average fair value of the options granted was $0.003.

This price was calculated by using a Black Scholes option pricing model applying the following inputs:

Weighted average exercise price	$0.032
Weighted average life of option	2.46 years
Underlying share price at grant date	$0.034
Expected share price volatility	30%
Risk free interest rate	3.00%

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future tender, which may not eventuate.

Notes to the Financial Statements

for the year ended 30 June 2011

Note 30 Events After the Balance Sheet Date

Subsequent to balance date Dulhunty Power Limited (the Company) announced that on 24 August 2011 the Company, DPIL and certain subsidiaries of DPIL entered into legally binding arrangements (**Transaction Documents**) with MacLean Power, LLC and its associated entities (collectively, **MacLean Group**) for the sale, subject to the satisfaction or waiver of a number of conditions precedent, of substantially all of the businesses and assets of DPIL to the MacLean Group (**Transaction**) for cash consideration of approximately A$17 million (subject to a post-completion net asset adjustment). The conditions precedent to the Transaction included, among others, the Company obtaining the approval of its shareholders under ASX Listing Rule 11.2 of the Transaction, as the Company's shareholding in DPIL is a major asset of the Company. A General Meeting of the Company was called for 27 September 2011 and Notice of Meeting and Explanatory Memorandum sent to shareholders. The results of the General Meeting, as announced to ASX on 27 September are that shareholders have approved both resolutions as submitted for vote:

- That for the purpose of ASX Listing Rule 11.2 and for all other purposes, approval is given for the Company to agree to the disposal by its subsidiary, Dulhunty Power International Limited, of substantially all of its assets and main undertaking, on the terms and conditions of the Transaction Documents described in the Explanatory Statement

- That, subject to the passing of Resolution 1 and Completion of the Transaction, for the purpose of section 157(1) of the Corporations Act and for all other purposes, approval is given for the Company to change its name from Dulhunty Power Limited to Energy Technologies Limited

At the date of this Report the Transaction is subject to conditions precedent to enable completion.

In addition, subsequent to 30 June 2011, the previously announced quality issue in Russia has now become subject to a court action against Dulhunty Yangzhou Line Fittings Co Ltd with a hearing set down for 21st February, 2012. The outcome of this matter may not be known for some considerable time and claims lodged with relevant insurers are undergoing due process.

Note 31 Related Party Transactions

Details regarding the aggregate of loans made, guaranteed or secured by any entity in the consolidated entity to each group of specified directors and specified executives, and the number of individuals in each group, are as follows:

	Opening balance $	Closing balance $	Interest payable in the reporting period $	Number in group at 30 June
Specified directors				
2011 – Philip W Dulhunty	46,351	80,882	-	1
2010 – Philip W Dulhunty	42,302	46,351	-	1

The above loan is repayable by 30 June 2012. No amounts have been written down or recorded as allowances, as the balance is considered fully collectible.

Notes to the Financial Statements

for the year ended 30 June 2011

Note 31 Related Party Transactions (Cont'd)

Other transactions with the company or its controlled entities and director related entities

A number of specified directors and specified executives, or their personally-related entities, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

A number of these entities transacted with the company or its subsidiaries in the reporting period. The terms and conditions of those transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arms-length basis.

Details of these transactions are as follows:

Mr Alfred Chown is a director of NLP International Limited. A subsidiary company, Dulhunty Power International Limited, during the period employed the services of NLP International Limited as consultants. The consideration paid for these services was $161,000 (2010: $71,000) and is included in director's emoluments.

Personally related entities to Mr Philip Dulhunty occupy the same premises as a subsidiary of Dulhunty Power Limited. A share of operating expenses and other costs have been charged to these companies.

The transactions above are on normal commercial terms and conditions.

Note 32 Financial Risk Management Disclosures

a) Capital Risk Management

Dulhunty Power Limited (DUL) manages its capital to ensure that entities in the DUL Group will be able to continue as a going concern while maximizing the potential return to stakeholders through the optimum balance of debt and equity. This strategy remains unchanged from FY2010.

The capital structure of the DUL Group consists of cash and cash equivalents, debt and equity attributable to equity holders of the DUL parent and to its operating subsidiary. The DUL Group also utilises certain off balance sheet bank financing arrangements, including documentary credit facilities, bank overdraft facilities and trade import facilities to facilitate the purchase of goods from overseas suppliers, the sale of goods to overseas customers and the provision of bid and performance guarantees to overseas customers.

The DUL Group operates internationally through subsidiary companies established in New Zealand, China, Thailand, Malaysia, United States of America and Hong Kong. The DUL Group senior management monitors all externally imposed capital requirements in each jurisdiction to ensure compliance.

Operating cash flows are used to maintain and expand the Group manufacturing and distribution asset base as well as to meet routine outflows including tax and the repayment of maturing debt. The DUL Group Board and senior management consider the costs of capital and monitor the gearing ratio in line with the industry custom determined as a proportion of net debt to equity.

Notes to the Financial Statements

for the year ended 30 June 2011

Note 32 Financial Risk Management Disclosures (Cont'd)

The gearing ratio at year end was as follows:

	Consolidated	
	2011	2010
	$	$
Financial Assets		
Debt (i)	**2,557,368**	1,307,784
Cash and cash equivalents	**(1,575,705)**	(1,759,667)
Net Debt	**981,663**	(451,883)
Equity (ii)	**7,383,601**	8,613,686
Net Debt to Equity ratio	**13%**	(5%)

(i) Debt is defined as long-term and short-term borrowings.
(ii) Equity includes all capital and reserves and minority interest.

b) Financial Risk Management

In common with other businesses the DUL Group is exposed to risks that arise from the use of financial instruments. This note describes the objectives, policies and processes for managing those risks and the methods used to measure them. The DUL Group's financial instruments consist mainly of facilities with banks, short term loans, accounts receivable and payable, loans to and from subsidiaries, leases and derivatives. There have been no substantive changes in the DUL Group level of exposure to financial instrument risks or the objectives and processes for managing those risks from previous periods unless otherwise stated in this note.

Financial Risk Management Objectives

The Board of Directors has overall responsibility for the determination of the DUL Group financial risk management framework and, whilst retaining ultimate responsibility for them, it has delegated authority for the design and implementation of operating processes ensuring effective risk management to the DUL Group's corporate treasury and finance function, which provides services to the business including negotiation and co-ordination of finance facilities, and the monitoring and management of the financial risks as they relate to the operations of the Group. The Board receives regular reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the set objectives to control risk.

Overall the risk management strategy seeks to assist the Group in meeting its financial targets as well as minimizing the potential adverse effects on financial performance. The main exposures to financial instrument risk experienced by the DUL Group are credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). The DUL Group does not enter into financial instruments, including derivative financial instruments, for speculative purposes.

Credit Risk
Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in a loss to the DUL Group. This arises principally from the Group's trade receivables. For the DUL Group this risk has been determined as low because up to 95% of regular customers are major energy utilities with high credit ratings or contractors to utilities with long term established trade relationships in place.

The Group has a general policy of only dealing with creditworthy counterparties. As well, a credit check system is also in place and credit checks are obtained from a reputable external source for selected new and overseas customers. Overseas customer's trade terms include use of documentary credit bank facilities in customer locations deemed at risk, as well as collateral payment. There are no material amounts of collateral held as security at 30 June 2011.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Ultimate responsibility for liquidity risk management vests with the DUL Board of Directors and the main subsidiary Board of Directors, who apply an appropriate liquidity risk management framework to the Group's short, medium and long term funding requirements. The DUL Group manages liquidity risk by the retention of adequate reserves, banking facilities and reserve borrowing facilities and by monitoring forecast and actual cash flows, which are updated regularly by the treasury and finance function, and matching the maturity profiles of financial assets and liabilities.

Liquidity and interest rate tables

The following table details the DUL Group contractual maturity for non derivative financial liabilities and are based on undiscounted cash flows of financial liabilities on the earliest date on which repayment can be required.

Notes to the Financial Statements
for the year ended 30 June 2011

Note 32 Financial Risk Management Disclosures (Cont'd)

	Effective Weighted Average Interest Rate - %		Floating Interest Rate $		Within Year $		Non-interest Bearing $		Total $	
CONSOLIDATED ENTITY	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
Financial Assets:										
Cash and cash equivalents	**4.75**	4.50	**1,575,705**	1,759,667	**-**	-	**-**	-	**1,575,705**	1,759,667
Receivables			**-**	-	**-**	-	**5,304,151**	4,677,512	**5,304,151**	4,677,512
Investments			**-**	-	**-**	-	**24,601**	23,706	**24,601**	23,706
Total Financial Assets			**1,575,705**	1,759,667	**-**	-	**5,328,752**	4,701,218	**6,904,457**	6,460,885
Financial Liabilities:										
Bank and other loans	**11.65**	10.87	**1,981,933**	732,349	**-**	-	**-**	-	**1,981,933**	732,349
Trade payables			**-**	-	**-**	-	**3,333,329**	2,999,659	**3,333,329**	2,999,659
Sundry payables			**-**	-	**-**	-	**1,396,888**	1,556,496	**1,396,888**	1,556,496
Loans from directors	**15.00**	13.00	**-**	-	**575,435**	575,435	**-**	-	**575,435**	575,435
Total Financial Liabilities			**1,981,933**	732,349	**575,435**	575,435	**4,730,217**	4,556,155	**7,287,585**	5,863,939
Net financial assets (liabilities)			**(406,228)**	1,027,318	**(575,435)**	(575,435)	**598,535**	145,063	**(383,128)**	596,946

Notes to the Financial Statements

for the year ended 30 June 2011

Note 32 Financial Risk Management Disclosures (Cont'd)

b) Financial Risk Management (Cont'd)

Maturity analysis
Trade and other payables are expected to be paid within a period of 6 months from year end for the consolidated entity for 2011 and 2010.

There were bid bond and performance guarantee contracts in respect of open tender contracts at year end of $191,687 (FY2010 $171,601). At the year end it was not probable that the counterparty to any of the bid bond or performance guarantee contracts would claim under the contract.

Market Risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the DUL Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk within acceptable parameters, while achieving optimum return.

Foreign currency risk management
The DUL Group is exposed to currency risk on investments that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Australian dollar (AUD) and the United States dollar (USD). The Group's investments in, and loans to, its subsidiaries are not hedged as these positions are considered to be long term in nature.

The carrying amount of the DUL Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Liabilities		**Assets**	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
US Dollars	**587**	42	**877**	936
New Zealand Dollars	**184**	131	**686**	461
Euros	**10**	69	**1**	1
Thai Baht	**217**	180	**493**	316
Malaysian Ringgit	**552**	338	**2,101**	1,906
Pound Sterling	**1**	-	**-**	169
Chinese RMB	**1,982**	2,061	**855**	1,019
Hong Kong Dollars	**22**	63	**94**	2
Canadian Dollars	**24**	11	**-**	-
Total	**3,579**	2,895	**5,107**	4,810

Forward exchange contracts
The DUL Group policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency, cash already denominated in that currency will, where possible, be used from within the Group.

The Groups primary operating exposure is where trade receivables and payables are not denominated in their functional currency. The overall treasury function is based in Australia where the primary banking facilities are maintained, including a trade facility denominated and repayable in the currency as drawn. The group also enters into forward exchange contracts to buy and sell specified amounts of foreign currencies in the future at stipulated exchange rates, with the objective of protecting the group against unfavourable exchange rate movements for contracted sales and purchases in foreign currencies, primarily USD.

Notes to the Financial Statements

for the year ended 30 June 2011

Note 32 Financial Risk Management Disclosures (Cont'd)

b) Financial Risk Management (Cont'd)

Forward exchange contracts (Cont'd)

At 30 June 2011 the details of outstanding forward exchange contracts are:

	Average exchange rate		Foreign currency amount		Contract value in $A		Fair Value In $A	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
Consolidated – less than 3 months								
Buy US Dollars	1.0300	0.8704	100,000	299,415	97,087	343,994	97,087	343,994
Buy Euros	-	-	-	-	-	-	-	-
Buy Thai Bahts	-	27.4198	-	3,362,388	-	122,626	-	122,626
Sell Pounds	-	-	-	-	-	-	-	-

Foreign currency sensitivity analysis

The following table details the DUL Groups sensitivity to a 10% increase or decrease in the Australian Dollar against relevant foreign currencies. This sensitivity represents management's assessment of the reasonable possible change in foreign currency rates. Its analysis includes cash assets plus outstanding foreign currency denominated trade receivables and payables and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates an increase in profit where the Australian dollar strengthens against the respective currency. For a weakening of the Australian dollar against the respective currency, there would be an equal and opposite impact on the profit.

	Consolidated	
Profit or Loss/Equity	**2011**	2010
	$'000	$'000
US Dollars	**32**	99
New Zealand Dollars	**56**	37
Euros	**(1)**	(7)
Thailand Baht	**30**	15
Malaysian Ringgit	**172**	174
Pound Sterling	**-**	19
Chinese RMB	**(125)**	(116)
Hong Kong Dollars	**8**	(7)
Canadian Dollars	**(3)**	(1)
Total	**169**	213

Interest Rate Risk Management
The DUL Group is exposed to interest rate risk on cash and cash equivalents, which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest bearing financial instruments. The DUL Group does not use derivatives to mitigate these exposures.

The DUL Group's fixed rate financial instruments represent short term borrowings, at fixed rates maturing over periods less than one year. The group's variable rate financial securities consist of bank loans, overdraft facilities and trade import facilities, mainly managed in Australia.

Notes to the Financial Statements

for the year ended 30 June 2011

Note 32 Financial Risk Management Disclosures (Cont'd)

b) Financial Risk Management (Cont'd)

Interest rate sensitivity analysis

The following analysis indicates the effect of a 2% or 200 basis point increase or decrease in nominal interest rates, based on exposures in existence at the reporting date, and holding all other variables constant. This represents management's assessment of the reasonably possible change in interest rates as at that date.

	Consolidated	
	2011	2010
	$000	$000
Change in Net Profit:		
Interest rise by 2% (200 basis points)	**(20)**	9
Interest cut by 2% (200 basis points)	**20**	(9)
Change in Equity:		
Interest rise by 2% (200 basis points)	**(20)**	9
Interest cut by 2% (200 basis points)	**20**	(9)

Price Risk
The DUL Group is exposed to commodity price risk on the purchase of raw materials through it's manufacturing operations in China, Thailand and Malaysia. Major period sales contracts have rise and fall clauses inserted to permit sales price adjustments triggered by material movements in commodity prices of raw materials. Futures markets and Economic Forecasts are monitored to determine whether to implement a commodity hedging policy.

Fair value of financial instruments

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets.
Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
Level 3 – the value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

Notes to the Financial Statements

for the year ended 30 June 2011

Note 32 Financial Risk Management Disclosures (Cont'd)

b) Financial Risk Management (Cont'd)

Fair value of financial instruments (Cont'd)

	Year Ended 30 June 2011				Year Ended 30 June 2010			
	Quoted Market Price (Level 1) $	Valuation technique – market observable inputs (Level 2) $	Valuation technique – non market observable inputs (Level 3) $	Total $	Quoted Market Price (Level 1) $	Valuation technique – market observable inputs (Level 2) $	Valuation technique – non market observable inputs (Level 3) $	Total $
Financial assets								
Derivative instruments								
• Foreign exchange contracts	**-**	**-**	**-**	**-**	-	-	-	-
Available for sale investments								
• Listed investments	**24,601**	**-**	**-**	**24,601**	23,706	-	-	23,706
	24,601	**-**	**-**	**24,601**	23,706	-	-	23,706
Financial Liabilities								
Derivative instruments								
• Foreign exchange contracts	**-**	**(97,087)**	**-**	**(97,087)**	-	(466,620)	-	(466,620)
	-	**(97,087)**	**-**	**(97,087)**	-	(466,620)	-	(466,620)

Quoted market price represents the fair value determined based on quoted prices in active markets as at the reporting date without any deduction for transaction costs. The fair value of the listed equity investments are based on quoted market prices.

For financial instruments not quoted in active markets, the Group uses valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and observable market inputs.

Financial instruments that use valuation techniques with only observable market inputs or unobservable inputs that are not significant to the overall valuation include interest rate swaps, forward commodity contracts and foreign exchange contracts not traded on a recognised exchange.

Transfer between categories

There were no transfers between Level 1 and Level 2 during the year

Notes to the Financial Statements

for the year ended 30 June 2011

Note 33 New Accounting Standards for Application in Future Periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Group has decided not to early adopt. A discussion of those future requirements and their impact on the Group is as follows:

AASB 9: Financial Instruments (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Group has not yet determined any potential impact on the financial statements.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;

- simplifying the requirements for embedded derivatives;

- removing the tainting rules associated with held-to-maturity assets;

- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;

- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;

- requiring financial assets to be reclassified where there is a change in an entitys business model as they are initially classified based on: (a) the objective of the entitys business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and

- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entitys own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the Standard. No changes are expected to materially affect the Group.

AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 20102: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and

- Tier 2: Australian Accounting Standards Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

The following entities are required to apply Tier 1 reporting requirements (ie full IFRS):

- for-profit private sector entities that have public accountability; and

- the Australian Government and state, territory and local governments.

Notes to the Financial Statements

for the year ended 30 June 2011

Note 33 New Accounting Standards for Application in Future Periods (Cont'd)

Since the Group is a for-profit private sector entity that has public accountability, it does not qualify for the reduced disclosure requirements for Tier 2 entities.

AASB 20102 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific RDR disclosures.
AASB 200912: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the Group.
AASB 200914: Amendments to Australian Interpretation Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

This Standard is not expected to impact the Group.
AASB 20104: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASBs annual improvements project. Key changes include:

- clarifying the application of AASB 108 prior to an entitys first Australian-Accounting-Standards financial statements;

- adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entitys exposure to risks arising from financial instruments;

- amending AASB 101 to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;

- adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and

- making sundry editorial amendments to various Standards and Interpretations.

This Standard is not expected to impact the Group.

AASB 20105: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011).

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.
AASB 20106: Amendments to Australian Accounting Standards Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011).

This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets.

This Standard is not expected to impact the Group.

Notes to the Financial Statements

for the year ended 30 June 2011

Note 33 New Accounting Standards for Application in Future Periods (Cont'd)

AASB 20107: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013).

This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

As noted above, the Group has not yet determined any potential impact on the financial statements from adopting AASB 9.
AASB 20108: Amendments to Australian Accounting Standards Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).

This Standard makes amendments to AASB 112: Income Taxes.

The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112.

The amendments are not expected to impact the Group.
AASB 20109: Amendments to Australian Accounting Standards Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1] (applies to periods beginning on or after 1 July 2011).

This Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards.

The amendments brought in by this Standard provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.

Furthermore, the amendments brought in by this Standard also provide guidance for entities emerging from severe hyperinflation either to resume presenting Australian-Accounting-Standards financial statements or to present Australian-Accounting-Standards financial statements for the first time.

This Standard is not expected to impact the Group.
AASB 201010: Further Amendments to Australian Accounting Standards Removal of Fixed Dates for First-time Adopters [AASB 200911 & AASB 20107] (applies to periods beginning on or after 1 January 2013).

This Standard makes amendments to AASB 200911: Amendments to Australian Accounting Standards arising from AASB 9, and AASB 20107: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

The amendments brought in by this Standard ultimately affect AASB 1: First-time Adoption of Australian Accounting Standards and provide relief for first-time adopters from having to reconstruct transactions that occurred before their transition date.

[The amendments to AASB 200911 will only affect early adopters of AASB 200911 (and AASB 9: Financial Instruments that was issued in December 2009) as it has been superseded by AASB 20107.]

This Standard is not expected to impact the Group.

Director's Declaration

The directors of Dulhunty Power Limited declare that:

1. the financial statements and notes, as set out on pages 23 to 66, are in accordance with the *Corporations Act 2001* and:
   a. comply with Accounting Standards and the Corporations Regulations 2001;
   b. comply with International Financial Reporting Standards as disclosed in Note 1; and
   c. give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the company and consolidated entity;

2. the Chief Executive Officer and Chief Finance Officer have each declared that:
   a. the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001;*
   b. the financial statements and notes for the financial year comply with the Accounting Standards; and
   c. the financial statements and notes for the financial year give a true and fair view;

3. in the director's 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.

This declaration is made in accordance with a resolution of the Board of Directors.

Anthony J. Wingrove
Managing Director

Sydney, 29 September 2011

Independent Auditors' Report

GouldRalph
ASSURANCE

Chartered Accountants
ABN 74 632 161 298
Level 42, Suncorp Place
259 George Street
Sydney NSW 2000
Australia
T: +61 2 9032 3000
F: +61 2 9032 3088
E: mail@gouldralph.com.au
W: www.gouldralph.com.au

INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF DULHUNTY POWER LIMITED

Report on the financial statements
We have audited the accompanying financial statements of Dulhunty Power Limited which comprises the consolidated statement of financial position as at 30 June 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes to the financial statements and the directors' declaration 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.

Directors' responsibility for the financial statements
The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(b), the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditors' responsibility
Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements. Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Matters Relating to Electronic Publication of the Audited Financial Report
This audit report relates to the financial report of Dulhunty Power Limited for the year ended 30 June 2011 included on the website of Dulhunty Power Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on this integrity. This review report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of the financial report are concerned with the inherent risk arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF DULHUNTY POWER LIMITED (Cont'd)

Independence
In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial statements we were engaged to undertake services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditors' opinion
In our opinion:

1. the financial statements of Dulhunty Power Limited is in accordance with the *Corporations Act* 2001, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

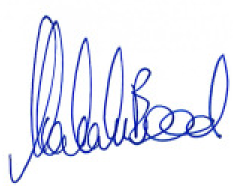
   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

2. the financial statements also complies with International Financial Reporting Standards as disclosed in Note 1(b).

Report on The Remuneration Report
We have audited the Remuneration Report included on pages 13 to 16 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion on The Remuneration Report
In our opinion the Remuneration Report of Dulhunty Power Limited for the year ended 30 June 2011, complies with section 300A of the Corporations Act 2001.

GOULD RALPH ASSURANCE
Chartered Accountants



MALCOLM J.BEARD, M.COM., FCA
Partner

Sydney, 29 September, 2011

ASX Additional Information

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 31 August 2011.

(a) Distribution of equity securities

The number of shareholders, by size of holding, in each class of share are:

Ordinary shares

			Number of holders	Number of shares
1	-	1,000	103	61,207
1,001	-	5,000	267	659,791
5,001	-	10,000	126	948,176
10,001	-	100,000	206	7,968,245
100,001		and over	136	150,497,767
			838	160,135,186

The number of shareholders holding less than a marketable parcel of shares are:	543	2,246,930

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted shares are:

No	Name	2011 No. of shares	%
1	NLP International Ltd	**20,488,662**	12.79%
2	Electric Super Cats P/L - BAWD Holdings	**12,500,000**	7.81%
3	Zurich Square Investments Limited	**9,498,375**	5.93%
4	Peter Dulhunty	**6,081,000**	3.80%
5	Anthony C. Wilson	**5,800,000**	3.62%
6	HSBC Custody Nominees	**5,624,770**	3.51%
7	Brendon A. Park	**5,310,194**	3.32%
8	Gregory R. Knoke - The Knoke Super Fund A/C	**5,085,945**	3.18%
9	Edmund Lacis	**4,878,286**	3.05%
10	Alex Hill	**4,323,582**	2.70%
11	Alfred J. Chown	**3,172,029**	1.98%
12	Forsyth Barr Custodians Ltd	**2,577,723**	1.61%
13	Philip W Dulhunty	**2,560,286**	1.60%
14	Robert S. Lord	**2,500,000**	1.56%
15	Granic Pty Ltd	**2,330,058**	1.46%
16	Kexby Finance	**2,100,000**	1.31%
17	DASA Investments Pty Ltd	**1,930,251**	1.21%
18	Ian Clyne	**1,798,895**	1.12%
19	Labor Holdings Pty Ltd	**1,694,814**	1.06%
20	Raymond S Willard	**1,599,343**	1.00%
		101,854,213	**63.62%**

ASX Additional Information (cont'd)

(c) Substantial shareholders

The number of shares held by substantial shareholders are:

	Number of Shares
NLP International Ltd	20,488,662
Electric Super Cats Pty Ltd	12,500,000
Zurich Square Investments Limited	9,498,375

(d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.