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### Financial Report

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This year has been a roller coaster ride for New Mardi Gras (NMG). However, I am pleased to say that we ended the 2006 Season on a high note with the delivery of a highly successful Fair Day and an amazing Parade and Party. This was the year in which, if you believe the papers at least, Mardi Gras rediscovered its mojo.

The October long weekend has historically been the preserve of Mardi Gras. The Sizzle weekend kicks off the party season and it remains, after the Mardi Gras party itself, the organisation’s most important fund raising activity. This tradition came to an end in 2005, as a result of which there was a dramatic fall in attendance at Sizzle: from 9,500 for Porr in 2004 to 6,500 people for Sizzle in 2005.

This represented an unanticipated shortfall of revenue for NMG of around $250,000.

To be blunt, this was, potentially, a cataclysmic event for an organisation seeking to turnaround a $300,000 loss from the preceding year.

Can the shortfall in attendance at Sizzle be solely attributed to the competition from other dance parties over the weekend? Probably not, but there is little doubt that, faced with a choice, a significant segment of our community chose to give Sizzle a miss and support alternative events.

The effects of this shortfall were felt throughout the rest of the financial year as our staff and volunteers struggled to cope with reduced budgets and fewer resources in which to create the world’s most famous/GLBTQ celebration. On behalf of the Board, I would personally like to thank each and everyone one of you who showed such resilience and belief in the weeks leading up to, and following, Sizzle.

In particular, it was very sad to see the shelving of NMG’s new event from 2005 – the history exhibition 57 Questions – a direct result of budget cuts introduced following Sizzle. It is my sincere hope that such an important event can be re-introduced for the 2007 season, to remind us all of the journey that we have, as a community, travelled since 1978.

NMG does not own the October long weekend, although I hardly imagine anyone would try, for example, to contest ACON’s claim to the Queen’s Birthday weekend in June. The challenge which NMG must now face is to re-event Sizzle as an event which the community chooses to support.

That said, there are 52 weekends in the year – more than enough, you would have thought, for Sydney’s party promoters to produce their events without cannibalising the market.

But adversity is often the catalyst for change; the dramatic shortfall of revenue from Sizzle gave added urgency to addressing finally one of the thorniest issues that Mardi Gras has ever had to face: the presentation rights to the Sydney Gay and Lesbian Mardi Gras.

Following consultation with the community, NMG signed an agreement with gaydar.com.au for the presentation rights to the Sydney Gay and Lesbian Mardi Gras. The agreement extends to Mardi Gras’ 30th anniversary in 2008. In gaydar.com.au, NMG has found a partner which respects Mardi Gras’ history and place in our local community, while at the same time recognizing NMG’s potential for growth and re-invention. A special thank you to Trevor Martin, Marketing Director of gaydar.com.au for his understanding and support as NMG took this important step.

As for the 2006 Season itself, well, I will leave that to the comments of the individual working groups and board sponsors set out in the remainder of this annual report. What is clear, however, is that with the passing of each year, NMG is regaining the corporate knowledge lost with the demise of SGLMG in 2002. We are not perfect and, no doubt, we will continue to make mistakes. But each year we learn from those mistakes. And each year the reputation of the Sydney Gay and Lesbian Mardi Gras is enhanced in the eyes of the world.

This, in itself, presents challenges. As an organisation we have to meet these increased expectations, with it would seem, ever decreasing amount of resources – we have to constantly ask ourselves ‘What is Mardi Gras?’ or as the self-titled ‘Grumpy Old Men’ of NMG’s Audit and Risk Committee, constantly pose ‘Why are you doing this?’ NMG must address these questions and to re-invent itself accordingly.

If NMG is to flourish and grow, it can not and should not be a hostage to its history. We commemorate our past, but equally, if not more importantly, we should be celebrating, anticipating and planning for our future. We have to step one step ahead of the game, and there can be no sacred cows. NMG was created out of a crisis situation and we must now, as we begin to stabilize the organisation and its finances, re-assess the foundations upon which NMG was created and work out a sustainable model for the future.

Does the festival need to be four weeks long? Should it remain uncurated, or should NMG take a more active role in curating potential festival entries? What is the purpose of Launch? Do we need it? Despite the success of the Mardi Gras party, overall attendances and the mega-parties are in decline? How do we address this loss of revenue? These are just a few of the issues, which I believe we, as an organisation, must start discussing.

Mardi Gras means so many different things to so many different people and, in the cold light of day, for lots of people it means nothing at all. The challenge is take the hopes and aspirations of those people committed to the idea of ‘Mardi Gras’ and from that create a sustainable vision and purpose for the organisation which not only speaks to their expectations but engages with the wider community and meets head on the challenges of the future to create a relevant and modern Sydney Gay and Lesbian Mardi Gras for the 21st century. I am optimistic that we can rise to this challenge and see Mardi Gras go from strength to strength.

Mardi Gras is an amazing thing. The passion, commitment, drive and creativity that comes out of our offices in Petersham is an inspiration to us all. From a personal perspective, it has been a joy to work with, and beside, so many beautiful and passionate people.

Thank you.

Miguel Bourget
Chair New Mardi Gras

And each year the reputation of the Sydney Gay & Lesbian Mardi Gras is enhanced in the eyes of the world.
from the general manager

I believe. This year’s Parade saw the theme of ‘I believe come to life, driven by our Parade Creative Director Mitzi McIntosh. For me, that really sums it up; you either believe in Mardi Gras or you don’t.

This year along with thousands of others I enjoyed a fantastic, successful season and saw the fruits of our hard labour come to life. It seems, many others like me do believe in the Sydney Gay & Lesbian Mardi Gras. For those of you who choose to believe and support New Mardi Gras – thank you.

This past 12 months has been incredibly challenging from a management and operational point of view. Last season’s curve ball of the loss placed enormous pressure to deliver a financially successful 2006 season and rebuild the long term sustainability of the organisation. You may think that a profit of 91,000 is not a lot. However we were able to deliver an annual turn around of almost 1,400,000 with two full time staff, approximately 8 contractors during January through early March and just over 1,400 volunteers. This is a significant achievement for a community not for profit organisation.

A significant portion of my time was focused on developing our organisational budgets and fine-tuning regularly to ensure the right levels of expenditure against our projected income. Our finance policy was re-written, distributed and explained to every working group co-chair and manager for transparency and to increase the level of operational management. Our financial controls and processes were tightly managed each week during season via standard templates for all expenditure and William Pauw & Co Finance Co-Chair, must be mentioned for all his hard work in this area.

We had some great successes that helped contribute to this result. Most significantly was the long term partnership we have entered into with Gaydar.com.au. They are a wonderful client, respectful of our history and willing to invest in our future. Together I believe that both of our organisations will benefit greatly from this relationship. We also saw the beginning of another terrific relationship, with Aztech Events. Darren, Brad and Grant must be mentioned for the delivery of two excellent parties – Sexae 2005 and Mardi Gras party. Our relationships with our suppliers and the venues, with community members and of course with party goers has improved considerably since this dynamic trio have been managing our parties. In some areas, Mardi Gras now sets the industry benchmark for party production and occupational health and safety.

As always, our key suppliers who are willing to be flexible in their fees and terms and who are willing to give us sound advice must also be recognised. Without their ongoing support and belief in our organisation, things would be a lot tougher.

This year also saw a more significant relationship with Tourism NSW and the Major Events Board. Funding towards marketing to interstate and international travellers to the Mardi Gras was very much welcomed and we hope to continue to build upon this relationship in the future.

This past year saw an incredibly talented group of staff join the ranks of Mardi Gras. Gordon Wheatley our Office Manager and I still remain the only two full time staff paid throughout the entire year. A special mention must be made about our part time accountant William Pauw who did a significant amount of work on budget development and management throughout the year. We introduced a Workshop Manager, Justin Green for approximately six months from Sexae through to the end of season who has been invaluable. He has made his mark tremendously on both our parties and the parade and the production values of our events continue to climb under his guidance. The workshop has never looked so well organised! Our other ten staff and contractors throughout the season were a pleasure to work with and their sense of humour, passion and dedication to doing their best work, and managing their budgets strictly are to be commended.

Lastly to our volunteers who continue to astound me and without whom we would not be able to have the world’s greatest gay celebration. The sheer amount of hours and effort and creativity that exists among the 1,400 or so ‘volunteers’ as they are known, is mind blowing. It is the ability of our votaries and staff to work so well as a team, and the increased levels of transparency and information sharing across the organisation that has helped us deliver a great season. Staging 4 major events and an arts and cultural festival of over 100 events in less than 4 weeks could not be done without the tremendous team effort. Thank you to each and every one of you who has donated time, ideas or good humour along the way. It makes working for Mardi Gras for me incredibly satisfying. I believe, I really do have the best job in the world.

Anna McInerney
General Manager

members at a glance

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<td>NSW</td>
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| A/D/S Council of NSW (ACON) |
| Bobby Goldsmith Foundation (BGF) |
| Dykes on Bikes |
| Gay & Lesbian Rights Lobby |
| Harbour City Bears |
| Luncheon Club |
| People Living with HIV/AIDS (NSW) |
| Pride |
| Twenty 10 Youth Services |
| Velocity |
| Velvet |
| Pride March Victoria |
| Queenscreen |
| Sydney Leather Pride |

In some areas, Mardi Gras now sets the industry benchmark for party production and occupational health and safety.
looking forward we have some clear priorities for improvements on this year.
- Marketing needs to play its part in putting Sleaze right back up there as the second key event on the Sydney gay calendar.
- For the 2007 season we will have a fully fledged campaign to target the international visitor market. Our events still attract a big international crowd, but we think it can grow much bigger.
- We also want to get Parade audiences back to the scale they enjoyed around the Millennium. This year’s Parade was sensational and deserved a bigger audience.

Marcus Bourget
Board Sponsor

Damien Eames
Chair Marketing Working Group

This year the scope and creativity of our marketing increased significantly despite the challenges of budgetary constraint.

The new Co-Chairs, Stephen Craddock and Damien Eames, joined with media deadlines already looming for Sleaze. They produced a lavish set of executions for each of the Seven Deadly Sins for Sinfully, which were translated into a hugly memorable show at the party. Special thanks must go to the photographer Scott Lowe and stylist Fernando Barraza as well as the models Vanity, Dallas, Genevieve, Michelle, Robbie, Justin, Katherine, Salomeh, Kevin, Danny, Rebecca and Tanya. Bec for make-up. Tingan Emery at the Historic Houses Trust. Guy at The Costume Shop and Jason from Chetwall for the loan of many of the fabulous costumes.

Of course sales to Sleaze turned out disappointing and our marketing – even if not to blame – clearly had not made the difference. There were clearly some lessons to be drawn, in particular that any attempt to represent every part of the community is likely to fail. With seven different executions and limited media spend, our branding for the party ended up somewhat diluted.

The main focus of our marketing strategy for the Season was to sell out the party which we very nearly achieved. At the same time, we managed to achieve a significant underspend on budget. We scaled back some of our Sydney spending this year, but maintained our interstate press spend, thanks to grants from Tourism NSW and the NSW Major Events Board. Gaydar’s sponsorship translated into a significant online campaign for both Sydney and the rest of Australia. New Mardi Gras’ first major ad banner campaign produced very strong results with click-through rates significantly higher than Gaydar’s average.

We expanded the number of street banners significantly this year which helped build the sense of occasion around the Season. We moved beyond the Darlinghurst strip to make the Mardi Gras presence felt right in the heart of the CBD and at Circular Quay. We were very fortunate to be able to supplement this with our first ever bus shelter posters, due to a donation of 30 street level spots by J. C. Deceaux.

Overall we got much more bang for our buck this year due to such contributions and major savings on printing costs and design. We produced vastly more creative executions than last year and this was only possible due to the diligence of our talented volunteer designer Sarah Unsworth.

For the core season imagery we decided to emphasise the roots of Mardi Gras, opting for the butterfly image which was used in early Mardi Gras posters and opting for a more artistic, less polished style. We commissioned gay Sydney artist Richard Ellard to produce the image for us and were delighted with the result which blended an eclectic mix of imagery that we felt caught the diversity of exuberance of Mardi Gras perfectly. It also proved incredibly flexible, looking stunning on street banners, posters, temporary tattoos and even when copied by body painters!

The butterfly served as a useful consistent theme, allowing us to use other specific creatives for our different events. For party we used quite a few different images to get across different messages. One of the challenges with marketing the event is that it means different things to different people. Some claim that it is a community party; others that it is a big circuit ‘party boy’ party. The truth is that it is both and that is what is so special about it. From December through February we tried to get this across with a range of creative.

The theme of the party was ‘dreams’ and to get this across in press and posters we created a set of two key images, one for the boys and one for the girls. For the first time we worked in collaboration with DNA to set up the photoshoot and additional images were later carried of the model Tim in DNA and models Fernanda and Max in LOTL. Huge thanks to them as well as Paul Scala for photography. Jordan Graham for styling and Andrew Crean at DNA for setting it up.
The Communications Working Group reached double volunteer figures in 2005/06, with 10 people responsible for media liaison, website content and membership communication.

In 2006 New Mardi Gras extended its media reach by forming a partnership with Pulse Communications, an Ogilvy PR Worldwide Company. As part of the partnership, three graduate public relations interns were integral to our media success, and we thank Maria Ferreira, Melinda Cook and Elsa Bruni for their invaluable time and skills.

A big thank you also goes to our official media partner, Sydney Star Observer, the publisher of our Festival Guide, as well as our Fair Day and Parade supplements. Special thanks also to our media partners LOTL, MVC Out in Perth, DNA, Blaze, GLN News and Gay Japan News.

The Communications Working Group implemented the strongest public relations campaign for New Mardi Gras to date. The results included:

- Front page of Sydney Morning Herald day of Parade. page three following Monday
- Television news stories focusing on Launch and Fair Day
- All five TV networks devoting film crews for Parade
- A 12-page festival lift-out in the Sydney Morning Herald’s Metro supplement
- International film crews from United Kingdom, France and Canada filming parade
- Print coverage in publications from South Africa, United Kingdom, Italy, Canada, Germany, United States, China, Japan and Hong Kong
- Print coverage extending into suburban Sydney and major regional centres across Australia
- Radio stations Mix 106.5 and 2DAY FM devoting breakfast shows to Mardi Gras in the lead-up to parade
- Print coverage for the first time in magazines – Marie Claire, Cosmopolitan, GQ, The Gentleman

The Communications Working Group, together with wish.com (New Mardi Gras’ official website and hosting services provider) were responsible for launching the new look Mardi Gras website in December 2005. The new site, which incorporates a content management system, has provided enormous flexibility and provided the community with timely festival information and latest news stories.

The Communications Working Group distributed 12 e-newsletters to New Mardi Gras members from December 2005 until the end of the 2006 season. Without our 10 hard-working volunteers of the Communications Working Group and Pulse Communications, none of the above would be possible. We thank you all very much.

Marcus Bourget
Board Sponsor
Scott Gillespie and Gillian Stokle
Co-Chairs Communications Working Group

Our relationship with government continues to grow and prosper and it is with the support, advice, guidance and encouragement of a number of agencies that the Mardi Gras Season can flourish.

The City of Sydney once again supported Mardi Gras as a major partner with cash and in kind assistance. The City worked closely with NMG to provide ideas and suggestions for improving our events.

The City invited New Mardi Gras representatives to help choose a design for the colourful rainbow street banners that appear throughout the year to commemorate Oxford Street as a gay and lesbian centre in Sydney.

The year our Mardi Gras Festival street banners, featuring the butterfly design, were displayed for the first time on the Town Hall during the Season.

We would like to thank Peter Seamer, Monica Barone, Ann Hoban, Kirsten Fishburn, Rachada Dunn and Michael Abbott for their great work and support of New Mardi Gras and we look forward to further building upon our relationship with the City of Sydney.

The NSW Government has continued its support with significant User-Pays Exemptions (UPE) for Launch, Fair Day and the Parade. The UPE covers the services of the Police, Roads and Traffic Authority and Ambulance Service.

The Office of Protocol and Special Events has been incredibly kind, facilitating numerous multi-agency meetings to work around potential crowd issues with a rugby match finishing next to the Parade end area. John Trevillian and his staff are to be congratulated on their efforts.

NMG’s relationship with Tourism NSW has continued to grow and we worked closely together to develop Season marketing. Tourism gave us a cash contribution towards advertising; they listed season events on their website (www.seesydney.com) and marketed key events in their Sydney Summer Campaign. NMG and Tourism will develop joint strategies for the 2007 Season. We would like to thank Jan Ross and her staff at Tourism NSW.

The Major Events Board also provided a grant towards the redevelopment of our website and other marketing activities. Thanks to Kevin Simmons for his assistance.

Maroubra Council continued this year as a sponsor – particularly supporting KidZone at Fair Day with their Magic Yellow storytelling bus.

The results of our Economic and Social Impact Statement, undertaken in 2005, shows that the Mardi Gras Season continues to deliver over $46 million annually into the NSW economy.

In coming Seasons, we look forward to working more closely with government agencies and councils and continuing to advocate the increased cooperative efforts and support that will assist the Sydney Gay and Lesbian Mardi Gras to continue to have major economic and social impacts in Sydney, New South Wales and Australia.

Diane Minnis
Board Sponsor - pre August 2005

Susan Page
Board Sponsor

Anna McInerney
Government Senior Liaison
Undoubtedly, one of the biggest stories of this year was the sponsorship with gaydar.com.au for the presentation rights to the Sydney Gay and Lesbian Mardi Gras up to and including our 30th Anniversary year in 2008.

Prior to entering into detailed negotiations with gaydar.com.au a consultation was held to understand community concern and feeding on the issue. Many thanks to everyone who came to the consultation and provided feedback into the overall process.

The gaydar.com.au sponsorship provides NMG with a solid foundation to build a secure financial future in the immediate and medium term. Gaydar.com.au has shown itself to be a very aware and receptive partner. It understands the potential sensitivities of this relationship and has worked with us at all times to maximise the benefits of this relationship for both parties. We are all very excited to be working with gaydar.com.au over the next two years. A special thanks to Trevor for bringing the deal to fruition and to Boris, gaydar.com.au’s man on the ground during the Mardi Gras season.

For many of our sponsors, this year saw a return to Mardi Gras as part of longer term strategic relationships that had been negotiated previously. The majority of our sponsors stepped up their creativity with regards to their presence during the season and throughout our events. They put their best foot forward and continue to make the Mardi Gras experience enjoyable for all. We thank them all for their ongoing support and look forward to strengthening our relationship in the future.

Special mention must be made of the following partners of New Mardi Gras:

- Coca Cola Amatil continued to keep all our volleys, staff and contractors refreshed with soft drinks and water all season and also supplied some drinks trolleys at Fair Day.
- Pure Blonde from Carlton and United Brewery was the beer of choice for ourselves and our community. Our beverages at Fair Day, which were in great demand with the soaring temperatures were also supplied by CUB.
- Kim Crawford Wines ensured that our sophisticated palettes were supplied with New Zealand’s best Sauvignon, Pinot and Semillon wines.
- Lavazza coffee kept us caffeinated which came in very handy for the 6am bump in for Fair Day!
- Advance Petfood from Masterfoods the presenting partner of Fair Day’s Doggywood, continued in its second year to keep our dog’s tails wagging. Great prizes and trophies for our Doggywood winners supplied by Advance are the pride and joy of many adoring gay and lesbian dog owners.
- Colourmaker paint ensures that our dancetours, floats, sets and props all look fabulous.
- Tupperware really got into the swing of things this Mardi Gras with lots of fantastic prizes for competition winners, and handing out thousands of maracas in ‘foresplay’ before the Parade.
- Jetstar also returned this year and was involved in ‘foresplay’ before the Parade and distributed thousands of clappers to our community.

We have some solid partnerships in place but we must continue to grow our sponsorships by finding new partners who share our values and are willing to support and benefit from our community. New Mardi Gras’ success depends on establishing new relationships and gaining the ongoing commitment from businesses to help us grow and secure our future.

Marcus Bourget  
Board Sponsor
Anna McNemey  
Sponsorship Senior Liaison
**sleaze 2005**

This year’s Sleaze took a fresh look at the seven deadly sins. ‘Sinsuality’ was on 1 October where just over 6,500 people partied the night away at the RHI and Hordern Pavilion at Fox Studios.

Sinsuality was the first party produced by NMG’s new party producers Atzeck Events. Working with Atzeck was a pleasure. Atzeck were totally focused, professional and accommodating to the needs, ideas and expectations of the Party Working Group. There is a great synergy and dynamic between the boys from Atzeck and NMG, and we are all very excited to have Atzeck on board!

As with Sleaze 2004, we were fortunate to have on board some of Sydney’s best known DJ’s who kept the crowd jumping around throughout the night Greg Boladian kicked off the proceedings in the RHI, followed by Luke Leal and Jake Ribby playing a back to back set. Kade Monse then took control of the decks before the fabulous Dan Murphy took over to close the RHI.

In the Hordern, Ruby started things off with some trance, before handing the reins over to Chip. Chip took us on a slightly harder journey which was continued by the big rolling sounds of Feintsy and Mandy Rolls playing back to back, with Svetta bringing everything to a fitting close for the night. Thanks to all our DJ’s and thanks also to Damon Harley for ensuring that all the needs of our DJ’s were catered to in the lead up and during the course of the night!

Sleaze saw seven different shows throughout the night each one taking inspiration from one of the seven deadly sins. All were excellent and were very well received by the crowds as were special guests the spectacular Rogue Traders who performed their hit ‘Voodoo Child’ in front of a drooling crowd in the RHI.

A Member’s and Guest Area was created in the back of the RHI which was another big hit allowing our members and their guests to chill out away from the dance floor while having easy access to a bar. As with 2004 a Women’s Space was also created in the back of the RHI. With its own theming and entertainment this was another big hit with lots of women and their friends enjoying the space throughout the night.

One of the big successes of the night was getting the sound right in the RHI. A bone of contention for a number of years, the NMG audio sub-group working with our suppliers and partners finally came up with the configuration which worked! An especially big thank you to Ryan Murphy who gave us the opportunity to play at Sleaze in order to drive the audio sub-group to such a successful result.

The October long weekend has traditionally been the fundraising weekend for next year’s Mardi Gras. However, 2005 saw the end of that tradition with other large events competing for the community’s dollars over the weekend. Although, NMG adopted the highly successful early bird ticketing model, tickets for Sleaze were well down on the previous year. Approximately 6,500 joined us for Sinsuality – 2,500 less than who came to Porn in 2004. This was despite our best efforts to engage with the community to purchase tickets for Sleaze, including a raffle with a grand prize of return tickets to Hong Kong care of Virgin Atlantic and an open letter to the community emphasizing the importance of Sleaze to NMG and its ability to fund the following year’s Mardi Gras season.

If the October long weekend is no longer the sole preserve of NMG to enable the organisation to raise funds for the following year then we have to reassess the purpose of Sleaze and its function as a fund raising event. The challenge now is to re-invent Sleaze as an event the community wants to attend while still ensuring that the organisation can raise sufficient money to fund the following year’s season.

**Marcus Bourget and Kirk Muddie**

**Board Sponsors**

**Kerry Swift and Tim Graham**

Co-Chairs Party Working Group

---

**festival 2006**

Festival is about us: the diverse groups that make up our community coming together to celebrate who we are, where we come from and what we want to be.

For the third year in a row, the Arts, Sports and Cultural Festival has included more than 100 events over a four week period. I would like to thank all the performers, venues, producers and artists for continuing to support our umbrella festival.

Again, we had an exiting mix of local and international acts, community organisations and professional companies and events ranging from grass-roots to gizzy.

This year’s Festival included three innovative new events produced by New Mardi Gras.

Kyle, Cocktails and Canapés was a special night at the Powerhouse Museum with viewings of Kylie: an exhibition and songs by Kylie-oke from Courtney Act and Aunty Mavis.

The inaugural New Mardi Gras Short Story Competition, ran in conjunction with the Sydney Writers’ Centre, produced some stunning works and a new audience for a queer-themed literary event.

The very first New Mardi Gras Festival Bar featured some fantastic international and local artists in cabaret mode.

This year we were proud to have a Youth section of the Festival with cabaret, film, visual arts and social events.

And the Festival included another sparkling array of international talent including Kiki and Herb, Sophie B Hawkins, the Topo Twins and Jimmy Somerville in the world premiere of his acoustic show at Sydney’s most glamorous venue, the State Theatre.

Festival is also about our Festival family.

Artists such as Aunty Mavis, Enda Markey, Courtney Act and Belinda Lamon come back every year to help us at launches, events and forums as well as presenting their own festival shows.

And the Festival Working Group volunteers, who worked on this Festival from 2 May 2005 right through to early March. This was a massive commitment, especially from Co-chairs Chris Murray and Lisa Robertson. And I would like to pay tribute to Chris and Lisa and also to our dedicated and indelatgable Festival Co-ordinator, Danielle Harvey.

For all of us working on this Festival it’s about being real...being real about our identity as lesbians, gay men, bisexuals, queers and transgendered people.

It’s about standing up for our sexuality in a country where it is increasingly difficult to be different...where we are still assaulted and harassed, where we cannot marry or adopt or benefit from a partner’s superannuation...it’s a time to be real about our sexuality.

And as Jimmy Somerville sings... Oh, you make me feel mighty real

*Make me feel mighty real*

I feel real, I feel real

Wooh, I feel real, I feel real,...

**Diane Minnis**

Board Sponsor

**Chris Murray and Lisa Robertson**

Co-chairs Festival Working Group
The Event that almost wasn’t. Last year’s results for the company meant that we had to consider some hard choices. One of them was not to have an official Launch. However, following a community consultation it was felt that the event should go on.

By going back through the archives, The Sydney Opera House was approached to again launch our festival on the steps of this iconic building. The difference this year was that, unfortunately, we needed the event to try and pay its own way and needed to charge entry.

The evening was opened by the Lord Mayor of Sydney, Cr Clover Moore MP.

The night was then MC’d by the hugely popular festival act, Naked MC’s who added their own brand of interpretation and humour to the evening. The harbour side was rocked by the huge talent of Sarah McLeod and the evening finished with the tones of Andy Clickmite. A big thank you for giving their time so generously.

Moving speeches from Mayor of Bankstown, Helen Westwood and our own Chair, Marcus Bourget, reminded us of the importance of acceptance, equality and the values of our community.

A damper was put on the evening by a low static cloud that stopped us from taking in the splendour of a summer sun set over the Harbour Bridge but many soldiered on to enjoy the evening until the end.

We intend to build on this year’s experience and make improvements in 2007. A clear priority for us will be to ensure adequate bar provision by Sydney Opera House. We also will be reviewing the format of the event including the entertainment line up to ensure this event has widespread appeal across the GLBTQ community.

A major thank you to Charlotte Hodges, Event Co-ordinator, the working group and its co-chairs Peter Riley and Trish Reid for getting behind this event at such short notice to ensure it happened and got us all through the night.

Fiona Doherty
Board Sponsor

Peter Riley and Trish Reid
Co-Chairs Launch Working Group

On Sunday 19th February 2006, set against the backdrop of a perfect summer’s day, the rolling greens of Victoria Park set stage for what was undeniably one of the most successful Fair Days to date with an approximate crowd of 75,000.

From the moment the first volunteers arrived on site at 5am to the final beats from the DJ’s stand as they played their closing track at 8pm, Fair Day was awash with the colours, vibrance and hype that undeniably defines the community to which we belong.

Fair Day is a day where we celebrate difference and embrace diversity free from judgement or bias.

The Main stage was abuzz with activity from the first sound check at 8am, with international icon Sophie B Hawkins. The Violent Minx punked the house and Pinky Tuscapea pop rocked the crowd. Lesbian icons woo-ed the girls and Madison melted the boys with his deep velvet voice. Not to mention the wonderful talents of Miss Kitty Glitter, Mini Cooper, Freeda Corset, Amelia Airhead, Joyce Mayne. The day was wrapped up in style by our lovely Miss Claire DeLune and her dancing boys.

The ‘Fair Day’s Most Fabulous’ Awards saw some great contenders dressed to the 2006 theme of ‘Dance, Love, Radiate’ providing plenty of inspiration for some colourful, wild and wacky costumes. The winner was awarded not only for their fabulousness but also for their determination, walking around fully made up in the severe heat! Hats off to you, and according to our judges despite the beautiful sunshine beating down, you still looked Fabulous!

The Lounge Tent presented by Odyssey House and Bitch saw several hundred people grooving to the huge line-up of musical performances and DJ’s. With world famous sounds being commanded on the decks from internationally acclaimed DJ’s such as Kate Monroe and Alan Thompson. We only wish we could have entertained you for longer into a hazy summer’s night.

Maybe next year?

A re-bounding success this year was when J Wallace cast his shadow against the city sky scape atop his trampoline. By working together with Team Sydney we were able to bring you the Sports Village presenting the talents of our community clubs and teams which hopefully got some people inspired enough to pick up a hockey stick or to clean the dust of the soccer boots.

Doogwood, presented by Advance, was as spectacular as ever with it competitive heats and finals. Amongst others, the NSW Gay Dads enjoyed a picnic in Kidzone while the children were entertained throughout the day. The Fair Rides were back to entertain the bigger kids in the crowd. Did anyone actually go in the Slingshot?

A big thanks to everyone involved especially to the volunteers, the performers who gave their time and talents generously and of course everyone who attended.

A special thanks you to the working group, its co-chairs Peter Riley and Trish Reid and Charlotte Hodges. Event Co-ordinator, for all their enthusiasm, energy, patience and hard work.

Haunted the most popular daytime event in the Sydney GLBTQ Calendar, Fair Day 2006 set a precedent for years to come. The combination of goodwill and ongoing invaluable support from long standing sponsors, there is no telling what Fair Day 2007 can bring!

Fiona Doherty
Peter Riley and Trish Reid
Board Sponsor
Co-Chairs Fair Day Working Group
Due to the hard work and commitment of the members of the Parade Working Group and the Entries, Live Sites, Volunteers and Area Coordinator sub-groups, the 2006 Sydney Gay and Lesbian Mardi Gras Parade was nothing short of a resounding success, with over 6,500 registered participants, the largest parade in New Mardi Gras history and follows the steadily increasing numbers over the last three parades.

The Working Group wanted to continue in re-energising the creative elements of the Parade; this included the continued creativity of the New Mardi Gras produced floats, but also encouraging the community floats to be as creative as possible. To this end, the Parade Community Grants continue to support GLBTQ community entrants to lift the production values of their floats. Groups assisted this year include the Gay and Lesbian Rights Lobby, Joyce Mangete’s Brokeback Mormon and Brokeback Boys and Rhinestone Cowboys amongst others.

The 2006 lead float was entitled The Ship of Feet; conceived by Mark Barraket, The Ship of Feet was a satirical comment on the continued denial of equal rights for lesbians, gays, bisexuals, the transgendered and queers by Australian governments. The Ship of Feet re-visited the overall theme of the 2006 Parade, I believe. The Parade Working Group adopted I believe to provide a counter point to the lead float: while the GLBTQ community has recently been under sustained attack in the media and in parliaments across Australia, we still have the capacity to believe in the day when our community will have full legislative equality and be treated with the respect we deserve. I believe represents hope at all levels for all members of our community.

Whilst every float was fabulous, the 2006 Parade Awards recognised six entries as particularly outstanding. They were:

- Best Dressed: Vic Presence, Walk like an Egyptian;
- Outstanding political comment: Workers Out. Queers in Union;
- Funniest: Ethel Yarwood Enterprises, The Kate Moss Line Dancers;
- Sexiest: Dykes on Bikes;
- Most Creative: Eagle@IBM, Eagle; and

Without the continued support of our sponsors and supporters, the Parade could not continue to happen: New Mardi Gras recognises and thanks the Office of Protocol and Special Events (OPSE) in the Premier’s Department and the City of Sydney for their continued support of the Sydney Gay and Lesbian Mardi Gras Parade.

My thanks to the tireless efforts of the Parade Working Group members; the Working Group Co-Chairs: Anthony Hills and Todd Packer; the Creative Director: Graeme Browning; and the Parade Production Staff: Tim Penney, John Hancock and Steven van Drorp.

Finally, on behalf of the Parade Working Group and New Mardi Gras, I wish to thank the hundreds of passionate, professional and highly committed Parade Officials without whom the most amazing parade in Australia could not occur. Thank you.

Scott Clare
Board Sponsor
Anthony Hills and Todd Packer
Co-Chairs Parade Working group

The party was arranged by the many talented people in NMG’s Party Working Group who with the assistance of sub groups covering areas such as Scenic, Entertainment, Women’s Space and Technical, ensured that all aspects of the night were covered to enhance the party enjoyment.

New Mardi Gras contracted with Aztech Productions this year as our party producer, after their successful stewardship of Sleaze 2005. Grant Pisci, Darren Wade and Brad Wright became an integral part of the 2006 Party team.

The party was staged on a smaller footprint than last year; but still offered a variety of locations to experience different musical styles and shows. Premier local and international DJ’s kept the crowd entertained all night as did performances from Jimmy Somerville (his first time back in 10 years), Jan Johnson, Therese from Stonebridge, Erika Heynatz, and Gaydar’s special guest from Ibiza – Baby Marcello.

The Royal Hall of Industries played host to a night of commercial house and anthems, with the same sound configuration used at Sleaze repeated for Mardi Gras. Local DJ’s Shigeki, Jayson Forbes, Dan Murphy and Ryan Murphy kept the music pumping all night along with our special guest DJ – Brett Henrixen, who was clearly a crowd favorite in the RAH.

The Horzmond Pavilion took us on a journey into Trance, with great tracks from Luke Leal, DJ Josh, Matt Steer and Ree Dreske alongside fantastic scenic elements and some great laser shows. Whilst shows were kept to a minimum in this space, Jan Johnson’s singing at 2am and 4am added to the overall affect of the music and scenic.

Stage 11 returned to its days as the home of Retro, with the crowd once again showing its enthusiasm for the hits of yesterday as brought to you by David Hiscock, Greg Boland and Paul Goodyear; with long queues to enter and a packed dance floor all night. Erika Heynatz provided the entertainment in Stage 11, with the upper levels of the space playing host to the women’s space, which once again was warmly greeted by the community.

The Dome was packed to the rafters all evening, with sweat flowing freely off the many boys and girls who chose to spend the night dancing to the tunes of Chip, Mike Kelly, Rob Gilbert and Lim Jeka.

The forecourt was used this year as a staging post for the up and coming DJ’s and added a new vibe to an area previously only known as a place to meet friends, Kate Monro’s early morning performance in the forecourt as the sun rose was a sight to behold.

Without all of the volunteers who helped to put this together, who put in tiresless hours to make sure that everything was right on the night, and many of whom put their own lives on hold, the party would never have come together. I would personally like to thank all of the volunteers for their efforts – without you this would not be possible.

We would also like to thank ACON, Luncheon Club and the Metropolitan Community Church, all of our DJ’s and performers and all of the community members who offered so much assistance in putting the party together, as well as our presenting partner Gaydar.com.au.

Kirk Muddie and Marcus Bourget
Board Sponsors
Kerry Swift,
Chair Party Working Group
In 2005 NMG established a Volunteer Working Group (VWG) to better co-ordinate the utilisation of our volunteers across all events throughout the Season and year.

The VWG consisted of two Co-Chairs and a representative from each of our events who coordinated their volunteers. The aim of the VWG is to promote consistency in our approach to volunteer management and issues across all events, and to provide a central point for those decisions and projects which affect all volunteers.

The VWG this year appointed a Volunteer Coordinator, Michael Donnelly to be a central point of contact for new volunteers joining NMG and to answer calls to the volunteer hotline and emails with volunteer enquiries. This proved really successful – retention of our 1,500 volunteers (from initial contact to completion of shift) increased significantly in 2006. A huge thank you must be made to Michael for his wonderful work this year.

Establishment of the VWG has allowed us to focus on the coordination and centralisation of many functions previously managed on an ad-hoc basis by each event. This includes:

- Creation of a master database and mailing list of all volunteers for the 2006 season
- Establishment of volunteer hotline, advertised on website. This allowed potential volunteers to ask questions about the roles available, skills we can use, etc, before signing up
- Coordination of t-shirt design and printing for all events
- Organisation of the volunteer thanks function
- Advocacy for equal approach to volunteer management between events

One of the biggest challenges for NMG is to retain volunteers year after year. We believe that the Volunteer Working Group and the Volunteer Coordinator position have gone a long way to ensure that new or recent volunteers are well informed of the options for volunteering and we hope to see a much higher retention rate for the 2007 season.

To those volunteers who gave their time for SIEze and the 2006 season we say THANK YOU SO MUCH. We couldn’t do it without you!

Challenges for the future include:

- Enhancing the volunteer presence on NMG website with more resources and information
- Utilising other websites or online options to call for volunteers
- Review reward and recognition of volunteers

Our volunteers come from diverse backgrounds and they volunteer for many different reasons. Some of our volunteers come back year after year to support us, others are encouraged by friends to ‘get involved’. Many of us want to support the community that supports us and give something back. For many it is their first visit to Sydney or Australia and they just want to be a part of the fun that is Mardi Gras. If you have not volunteered for Mardi Gras, we encourage you to get involved. We guarantee you will meet some amazing people – both local and international, form enduring friendships and learn some new skills!

Jenny Morser and Russell Khan
Co-Chairs Volunteer Working Group

The Membership Working Group have been actively pursuing membership recruitment and building upon the existing benefits for members to offer better value.

The Members Working Group ran a membership recruitment campaign during the lead up to and throughout season. An advertising campaign highlighting new initiatives for members at the Mardi Gras Party ran during season and featured the following benefits:

1. MEMBERS ENTRANCE
   Priority entrance for members providing fast entry into the party, avoiding the queues

2. MEMBERS PRIORITY CLOAK ROOM
   A priority service for members to check in their belongings at the cloak room

3. MEMBERS LOUNGE
   A chill out space for members unlimited use at the party with its own bar, comfortable loveseas lounges and tables and chairs - a great place to take a break from dancing and catch up with friends and other members.

Susan Page
Board Sponsor
Monty Marshall and Nick Lowman
Co-Chairs Membership Working Group
### corporate governance

**ACHIEVEMENT 2005 to 2006**
- A work plan which included financial and non-financial KPIs was developed and agreed with General Manager.
- An annual review will take place in June 2006 to review progress against plan.
- A whole day induction program was run for the new board shortly after election.
- Areas covered included an overview of the organisation, its major policies and procedures, financial affairs and director duties and responsibilities.

**PLAN FOR 2006 to 2007**
- Prepare a formal board charter that details the functions & responsibilities of the board.
- Formal letters of appointment for directors setting out the key terms & conditions of the appointment.
- Run induction program for new board shortly after election.

### 1. Lay solid foundations for management and oversight

**Recognise and publish the respective roles & responsibilities of board and management**

- Increased levels of transparency in the organisation through the distribution of event budgets to GM & Working Group Co-Chairs.
- General Manager was given overall responsibility and authority to manage day to day operations with Working Group’s volunteers and staff.
- Strategic Plan 2005-2008 was completed, Strategy planning day held and facilitated by external management consultant.

### 2. Structure the board to add value

Have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties

- Responsibilities of the Chair or Co-Chairs and General Manager to be agreed upon by the board and clearly set out in a statement of position authority.
- Implement and review progress against 2005-2008 Strategic Plan.
- Focus on acquiring broad skills-set within the board and increasing numbers to 10 directors in view of workload.

### 3. Promote ethical and responsible decision-making

Actively promote ethical and responsible decision-making

- Induction pack developed by General Manager and distributed to all Working Group Co-Chairs, as well as staff and contractors upon joining MMG. Members of all working groups, staff, etc was required to sign the Code of Conduct form.
- Position descriptions have been developed for Working Group Co-Chair positions and other key staff and other volunteer positions.

- Develop a Code of Conduct for directors and management to demonstrate the commitment of the company to ethical practices and behaviour.

### 4. Safeguard integrity in financial reporting

Have a structure to independently verify and safeguard the integrity of the company’s financial reporting

- 3 and 5 year organisational budgets were completed in April 2006.
- General Manager plays a key role in the development of the organisational budgets and attends all finance and budget meetings.

- Have the General Manager state in writing to the board that the company’s financial reports present a true and fair view in all material respects of the company’s financial condition and operational results and are in accordance with relevant accounting standards.
- Develop a formal charter for the audit and risk committee.

### 5. Make timely and balanced disclosure

Promote timely and balanced disclosure of all material matters concerning the company

- The Financial information presented in the 2006 Annual Report has been revised to better reflect the various operations of the organisation and includes the application and impact of implementing AIRS.

### 6. Respect the rights of shareholders

Respect the rights of shareholders and facilitate the effective exercise of those rights

- AGM was held in June 2005.
- Annual Report was published and distributed and provided a comprehensive and detailed overview of the organisation and its operations.

### 7. Recognise and manage risk

Establish a sound system of risk oversight and management and internal control

- A risk management workshop was held in December 2005. A previous New Mardi Gras Treasurer and Co-Chair of the Audit & Risk Working Group facilitated this meeting.
- Plans for comprehensive risk management are developed and filed at New Mardi Gras offices for all our events.

### 8. Encourage enhanced performance

Fairly review and actively encourage enhanced board and management effectiveness

- Post season the Board met to collectively de-brief on their performance and management of the organisation with recommendations for the incoming Board.

### 9. Remunerate fairly and responsibly

Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined

- Budgets for contractors were developed using industry standard guidelines.

### 10. Recognise the legitimate interests of stakeholders

Recognise legal and other obligations to all legitimate stakeholders

- New Mardi Gras was unable to resolve the establishment of the Intellectual Property Trust due to financial constraints.

- Establish a written policy for dealing with the media to ensure announcements are factual and presented in a clear and balanced way.

- Quarterly communications to members, taking advantage of electronic communications wherever practical.
- Publish details of the 2006 AGM on the company website.
- External auditor to attend the 2007 AGM and be available to answer member questions about the conduct of the audit.
Financial Report for the year ended 31 March 2006
The above profit of 158.132 shows that despite reduced revenue from Parties (NMG Party and Sleaze 05) we have managed to improve performance by a resounding 140.647 over the previous year.

The parties allow us to fund the loss making events, Fair Day and Parade as well as our administrative functions. Other operations include sponsorship and members’ services. Running the back office of NMG requires dedicated paid staff and a significant contribution from volunteers. Salaries and wages are a big share of the expenditure but amounted to 127.000. Insurance comes next at 120.000. We spent 1 100 000 on marketing along with office rent of 60.000.

The year that was . . . .

The board has spent many hours over the last year drafting budgets and then continually revising them to ensure a positive result at the year end. A big thank you must go to Michael Rukh who was Treasurer until January 2006 when he left Australia to work for the Asian Games in Qatar. Michael spent many long hours working through the budget. I would also like to thank Scott Cam who stepped into the role of Treasurer between the time when Michael left the board and I started. Scott’s involvement meant that the corporate knowledge and experience that Michael had developed was not lost in the transition. That was very important given we were just about to open the 2006 Season.

During the last year the board had numerous discussions about Launch and whether it was going to be held at the same site as the past three years. This year we left things as they were but that decision must be revisited in the coming year given Launch. Once more, an event which did not pay for itself. Given the financial structure of the organisation it is essential that all events produced by NMG, other than possiblerade, are not funded from treasuries as quickly as possible. Unfortunately, this year once more saw under performance of events against the budgets approved by the board – and they were not extravagant budgets.

This year our insurance premiums were reduced by 35% due to the improvement in the insurance market as well as NMG’s continuing good record in event management. Our thanks go to Philp Sunshine at All Risk Services for his continued efforts to understand our business, to achieve premium reductions and outstanding payment terms for us. Without Philp’s commitment and AON’s support it would be near impossible to stage the Season.

The Audit & Risk Committee has continued to be a valuable member of the board with a particular emphasis on the financial management of the organisation. Of most note was the committee’s great assistance in resolving the issue of whether NMG was tax exempt of not. Due to the hard work of Gerard Gooden, in particular and on the advice of NMG’s accountants, Pitcher Partners, the board self assessed the company as tax exempt in March 2006. That determination was then corroborated by the Australian Tax Office. The board’s self assessment was based on the conclusion that NMG is a community service organisation.

NMG provides a significant service to the GLTEQ community, as well as a platform for local artists, and it is supported by the commitment of other community organisations and assisting community organisations with fund raising. NMG directly supports and assists AGO Service, Perlubie, GAYD, Q19, Lunchbox Club, Twenty 10 Youth Services, Pride March Victoria. It provides many others with a well publicised platform on which to advertise their services. NMG has provided the foundations for the growth of the GLTEQ community and a significant exemption from User Pay Charges from the State Government for the Parade – which covers the services of Police, RTA and Ambulance Services. Even though we received little cash assistance from either level of government, we could not stage the Season without their assistance.

What is missing from the picture, in my view, is support from businesses that directly benefit from the Sydney Gay & Lesbian Mardi Gras. Hundreds of thousands of dollars are spent on and around Oxford Street during the Season each year. Dollars that are brought to these businesses through the staging of the Season and, in particular, the Parade. Unfortunately, very little of the profits created in these businesses as a result of the hard work of NMG, and the support of our corporate sponsors, is returned to NMG to help in ensuring the organisation’s future and to present Sydney and in particular Oxford Street to the world as a tourist destination.

Businesses on Oxford Street have been significantly impacted on by the City of Sydney’s renovations over the last couple of years. They have had a hard time of it. No doubt about that. However, now that the renovations are done, the expectations are that many of the services offered in and around Oxford Street are coming back into the hearts and minds of the customers and businesses. It is out of the way NMG and the businesses on Oxford Street and surrounding areas, in particular the bars and clubs, must work more closely together to promote the services which are yet to re-invested in NMG and its events. A disappearance of the Sydney Gay & Lesbian Mardi Gras from the calendar would surely impact profoundly on the bottom line of many businesses.

It’s in all of our interests to work together and ensure the future is secure.

Michael Douglas

Treasurer
**Directors' Report**

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

<table>
<thead>
<tr>
<th>Director</th>
<th>Date Appointed</th>
<th>Date Resigned</th>
<th>Qualifications / Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Craig Abberfield</td>
<td>03.07.04</td>
<td>25.06.05</td>
<td>Craig is employed by one of Australia's largest telecommunications providers. Has spent more than 20 years in senior financial roles and has extensive experience in corporate governance, strategy, and leadership.</td>
</tr>
<tr>
<td>Marcus Bourget</td>
<td>03.07.04</td>
<td></td>
<td>Marcus is a prolific author and has contributed to many of New Mardi Gras' sponsorship campaigns, particularly in the areas of marketing and sponsorship. He is a member of the board of directors of the Sydney Gay and Lesbian Mardi Gras Foundation.</td>
</tr>
<tr>
<td>Scott Cam</td>
<td>10.05.03</td>
<td>24.06.06</td>
<td>Scott is a seasoned fundraiser and has been a key figure in the fundraising efforts of New Mardi Gras for many years. He is currently the chair of the board of directors of the Sydney Gay and Lesbian Mardi Gras Foundation.</td>
</tr>
<tr>
<td>Fiona Doherty</td>
<td>25.06.05</td>
<td></td>
<td>Fiona has served as a board member of the Sydney Gay and Lesbian Mardi Gras Foundation for several years. She is also a director of several other non-profit organizations.</td>
</tr>
<tr>
<td>Michael Douglas</td>
<td>25.01.06</td>
<td></td>
<td>Michael has served as a board member of the Sydney Gay and Lesbian Mardi Gras Foundation for several years. He is also a director of several other non-profit organizations.</td>
</tr>
<tr>
<td>Denise Hanlon</td>
<td>03.07.04</td>
<td>25.06.05</td>
<td>Denise has served as a board member of the Sydney Gay and Lesbian Mardi Gras Foundation for several years. She is also a director of several other non-profit organizations.</td>
</tr>
<tr>
<td>Diane Minnis</td>
<td>10.05.03</td>
<td></td>
<td>Diane has served as a board member of the Sydney Gay and Lesbian Mardi Gras Foundation for several years. She is also a director of several other non-profit organizations.</td>
</tr>
<tr>
<td>Mark Orr</td>
<td>03.07.04</td>
<td>25.06.05</td>
<td>Mark has served as a board member of the Sydney Gay and Lesbian Mardi Gras Foundation for several years. He is also a director of several other non-profit organizations.</td>
</tr>
<tr>
<td>Michael Rolik</td>
<td>03.07.04</td>
<td>25.06.05</td>
<td>Michael has served as a board member of the Sydney Gay and Lesbian Mardi Gras Foundation for several years. He is also a director of several other non-profit organizations.</td>
</tr>
</tbody>
</table>

**NMG is a company limited by guarantee and accordingly, as at the date of this report, none of the directors held an interest in NMG.**

**INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY**

During the year, no director held any interest in the shares or options of the company.

**PRINCIPAL ACTIVITIES**

The principal activities of the company in the course of the financial year were the organisation and co-ordination of events, celebration, commemoration, protest, and engagement in the community activities as part of the gay, lesbian, transgender, bisexual and queer community. There was no change in principal activity during, or since the end of, the financial year.

**OPERATING RESULT**

The profit/(loss) of the company for the financial year amounted to $158,132 (2005: $(244,515)). No income tax expense benefit has been calculated on this current year profit or the previous year's loss as NMG has not assessed itself as income tax exempt.

**REVIEW OF OPERATIONS**

A review of operations for the financial year is contained in the Treasurer's Report.

**SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

During the financial year there was no change in the state of affairs of NMG.

**SIGNIFICANT EVENTS AFTER THE BALANCE DATE**

- New Mardi Gras has been awarded a 4-star rating by Gay Travel Australia for its gay-friendly policies and practices.
- The company has implemented a new sustainability strategy focusing on reducing its carbon footprint.
- A new partnership with a leading Sydney advertising agency has been announced, building on the company's recent award-winning social media campaigns.
- A new board member has been appointed, bringing additional expertise in social media and digital strategy.

**ENVIROMENTAL 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 OTHER OFFICERS**

The board of directors has declared that all directors and officers of the company are indemnified against all losses and liabilities, and that the company will assume all costs and expenses of defending any action, suit or proceeding, whether civil or criminal, in which such director or officer is or may be made a party, arising out of the performance or alleged performance of such director's or officer's duties for NMG.

**OPTIONS**

No options over any interests of the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

**PROCEEDINGS ON BEHALF OF NMG**

In October 2004, the Phonographic Performance Company of Australia (PPCA) issued a reference in the Copyright Tribunal (CT2 of 2004), seeking an order under sec 15(4) of the Copyright Act 1968 to vary the Dance Use Licence Scheme under which, inter alia, New Mardi Gras Ltd pays licence fees in respect of the music played at its dance parties.

In summary, the PPCA seeks reclassification of the licence fees in respect of the music played at the company's events. The matter is currently proceeding before the Copyright Tribunal.

**Auditor's Report**

In the opinion of the auditors, the accounts are prepared on a going concern basis and fairly and truly present the financial position of the company as at 30 June 2006 and the profit and loss account for the year then ended.
Independent Audit Report to the Members of New Mardi Gras Limited

Scope
The financial report and Directors' responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the Directors' declaration as set out on pages 33 to 44 for New Mardi Gras Limited ("the Company") for the year ended 31 March 2006.

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

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

Auditor's Independence Declaration
to the Directors of New Mardi Gras Limited

In relation to our audit of the financial report of New Mardi Gras Limited for the financial year ended 31 March 2006, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Peroy Audit & Assurance

George Vourantonis
Partner

Sydney

25th May 2006
We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Australian Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company’s financial position and performance as represented by the results of it’s operations, it’s changes in equity and cash flows.

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

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report;
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Directors.

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

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

**Audit Opinion**
In our opinion, the financial report of New Mardi Gras Limited is in accordance with:

1. the Corporations Act 2001 including:
   - (a) giving a true and fair view of the Company’s financial position as at 31 March 2006 and of the performance for the financial year ended on that date; and
   - (b) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
2. other mandatory professional reporting requirements in Australia.

**Description of Emphasis of Matter**
Without qualification to the opinion expressed above, attention is drawn to the fact that as is common for organisations of this type, New Mardi Gras Limited derives a portion of its cash income from functions, subscriptions, and fundraising and it is not practicable for New Mardi Gras Limited to maintain an effective system of internal control over such transactions until their initial entry in the accounting records and bank accounts. Accordingly, our audit in relation to those activities was limited to amounts recorded and we have been unable to independently verify whether the amounts received from these sources have been properly accounted for.

Peroux Audit and Assurance

**George Vourantonis**
Partner

25th May 2006

**directors’ declaration**

In accordance with a resolution of the directors of New Mardi Gras Limited, I state that:

1. In the opinion of the directors:
   - (a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:
   - (i) giving a true and fair view of the company’s financial position as at 31 March 2006 and of their performance for the year ended on that date; and
   - (ii) complying with Accounting Standards and Corporations Regulations 2001; and
   - (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable

**Michael Douglas**
On behalf of the Board

25th May 2006
### Income Statement

For the year ended 31 March 2006 | Note | Year ended 31 March 06 | Year ended 31 March 05 |
---|---|---|---|
Revenue | | | |
Ticket Sales | 2,148,441 | 2,302,760 |
Sponsorship | 331,317 | 263,254 |
Membership Income | 71,339 | 70,610 |
Stallholder fees for Fair Day | 65,877 | 68,207 |
Sale of Goods | 113,152 | 87,740 |
Grants 3 | 52,500 | - |
License Fees | 53,444 | 44,892 |
Interest income | 7,701 | 14,255 |
Other | 43,965 | 12,067 |
Festival entry | 18,210 | 8,123 |
Parade entrance fees and viewing room | 33,082 | 7,532 |
Donations | 10,045 | 6,880 |
| | 2,954,073 | 2,886,320 |
Expenses | | | |
Occupancy costs | (15,099) | (6,061) |
Employee benefits expense | (266,401) | (161,318) |
Amounts paid to contractors | (118,108) | (140,271) |
Insurance | (198,345) | (245,144) |
Venue Hire | (407,983) | (432,076) |
Depreciation of property. 3 plant & equipment | (12,237) | (11,531) |
Operating lease rental expenses | (51,037) | (48,789) |
Marketing & communications | (115,579) | (188,932) |
Security | (222,516) | (232,973) |
Entertainment | (105,309) | (201,029) |
Cost of goods sold | (185,604) | (106,576) |
Party staging | (142,800) | (127,355) |
Equipment hire | (644,375) | (852,174) |
License expenses | (33,024) | (42,378) |
Professional fees | (60,838) | (104,078) |
Doubtful debts | (59,104) | (17,046) |
Other expenses | (152,476) | (211,949) |
Profit/(Loss) before finance costs | 161,238 | 243,330 |
Interest expense | (3,106) | (1,185) |
Net Profit/(Loss) | 158,132 | 244,515 |

### Balance Sheet

As at 31 March 2006 | Note | 31 March 06 | 31 March 05 |
---|---|---|---|
ASSETS Current Assets | | | |
Cash and cash equivalents | 5 | 616,860 | 346,590 |
Trade and other receivables | 6 | 98,197 | 83,855 |
Other current assets | 7 | 180,060 | 164,376 |
Total Current Assets | | 895,117 | 594,821 |
Non-Current Assets | | | |
Property, plant & equipment | 8 | 22,503 | 34,740 |
Goodwill | 9 | - | - |
Total Non-Current Assets | | 22,503 | 34,740 |
TOTAL ASSETS | | 917,620 | 629,561 |
LIABILITIES | | | |
Current Liabilities | | | |
Trade and Other payables | 10 | 353,630 | 218,208 |
Other liabilities | 11 | 38,376 | 41,929 |
Interest-bearing liabilities | 12 | 28,580 | 30,522 |
Total Current Liabilities | | 420,586 | 290,659 |
TOTAL LIABILITIES | | 420,586 | 290,659 |
NET ASSETS | | 497,034 | 338,902 |
EQUITY | | | |
Equity attributable to stakeholders | | | |
Retained earnings | | 497,034 | 338,902 |
TOTAL EQUITY | | 497,034 | 338,902 |
cash flow statement

For the year ended 31 March 2006

Note Year ended Year ended
31 March 06 31 March 05

Cash flows from operating activities
Receipts from customers 3,102,838 3,158,402
Receipts of government grants 55,000 -
Payments to suppliers and contractors (2,892,163) (3,533,301)
Interest received 7,701 14,255
Interest paid (3,106) (1,184)
Net cash provided by operating activities 5 270,270 (181,829)

Cash flows from investing activities
Acquisition of property, plant & equipment - (4,641)
Acquisition of software - -
Net cash used in investing activities - (4,641)

Cash flows from financing activities
Proceeds from borrowings - -
Repayment of borrowings - (30,000)
Net cash provided by financing activities - (30,000)

Net increase / decrease in cash held 270,270 (216,469)
Cash at beginning of financial year 346,590 563,059
Cash at end of financial year 5 616,680 346,590

notes to the financial statement for the year ended 31 March 2006

1 CORPORATE INFORMATION

ABN 87 102 451 785

The financial report of New Mardi Gras Limited (NGM) for the year ended 31 March 2006 was authorised for issue in accordance with a resolution of the directors on 17 May 2006.

New Mardi Gras Limited is a company limited by guarantee and incorporated in Australia.

The nature of the operations and principal activities of NGM are included in the review of operations and activities in the Directors’ report on pages 28 to 29. The Directors’ report does not form part of this financial report.

The registered office and principle place of business is:
297-299 Tratilgar Street
Petersham NSW 2049
Telephone: 02 9568 8600
Facsimile: 02 9568 8666
Email: newmardigras@mardigras.org.au
Web address: www.mardigras.org.au

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. The financial report has been prepared on a historical cost basis.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (IFRS). Compliance with IFRS ensures that the financial report, containing the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

This is the first financial report prepared based on IFRS and comparatives for the year ended 31 March 2005 have been restated accordingly except for the adoption of AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement. The Company has adopted the exemption under AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards from having to apply AASB 132 and AASB 139 to the comparative period. Reconciliations of AIFRS equity and profit for 31 March 2005 to the balances reported in the 31 March 2005 financial report and at transition to IFRS are detailed in note 16.

Except for the revised AASB 119 Employee Benefits issued (December 2005), Australian Accounting Standards that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ending 31 March 2006.

*Application date is for the annual reporting periods beginning on or after the date shown in the above table.

<table>
<thead>
<tr>
<th>AASB Amendment</th>
<th>Affected Standard(s)</th>
<th>Nature of change to accounting policy</th>
<th>Application date of standard*</th>
<th>Application date for NMG</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-1</td>
<td>AASB 139: Financial Instruments: Recognition and Measurement</td>
<td>No change to accounting policy required. Therefore no impact</td>
<td>1 January 2006</td>
<td>1 April 2006</td>
</tr>
<tr>
<td>2005-5</td>
<td>AASB 139: Financial Instruments: Recognition and Measurement</td>
<td>No change to accounting policy required. Therefore no impact</td>
<td>1 January 2006</td>
<td>1 April 2006</td>
</tr>
<tr>
<td>2005-6</td>
<td>AASB 139: Financial Instruments: Recognition and Measurement</td>
<td>No change to accounting policy required. Therefore no impact</td>
<td>1 January 2006</td>
<td>1 April 2006</td>
</tr>
<tr>
<td>New Standard</td>
<td>AASB 7: Financial Instruments Disclosures</td>
<td>No change to accounting policy required. Therefore no impact</td>
<td>1 January 2007</td>
<td>1 April 2007</td>
</tr>
<tr>
<td>2006-2</td>
<td>AASB 101: Presentation of Financial Statements</td>
<td>No change to accounting policy required. Therefore no impact</td>
<td>30 June 2006</td>
<td>1 April 2007</td>
</tr>
</tbody>
</table>
(c) Significant accounting judgments, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events.

NMG determined that goodwill was impaired at the date of transition to AFRS on 1 April 2004. This required an estimation of the recoverable amount of the cash-generating unit comprising NMG as a whole to which the goodwill was allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill are discussed in note 16.

NMG does not believe that any significant judgments have been made in applying accounting policies that will impact upon amounts recognised in the financial statements.

(d) Revenue recognition

Revenue is recognised for the major business activities as follows:

- Provision of services
  - upon completion of the supply of those services that is closure of times of events
  - sale of goods
  - upon delivery of those goods to customers

Members’ subscriptions
- received throughout the year for varying periods at expiring on 31 October 2006, are recognised only in respect of the period of membership to 31 March 2006

(e) Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

(f) Expenses

Insurance costs are amortised over the period of insurance.

(g) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

(h) Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that NMG will not be able to collect the debts. Bad debts are written off when identified. Receivables to be settled within 30 days are carried at amounts due.

(i) Property, plant and equipment

Plant and equipment is carried at cost less any accumulated depreciation and/or impairment.

All assets in a particular class of assets are required to be carried on the same basis as all other assets in that class. Accordingly, the assets purchased from Sydney Gay & Lesbian Mardi Gras Limited (Administrators Appointed) on the 21st October 2002, are now recorded at cost.

Depreciation is calculated on a straight-line basis to write-off the net cost of each item of property, plant and equipment over its expected useful life to NMG. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful life for property, plant and equipment is as follows:

Class of plant and equipment | Depreciation | Depreciation |
---------------------------|-------------|-------------|
                       | Basis       | Basis       |
- leasehold improvements | 16 – 15 years | Straight-line |
- plant and equipment    | 4 – 6 years  | Straight-line |

(j) Impairment of assets (other than goodwill)

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. All other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

(k) Trade and other payables

These amounts represent liabilities for amounts owing by NMG at year end for goods and services provided to NMG prior to the end of the financial year that are unpaid.

(l) Interest bearing liabilities

Interest bearing liabilities are initially measured at cost. Being the fair value of the consideration received net of issue and other transaction costs associated with the borrowings.

After initial recognition, interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method. Under this method, interest and principal directly related to the financial liability are spread over its expected life.

(m) Going concern

NMG will always be reliant on the support for its events from members, non-members and sponsors. The directors believe that through tight budgetary controls and effective cash management, the company will continue to operate and provide services to its members, non-members and the community as a whole.

(n) Other taxes

Revenues, expenses and taxes are recognised net of the amount of GST except:
- when 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, which 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 balance sheet.

Cash flows are included in the Cash Flow Statement 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.

(e) Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees’ services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities for sick leave, all of which is non-accumulating, are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

No employee has reached the threshold of 5 years service. No liability, measured at the present value of expected future payments in respect of services provided to employees up to the reporting date, is recognised as a provision for employee benefits.

(g) Comparative amounts

Comparative figures are, where appropriate, recastified so as to be comparable with the figures presented for the current financial year.

3 REVENUES AND EXPENSES

<table>
<thead>
<tr>
<th>Other income and expenses</th>
<th>31 March 06</th>
<th>31 March 05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Grants</td>
<td>52,500</td>
<td></td>
</tr>
</tbody>
</table>

Grants have been received in respect of contributions to marketing activities. There are no unfunded conditions or contingencies attached to these grants.

Depreciation and amortisation
- plant and equipment depreciation | 12,195 | 11,498 |
- leasehold improvements amortisation | 42 | 33 |

Minimum lease payments
- operating lease | 51,037 | 48,789 |

4 INCOME TAX

NMG has sought and received independent advice confirming that the company is income tax exempt for the periods ended 30 June 2003, 2004 and 2005 and for the nine months ended 31 March 2006.

5 CASH AND CASH EQUIVALENCES

<table>
<thead>
<tr>
<th>Cash at bank and on hand</th>
<th>31 March 06</th>
<th>31 March 05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short term deposits</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods depending on the immediate cash requirements of NMG, and earn interest at the respective short-term deposit rates.

The fair value of cash and cash equivalents is $161,860 (2005: $134,590).

Reconciliation to Cash Flow Statement

For the purposes of the Cash Flow Statement, cash and cash equivalents are comprised of the above as at 31 March.

Reconciliation of net profit to net cash flows from operations

<table>
<thead>
<tr>
<th>31 March 06</th>
<th>31 March 05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Profit / (Net Loss)</td>
<td>158,912</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>12,237</td>
</tr>
<tr>
<td>Doubtful debts expense</td>
<td>59,104</td>
</tr>
</tbody>
</table>

Changes in assets and liabilities:
- (increase) / decrease in trade receivables | (69,488) | (42,726) |
- (increase) / decrease in other receivables | (19,642) | 42,544 |
- (Decrease) / increase in trade payables | 51,825 | 61,689 |
- (Decrease) / increase in other payables | 80,044 | (26,901) |
- (Decrease) / increase in interest bearing liabilities | (1,942) | (785) |

Net cash from operating activities | 270,270 | (19,182) |

6 TRADE AND OTHER RECEIVABLES

<table>
<thead>
<tr>
<th>31 March 06</th>
<th>31 March 05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables</td>
<td>174,239</td>
</tr>
<tr>
<td>Provision for doubtful debts</td>
<td>(80,000)</td>
</tr>
<tr>
<td>Other receivables</td>
<td>3,958</td>
</tr>
</tbody>
</table>

Trade receivables are non-interest bearing and are generally on 30 day terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. An allowance of 1% of 80,000 has been recognised as an expense for the current year for specific debtors for which such evidence exists. The amount of the allowance/impairment loss has been measured as the difference between the carrying amount of the trade receivables and the estimated future cash flows expected to be received from the relevant debtors.
9 GOODWILL

<table>
<thead>
<tr>
<th></th>
<th>31 March 06</th>
<th>31 March 05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost (gross carrying amount)</td>
<td>272,259</td>
<td>272,259</td>
</tr>
<tr>
<td>Accumulated amortisation and impairment</td>
<td>(272,259)</td>
<td>(272,259)</td>
</tr>
<tr>
<td>Net Carrying amount</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>As at 1 April net of accumulated amortisation and impairment</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>As at 31 March net of accumulated amortisation and impairment</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

10 TRADE AND OTHER PAYABLES

<table>
<thead>
<tr>
<th></th>
<th>31 March 06</th>
<th>31 March 05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade payables</td>
<td>185,223</td>
<td>133,398</td>
</tr>
<tr>
<td>Other payables</td>
<td>94,364</td>
<td>72,047</td>
</tr>
<tr>
<td>Employee benefits liability</td>
<td>16,299</td>
<td>2,497</td>
</tr>
<tr>
<td>Goods &amp; Services tax</td>
<td>57,744</td>
<td>10,268</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>353,300</strong></td>
<td><strong>216,206</strong></td>
</tr>
</tbody>
</table>

Trade payables are non-interest bearing and are normally settled on 14 to 30 day terms. Other payables are non-interest bearing and have varying terms of settlement.

11 OTHER LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th>31 March 06</th>
<th>31 March 05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Memberships</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- subscriptions paid in advance</td>
<td>38,376</td>
<td>41,929</td>
</tr>
</tbody>
</table>

12 INTEREST BEARING LOANS

<table>
<thead>
<tr>
<th></th>
<th>31 March 06</th>
<th>31 March 05</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Insurance policy funding loan</td>
<td>28,580</td>
<td>30,522</td>
</tr>
</tbody>
</table>

13 MEMBERS GUARANTEE

The company is incorporated with the liability of members limited by guarantee. In accordance with the Company’s constitution, the liability of each member is limited to £1.00 in the event that the company is wound up.

The numbers of members at the end of the financial period were:

<table>
<thead>
<tr>
<th></th>
<th>31 March 06</th>
<th>31 March 05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full members</td>
<td>1,418</td>
<td>1,569</td>
</tr>
<tr>
<td>Concession members</td>
<td>115</td>
<td>151</td>
</tr>
<tr>
<td>Under 25 members</td>
<td>55</td>
<td>35</td>
</tr>
<tr>
<td>Organisations members</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td>International members</td>
<td>86</td>
<td>105</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,679</strong></td>
<td><strong>1,860</strong></td>
</tr>
</tbody>
</table>

14 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

NMG’s principal financial instruments comprise an insurance policy funding loan, cash and a cash management account for short-term deposits.

NMG has various other financial assets and liabilities such as trade receivables and payables, which arise directly from its operations. It has been and has been throughout the period under review. NMG’s policy that no trading in financial instruments shall be undertaken. The main risks arising from NMG’s financial instruments are liquidity risk, credit risk and cash flow interest rate risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Liquidity Risk
This is the major risk that NMG faces. NMG has no overdraft facilities and is subject to a high level of liquidity risk given the uncertain nature of its primary funding sources, event ticket sales and sponsorships. NMG, through conservative project management of its major events, attempts to minimise the exposure to manageable risks. Given the nature of the events and the unavoidable risks, NMG is implementing a policy of maintaining and growing a cash reserve to be used only if the need arises. Without the continued support of sponsors, members and non-members to attend the types of events we hold, NMG will still remain at risk should a number of events be adversely affected by unavoidable risk.

Credit Risk
Receivables balances are monitored on an ongoing basis however NMG’s exposure to potential bad debts is at risk with a major sponsor failing to meet its contractual obligations. Apart from that one sponsor, there are no significant concentrations of credit risk. The Board is currently looking at measures to recover the outstanding amount.

With respect to credit risk arising from the other financial assets of NMG, which comprise cash and cash equivalents, NMG’s exposure to credit risk arises from default of the counter party. Since NMG trades only with major banks, there is no requirement for collateral.

Cash flow interest rate risk
NMG’s exposure to the risk of changes in market interest rates is minimal and relates primarily to the interest rates charged on the loan in respect of insurance in order to manage the risk NMG ensures that the rates are fixed for the term of the loan and re-established at prevailing rates at the time each new insurance policy is entered into.

NMG earns interest on its cash management account short term deposits and cash at bank. When it becomes apparent that NMG has surplus cash, that cash is invested in the cash management account on short term deposit made at the prevailing rates of interest.

15 FINANCIAL INSTRUMENTS

Fair values
NMG elected to apply the option available under AASB 1 of adopting AASB 132 and AASB 139 from 1 April 2005. There was no financial impact upon adoption of AASB 132 and AASB 139.

Set out below is a comparison by category of carrying amounts and fair values of all of NMG’s financial instruments recognised in the financial statements.

<table>
<thead>
<tr>
<th>Financial assets</th>
<th>Carrying amount</th>
<th>Fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>616,860</td>
<td>616,860</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>98,197</td>
<td>98,197</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th>Current Liabilities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade payables</td>
<td>185,223</td>
<td>185,223</td>
</tr>
<tr>
<td>Other payables</td>
<td>168,406</td>
<td>168,406</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>38,376</td>
<td>38,376</td>
</tr>
<tr>
<td>Interest-bearing liabilities</td>
<td>28,580</td>
<td>28,580</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Interest rate risk</th>
<th>3103.06</th>
<th>Due within 1 Year</th>
<th>3103.05</th>
<th>Due within 1 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed rate</td>
<td>28,580</td>
<td>28,580</td>
<td>30,522</td>
<td>30,522</td>
</tr>
<tr>
<td>Interest-bearing liabilities</td>
<td>28,580</td>
<td>28,580</td>
<td>30,522</td>
<td>30,522</td>
</tr>
<tr>
<td>Floating rate</td>
<td>Cash and cash equivalents</td>
<td>616,860</td>
<td>616,860</td>
<td>346,590</td>
</tr>
</tbody>
</table>

Interest on financial instruments classified as floating rate is re-priced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until maturity of the instrument. The weighted average effective interest rates are as follows:

- cash 3.0% (2005: 3.6%)
- loans 11.90% (2005: 11.93%)
16 IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS

For all periods up to and including the year ended 31 March 2005, NMG prepared its financial statements in accordance with Australian generally accepted accounting practice (AGAAP). These financial statements for the year ended 31 March 2006 are the first NMG is required to prepare in accordance with Australian equivalents to International Financial Reporting Standards (AASB). NMG has prepared financial statements that comply with AASB applicable for periods beginning on or after 1 January 2005 and the significant accounting policies meeting those requirements are described in note 2. In preparing these financial statements, NMG has started from an opening balance sheet as at 1 April 2004, NMG’s date of transition to AFRS, and made those changes in accounting policies and other restatements required by AASB 1 First-time adoption of AASB

This note explains the principal adjustments made by NMG in restating its AGAAP balance sheet as at 1 April 2004 and its previously published AGAAP financial statements for the year ended 31 March 2005.

Balance Sheet reflecting reconciliation of adjustments to:

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>AGAAP AS AT 1 APRIL 2004</th>
<th>AFRS AS AT 1 APRIL 2004</th>
<th>AFRS AS AT 31 MARCH 2005</th>
<th>AFRS Impact</th>
<th>AFRS Ref</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>563,059</td>
<td>563,059</td>
<td>346,590</td>
<td>346,590</td>
<td></td>
</tr>
<tr>
<td>Trade receivables</td>
<td>58,735</td>
<td>58,735</td>
<td>83,855</td>
<td>83,855</td>
<td></td>
</tr>
<tr>
<td>Other current assets</td>
<td>206,920</td>
<td>206,920</td>
<td>164,376</td>
<td>164,376</td>
<td></td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>828,154</td>
<td>828,154</td>
<td>594,821</td>
<td>594,821</td>
<td></td>
</tr>
<tr>
<td>Non-Current Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant &amp; equipment</td>
<td>65,389 (33,470)</td>
<td>41,919</td>
<td>52,335 (9,570)</td>
<td>34,740</td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td>208,422 (208,422)</td>
<td>b</td>
<td>153,970 (153,970)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred income tax assets</td>
<td>7,539 (7,539)</td>
<td>d</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Non-Current Assets</td>
<td>283,350 (239,431)</td>
<td>41,919</td>
<td>206,306 (71,655)</td>
<td>34,740</td>
<td></td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>1,109,504 (239,431)</td>
<td>870,073</td>
<td>801,126 (71,655)</td>
<td>629,561</td>
<td></td>
</tr>
<tr>
<td>LIABILITIES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade payables</td>
<td>85,843</td>
<td>85,843</td>
<td>133,389</td>
<td>133,389</td>
<td></td>
</tr>
<tr>
<td>Other payables</td>
<td>139,506</td>
<td>139,506</td>
<td>126,739</td>
<td>126,739</td>
<td></td>
</tr>
<tr>
<td>Short-term borrowings</td>
<td>61,307</td>
<td>61,307</td>
<td>30,522</td>
<td>30,522</td>
<td></td>
</tr>
<tr>
<td>Current tax payable</td>
<td>240,249 (240,249)</td>
<td>d</td>
<td>240,249 (240,249)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>526,905 (240,249)</td>
<td>286,656</td>
<td>530,908 (240,249)</td>
<td>290,659</td>
<td></td>
</tr>
<tr>
<td>TOTAL LIABILITIES</td>
<td>526,905 (240,249)</td>
<td>286,656</td>
<td>530,908 (240,249)</td>
<td>290,659</td>
<td></td>
</tr>
<tr>
<td>NET ASSETS</td>
<td>582,599</td>
<td>583,417</td>
<td>270,218</td>
<td>68,684</td>
<td>338,902</td>
</tr>
<tr>
<td>EQUITY</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity attributable to shareholders</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retained earnings</td>
<td>582,599</td>
<td>818</td>
<td>583,417</td>
<td>270,218</td>
<td>68,684</td>
</tr>
<tr>
<td>TOTAL EQUITY</td>
<td>582,599</td>
<td>818</td>
<td>583,417</td>
<td>270,218</td>
<td>68,684</td>
</tr>
</tbody>
</table>

Exemptions applied
AASB 1 allows first-time adopters certain exemptions from the general requirement to apply AFRS retrospectively.

NMG has the following exemptions:
- Comparative information for financial instruments is prepared in accordance with AGAAP and the company has adopted AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement from 1 April 2005

Explanation of material adjustments to the cashflow statement
There are no material differences between the cashflow statement presented under AGAAP and the cashflow statement presented under previous AGAAP.

Profit and loss reflecting reconciliation of adjustments to:

<table>
<thead>
<tr>
<th>AFRS FOR THE PERIOD TO 31 MARCH 2005</th>
<th>AFRS FOR THE YEAR TO 31 MARCH 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGAAP</td>
<td>AFRS Impact</td>
</tr>
<tr>
<td>Revenue from ordinary operations</td>
<td>4,391,667</td>
</tr>
<tr>
<td>Expenses (excluding goodwill amortisation and depreciation)</td>
<td>3,475,018</td>
</tr>
<tr>
<td>Goodwill amortisation</td>
<td>78,619</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>20,967</td>
</tr>
<tr>
<td>Profit / (loss) before tax</td>
<td>817,063</td>
</tr>
<tr>
<td>Income tax benefit / expense</td>
<td>234,464</td>
</tr>
<tr>
<td>Net profit / (loss)</td>
<td>582,599</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>REF</th>
<th>ITEM</th>
<th>AGAAP</th>
<th>AFRS</th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td>Property, plant &amp; equipment</td>
<td>Recognition of assets required write off of balances</td>
<td>An adjustment was required at transition date to write back to expense relocation costs that did not satisfy the recognition criteria of AASB 116 Property, plant &amp; equipment.</td>
</tr>
<tr>
<td>b</td>
<td>Intangible assets</td>
<td>Recognition of assets required write off of balances</td>
<td>Under AASB 138 Intangible Assets acquisition costs in the set up of the Goodwill was amortised over its useful life of 5 years</td>
</tr>
<tr>
<td>c</td>
<td>Business combinations and goodwill</td>
<td>Goodwill was amortised over its useful life of 5 years</td>
<td>The Group has chosen to adopt the exemption available under AASB 112 Income Tax - not retrospectively applying AASB 3 Business Combinations to its business combinations occurring before transition date.</td>
</tr>
<tr>
<td>d</td>
<td>Taxation payable</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

At transition: Decrease in retained earnings $234,464 and decrease to PPE $1,234,464
At 31 March 2005: Decrease in retained earnings $1,234,464 decrease to PPE $1,234,464
At 31 March 2005: Decrease in intangible assets and an increase to retained earnings of $1,478,220
Year to March 2005: Decrease to goodwill amortisation expense $15,875 and a decrease in the loss $5,452
Year to March 2005: No effect
At transition: Decrease intangible assets and an increase in retained earnings of $1,782,640
Year to March 2005: Decrease in Goodwill and an increase to retained earnings of $1,782,640
Year to March 2005: No effect
At transition: Decrease intangible assets $1,782,640 and decrease retained earnings
Year to March 2005: Decrease Goodwill and an increase to retained earnings
Year to March 2005: Decrease income tax payable $1,234,464 decrease to deferred income taxes $1,759,389 and an increase to retained earnings of $1,234,464
Year to March 2005: No effect
Year to March 2005: No effect
17 IMPAIRMENT TESTING OF INDEFINITE LIVED GOODWILL

Goodwill was acquired as part of the acquisition of assets from Sydney Gay & Lesbian Mardi Gras Ltd and was allocated to NMG as one cash generating unit rather than to the individual operations. The recoverable amount of the goodwill has been determined based on a value in use calculation. To calculate this NMG has prepared a 5 year discounted cash flow projection approved by management. The discount rates used start at 8% for 2007 and rise by 2% each year to 2010 and 15% for 2011. The major assumptions underpinning the cash flow are:

- Tax exempt status is maintained
- CPI will run at 2.5% over the 5 year period
- Fair Day – revenue increases with CPI except where rain is anticipated resulting in reduced revenue for those years
- Staeze – cost savings to align to more achievable attendance levels and allow for an increase in production levels for 2007 and CPI increases thereafter
- Mardi Gras Party – attendances reduced to conservative levels with the exception of the 30th anniversary in 2008 where additional marketing effort will be expended
- New revenue streams and increases in Sponsorship assumed

The cash flow along with the lack of any active market for the NMG business, its trademarks, brands and the unlikelihood of finding a buyer, does not support a value of goodwill and as such it was written down to Nil as at 1 April 2004. Once goodwill has been written down it cannot be written back so no further impairment testing will be required.

18 DIRECTORS AND REMUNERATION

The directors of New Mardi Gras Ltd during the financial year were:

<table>
<thead>
<tr>
<th>Directors</th>
<th>Other Directors who held office during the year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marcus Bourget</td>
<td>Craig Abbefield</td>
</tr>
<tr>
<td>Fiona Dobherl</td>
<td>Scott Carn</td>
</tr>
<tr>
<td>Michael Douglas</td>
<td>Denise Hanlon</td>
</tr>
<tr>
<td>Diane Minnis</td>
<td>Julian Narborough</td>
</tr>
<tr>
<td>Kirk Muddie</td>
<td>Mark Orr</td>
</tr>
<tr>
<td>Susan Page</td>
<td>Michael Risik</td>
</tr>
<tr>
<td></td>
<td>Steph Sands</td>
</tr>
<tr>
<td></td>
<td>Gien Upton</td>
</tr>
</tbody>
</table>

Remuneration levels

<table>
<thead>
<tr>
<th>31 March 06</th>
<th>31 March 05</th>
</tr>
</thead>
<tbody>
<tr>
<td>The aggregate of income paid or payable, or otherwise made available, in respect of the financial period, to all directors of the company, directly or indirectly, by the company.</td>
<td>NI</td>
</tr>
<tr>
<td>The number of directors of the company whose total income falls within each successive $10,000 band of income (commencing at $0)</td>
<td>NI</td>
</tr>
</tbody>
</table>

All directors provide their services on a voluntary basis and do not, other than for re-imbursement of expenses incurred, receive remuneration from the company.

19 DIRECTOR RETIREMENT BENEFITS

There have been no retirement benefits paid or accrued to any directors of the company.

20 EXECUTIVE REMUNERATION

There is only one paid senior executive at NMG, Anna McInerny the General Manager. The most recent contract of employment negotiated by the Chairman is for one year and commenced in January 2006. The General Manager was paid short term employee benefits of $92,048 and post employment benefits of $7,834 to comprise a total remuneration of $99,882.

21 COMMITMENTS & CONTINGENCIES

<table>
<thead>
<tr>
<th>31 March 06</th>
<th>31 March 05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital expenditure commitments</td>
<td>-</td>
</tr>
<tr>
<td>Not longer than 1 year</td>
<td>-</td>
</tr>
<tr>
<td>Longer than 1 year</td>
<td>-</td>
</tr>
<tr>
<td>There are no capital expenditure commitments as at 31 March 2006</td>
<td></td>
</tr>
<tr>
<td>Operating lease commitments</td>
<td>9,247</td>
</tr>
<tr>
<td>Not longer than 1 year</td>
<td>-</td>
</tr>
<tr>
<td>Longer than 1 year</td>
<td>-</td>
</tr>
<tr>
<td>The lease of property at Petersham was for two years plus a one year option period. NMG notes that the one year option period is due to expire in May 2006. NMG has lodged a security band of $12,855 in relation to the above lease (refer note 7).</td>
<td></td>
</tr>
</tbody>
</table>

22 CONTINGENT LIABILITIES

No contingent liabilities exist as at 31 March 2006.

23 EMPLOYEE BENEFITS

<table>
<thead>
<tr>
<th>31 March 06</th>
<th>31 March 05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees at the end of the year</td>
<td>2</td>
</tr>
</tbody>
</table>

The provision for employee benefits is set out in note 9 and the amount of salaries and wages and related benefits paid is expensed on the face of the income statement.

24 AUDITOR’S REMUNERATION

<table>
<thead>
<tr>
<th>31 March 06</th>
<th>31 March 05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts due or due and receivable by Peroys</td>
<td>-</td>
</tr>
<tr>
<td>an audit of the financial report of NMG</td>
<td>28,600</td>
</tr>
<tr>
<td>other services</td>
<td>NI</td>
</tr>
</tbody>
</table>

25 EVENTS AFTER BALANCE SHEET DATE

There have been no items of significance, subsequent to 31 March 2006, and as at the date of this report that would impact the results as outlined in this financial report.