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FROM THE CHAIR AND GENERAL MANAGER

THE THEME FOR THIS YEAR’S MARDI GRAS FESTIVAL WAS ‘OBJECTS OF LOVE’. AND IF THIS YEAR’S RESULTS ARE ANYTHING TO GO BY, IT WAS MARDI GRAS THAT WAS THE OBJECT OF EVERYONE’S AFFECTIONS.

This year NMG reports of a profit of $240,424, a fantastic achievement for all involved in the organisation and the delivery of the 2007 Sydney Gay and Lesbian Mardi Gras Festival. This profit builds on the modest success of the 2006 Festival and is clear indication that Mardi Gras is back in the black and heading in the right direction.

This year’s profit exceeds by some margin the profit approved by the Board as part of last year’s budget. As with last year, our profit has been achieved by carefully managing expenses across all our events. However, in 2007 an improvement in our sponsorship and income diversification activities has positively contributed to these figures.

While it is pleasing to see that we are moving in the right direction, we must not get ahead of ourselves. At 6.69%, our profit as a percentage of revenue remains precarious. Nevertheless, it is an improvement on the 2006 ratio of 5.35%. The challenge is to continue to grow this ratio to an acceptable level – at a minimum we should be looking at 8%.

Nor should we forget the fact that in 2005, we reported a loss of $244,515. Much of our activities since that loss have been designed to rebuild our finances from that date. However, 2007 has been a great success for NMG and we will allow us to plan the 2008 Festival with more confidence.

Aside from the financial results, there is much to be positive about this year. Each year, we get a little better at planning the following Festival. We start our planning a little earlier, we become more confident in the execution of those plans and we continually learn from our mistakes and the lessons of previous events.

We are also fortunate to have established strong relationships with our partners and suppliers which we continue to develop and grow on an ongoing basis. It is with the support of all our partners, in government, in business and from our community that we are able to produce the Mardi Gras Festival and our thanks goes to all these partners for their continuing advice and support.

Another very positive aspect from 2007 is the retention of working group volunteers and staff at Mardi Gras from one Festival to the next. This retention and management of knowledge within the organisation is a significant factor in our ability to stage such a successful event. Part of the reason for this increased retention of volunteers is the activities of Mardi Gras’ dedicated volunteer working group. The volunteer working group helps manage and resource volunteers throughout the organisation and looks at ways of improving the volunteer experience at Mardi Gras. It is definitely one of the success stories of the last year.

This year, we also prioritized our sponsorship activities. Although, we are a community organisation we, like most other arts festivals, rely on the support of our business partners to continue. Striking the balance between the ‘community’ and the ‘corporate’ will always be challenging. However, we were fortunate enough to engage the services of Greg Segal, who has taken our sponsorship activities to a new level of professionalism and success. It was pleasing to see so many of our business partners renew their relationship with Mardi Gras this year as well welcoming many more to the Mardi Gras family. We look forward to a long and prosperous relationship with all of our partners old and new.

In the pages that follow, each of our working groups talk about the highlights of their events. We do not wish to steal their thunder by discussing their events here, but congratulate them all and their teams for helping create such a successful Festival.

As for the future, well, in 2008 we will celebrate our 30th anniversary, but beyond that what are the challenges facing Mardi Gras and how should we rise up to meet these challenges.

Most importantly, we must continue to reassess and evaluate the Mardi Gras season itself. We successfully re-invented Launch this year, stripping it back, concentrating on the basics. We need to take a similar approach to the rest of the Mardi Gras Festival. In particular, for the past two years the weather has been extremely kind to us, especially on Fair Day. It would only take one day of extremely poor weather to significantly impact our financial results for the year. We are currently looking at ways to reduce the risk that Fair Day, as well as our other outdoor based events, presents to the organisation.

In a similar vein, we are also looking at the length of the Mardi Gras Festival. A four-week Festival is a long festival and there is much to be said to shorten the length of Mardi Gras and take a more active curatorial role in programming events in the Festival. We also need to continue our income diversification strategies. Although we remain extremely reliant on income from both Sleaze Ball and the Mardi Gras Party, we are making headway in diversifying our income base. We need to continue these activities and identify opportunities to generate alternative income streams through new Festival events or leveraging existing events in new ways.

On a final note, we would both like to thank everyone who has contributed to the success of this year. The directors of New Mardi Gras, our staff and contractors, our working group members, our volunteers, our suppliers, our business, government and community partners, and finally and most importantly you – the members of New Mardi Gras.

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The following is a list of our partners for their continuing advice and support.

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This year the City of Sydney awarded Mardi Gras ‘Major Festival’ status in recognition and support of the achievements of NMG in 2006 and the importance of Mardi Gras to Sydney. The Major Festival status enabled NMG to enter into a triennial funding agreement with the City of Sydney, further securing our future. We are only one of a handful of events to receive this status, including the Sydney Festival, the Biennale, the Sydney Film Festival and the Sydney Writer’s Festival.

Marcus Bourget
Chair

Anna McInerney
General Manager
MARKETING & COMMUNICATIONS

THE FIRST BIG EVENT OF THE YEAR WAS SLEAZE BALL, WHICH STILL REMAINS ONE OF OUR MOST IMPORTANT CHANNELS TO FUND THE ACTIVITIES OF THE MARDI GRAS FESTIVAL ITSELF.

Our approach to Sleaze Ball was informed by a large amount of informal and formal market research. The results were interesting to say the least!

A lot of people have fond memories of very dirty, dark and sleazy Sleaze Balls of the past. However there was widespread recognition that NMG couldn’t turn back the clock. Further a lot of people questioned whether there was the market for it in any case, particularly amongst younger gays and lesbians.

The clearest message we received from older partygoers was the need to appeal to younger gays and lesbians. That in turn would keep the long-term party regulars interested. The other key message we took away was the need to engage people in dressing up for the event. If anything should distinguish the Sleaze Ball in an increasingly packed party calendar it would be the colour generated by partygoers themselves.

There followed a very intense period of theme development and research that resulted in Ghetto Fabulous. Crucially, the theme researched extremely well amongst the under-30s we interviewed.

We were lucky enough to engage Glen Hanson to create the party artwork. Glen’s crisp, sexy and fashion-aware illustrations were perfect for bringing Ghetto Fabulous to life. It got tremendously positive feedback and was a powerful reminder of the crucial role of our imagery in defining people’s perceptions.

The results from Sleaze Ball were encouraging. We grew total attendance and saw a huge jump in the proportion of concession (under-25s) sales. That is the best indicator we have that we pulled in that younger crowd. It was also one of the most dressed-up Sleaze Balls in years, which showed that people had engaged well with the theme.

One of our major initiatives for the year was the launch of our new website, developed by Gwarsh and funded by Tourism New South Wales and the Major Events Board. This has given us a much slicker and more flexible platform for promoting Mardi Gras internationally. We have deliberately styled it to appeal to the tourist market, by including attractive imagery of Sydney, tourist guides and travel information.

Unfortunately we launched the website too late to really have the impact we hoped for with the long haul travel market, but we hope that the wealth of imagery from the 2007 season and the webcast of the Parade will all go to encourage people to book their tickets for 2008. The site has generated enormous traffic and email sign-ups, with over half of those coming from overseas.

NMG does not currently have the funds to launch a major international online or press campaign. The value to NMG of one visitor is fairly limited (the price of one party ticket), but the value to Sydney, New South Wales and Australia is enormous (in hotel, food, travel and other expenditure). We are working actively to get this message across to government to help get the Mardi Gras message out to the world.

It is notable that we have turned the tide with interstate travellers. Despite cutting back our interstate ad spend we managed to generate 25% growth. We put this down to better marketing creative, great PR support and having the right message. The rest of gay Australia is getting the clear message that Mardi Gras is at the top of its game once more.

Overall, our efforts ensured a big increase in media attention across the Festival. The launch at Customs House got us on to four TV networks and the Parade was widely covered. As well as an increase in mainstream press coverage, there was definitely an improvement in quality. Mardi Gras is definitely seen as an interesting story again. It is a great position to be in heading towards the 30th Anniversary.

A huge thanks to the members of the Marketing & Communications Working Group. Also a special thanks to Ryan McMahon for his sterling work on both Sleaze Ball and the Mardi Gras Party. Pulse Communications again did a wonderful job as our PR agency and we had four wonderful interns, Tim Turner, Julie Spencer, Carly Sommer and Sarah Disimo-Daan, whose assistance in handling media enquiries was crucial in the run-up to the Parade.

Broc Munro, Benedict Brook and Andrew Guesdon
Marketing & Communications Working Group Co-Chairs

Damien Eames
Board Sponsor
OUR PARTNERS

In 2006 we started to acknowledge and celebrate the journey and began to value our events and opportunities on the same level as other leading national events and festivals.

To maintain our momentum we had to look for balance. Balance between the real commercial needs of the organization and the needs and desires of the community and MG members.

To complete the journey, we needed the support of our team and partners. The “Team” included the board, staff and the volunteers, all working together to create our fantastic world class festival and events.

Our partners, as well as sharing our values and sensitivities were always looking for a relationship that generated mutual benefit and supported the community.

Our presenting partner Gaydar.com.au continued their fantastic support of 2006 as did major partners Coca-Cola, City of Sydney and Pure Blonde. 2007 brought with it new major partners who were excited to join the Mardi Gras Family. They included the ANZ Bank, Virgin Blue, Pump Water, Eclipse Gum, IKEA and GlaxoSmithKline.

All of our partners enthusiastically embraced the festival, by making their presence felt throughout. Whether it be via their fantastic floats during parade, at the parties engaging guests, on the ground at Fair Day, or entertaining the crowd prior to Parade. Their support and commitment to the community is inspirational and for this we thank them.

As we head towards 2008, we need to continue to strike the perfect balance between community needs and sensitivities whilst securing the support of genuine partners. We achieved this in 2007 and I am certain we can continue this trend as we move forward.

Greg Segal
Sponsorship Consultant

Partnerships in 2007 was a continuation of all the fantastic work that had been done at Mardi Gras in recent times to rebuild the organisation to where it is today, a world class festival.


NMG would like to warmly acknowledge and thank the following organisations who continue to offer their support as sponsors and business partners.

Presenting Partner

Gaydar.com.au

Major Partner

Pump

City of Sydney

Pure Blonde

Eclipse Gum

Virgin

Official Media Partner

SSO

Official Festival Bar

Marrickville Council

Sydney

Government Supporters

The Facts

IKEA

Avant Card

Secret Surf

PHD

DNA

Pulse Communications

Surry Partners

Queer TV

Supporters
Mardi Gras could not happen without the valuable assistance and support we receive from our friends at the City of Sydney and the Office of Protocol and Special Events (OPSE) at the NSW Premier’s Office.

This year the City of Sydney recognised Mardi Gras as a ‘Major Festival’, alongside Sydney Festival, the Biennale, Sydney Film Festival and the Sydney Writers Festival. Our Major Festival status enabled Mardi Gras to enter into a three year sponsorship agreement with the City of Sydney. We remain deeply indebted to the Lord Mayor, Clover Moore for her continued support and for attending so many of our events year after year. We would also like to thank Monica Barone, Ann Hoban, Ratchada Dunn, Kate Murray for their ongoing support.

Finally, special thanks must go to Kiersten Fishburne and Michael Hoban, Ratchada Dunn, Kate Murray for their ongoing support. We remain deeply indebted to the Lord Mayor, Clover Moore for her continued support and for attending so many of our events year after year. We would also like to thank Monica Barone, Ann Hoban, Ratchada Dunn, Kate Murray for their ongoing support.

In particular, we would like thank the following for their continued support: John Trevillian, Jan Willet, Georgie Wilcox and Peippa Markovski.

NMG is very proud of the strong relationships we have built over the years with the NSW Police. Throughout the year and during season we work closely with Surry Hills and Newtown Police to discuss our events and plan for the safety of our guests. I would like to thank all the Police officers, Gay and Lesbian Liaison Officers and the NSW Police Band for their ongoing support, insight and advice.

Anna McInerney
General Manager

“Ghetto Fabulous” saw a different footprint for the party than in previous years using the Dome and the Forum together with the Hordern Pavilion. This footprint enabled us to incorporate a wider range of musical styles and provide better venues for areas such as the Women’s space and the members’ lounge and gave the party a ‘tighter’ feel.

Disco Ghetto in The Forum proved that retro is as popular as ever at our parties. David Hiscock and Jake Kilby helped people to step back in time to re-live the hits of the past and kept the golden oldies going until well into the early hours of the morning.

The Dome was transformed into Club Ghetto with silver and gold and provided a darker, hotter, harder style of clubbing. Favourites Sveta and Rob Gilbert playing back to back and Mandy Rollins and Feisty also back to back provided some of the musical highlights of the night. The Dome also saw fantastic sets from Stephen Atkins and Rado towards the end of the night. The women’s space ‘Club Boobylicious’, decked out in gold mirrors, candelabras and with the very popular double bed once again provided an area for women and their boy buddies to relax and socialise.

The main hall, the Hordern Pavilion, was truly Ghetto Fabulous featuring a 1980’s American police car, massive canvases of graffiti art, twisted road signs and an enormous ghetto blaster on stage providing the backdrop for partygoers and performers to show off their interpretation of what being fabulous in the ghetto means. Sleaze Ball first timer Mr. Timothy provided an eclectic set while crowd pleasers Paul Goodyear, Rob Davis, Alex Taylor and Chip kept the dance floor busy until 8am.

The entertainment was varied at this party with ‘live’ outside graffiti art, twisted road signs and an enormous ghetto blaster on stage providing the backdrop for partygoers and performers to show off their interpretation of what being fabulous in the ghetto means. Sleaze Ball first timer Mr. Timothy provided an eclectic set while crowd pleasers Paul Goodyear, Rob Davis, Alex Taylor and Chip kept the dance floor busy until 8am.

SATURDAY 30TH SEPTEMBER 2006 FOUND ABOUT 8,000 FABULOUS PEOPLE DESCEND UPON THE GHETTO OF THE HORDERN PAVILION, DOME AND FORUM TO CREATE “GHETTO FABULOUS”.

The entertainment was varied at this party with ‘live’ outside graffiti art, twisted road signs and an enormous ghetto blaster on stage providing the backdrop for partygoers and performers to show off their interpretation of what being fabulous in the ghetto means. Sleaze Ball first timer Mr. Timothy provided an eclectic set while crowd pleasers Paul Goodyear, Rob Davis, Alex Taylor and Chip kept the dance floor busy until 8am.

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The Sleaze Ball party continues to be the main fundraising event for NMG enabling it to put on the Mardi Gras festival the following year. The Party Working Group works hard to continue to keep the Sleaze Ball party at this time of the year and succeeds in doing so by providing a mix of what we know are proven crowd pleasers together with some things that push the boundaries and are a little bit experimental.

See you at Sleaze Ball 2007!

Derek Hodgkins
Party Working Group Chair

Marcus Bourget
Party Board Sponsor
OBJECTS OF LOVE – WE LOVED THIS YEAR’S FESTIVAL!

This year saw the Mardi Gras Arts, Sports and Cultural festival reach new heights with over 100 participants producing an amazing array of events and activities.

NMG became more active in the Festival producing a number of key events across the four week festival period, including Flash Mob Launch, the Short Story Competition, Festival Red Carpet Showcase and two events involving our international guest, Rupert Everett.

After the difficulties of previous years, Launch was re-invented as a festival event - the Flash Mob Launch. Over 1,000 happy people congao’ed their way from the Opera House to Customs House under the unique direction of Bob Downe and Aunty Mavis. It was a great opportunity to strip Launch back to its basics – taking over under the unique direction of Bob Downe and Aunty Mavis. It was a short, sharp and fun start to the Festival which attracted considerable mainstream media interest.

The Red Carpet Showcase, held at the Museum of Contemporary Art, provided an alternative for the non-dance party audience and added breadth to the Festival. Artists from the Festival including Pierre Joseph also managed to find fantastic food vendors this year especially to my fellow NMG staff, performers, volunteers and Caroline O’Connor to an enthusiastic crowd.

The Mardi Gras Festival supports many local and international artists and companies by offering the Festival framework wherein they can showcase their work and as a result the Mardi Gras Festival is growing into something more complex and exciting each year. The increase in calibre is partly due to the relationships we are continuing to develop with other arts organizations and major venues and also has been assisted with the additional marketing focus of the Festival aspect of Mardi Gras.

Thank you to everyone who contributed to this year’s Festival, especially to my fellow NMG staff, performers, volunteers and venues.

Danielle Harvey
Festival Coordinator

Chris Murray
Festival Working Group Chair

FAIR DAY

Once again Mother Nature proved she really is a great supporter and friend of Fair Day. Fabulous weather conditions saw over 60,000 people turn out to celebrate Mardi Gras’ family day.

It was an amazing experience for the Fair Day Working Group who began meeting in late July 2006. The 2007 Fair Day posed many questions; from how to improve on the previous year, to how to revitalize and how to grow this event for the future.

The Working Group met with various community groups including ACON, the Bobby Goldsmith Foundation, Twenty-10, the Gay & Lesbian Counselling Service and the Gay & Lesbian Rights Lobby to maximise their exposure during the day. One of the innovative ideas for this year’s event came from the Gay and Lesbian Counselling Service who organised a large marquee to help showcase smaller and new community groups to the wider community.

This year’s event also saw the careful and strategic planning of a number of our revenue streams. This included the successful repositioning of the bars: Two bars were moved to allow our patrons faster service and easier access. We also trialled one bar entirely staffed by volunteers with RSAs to help reduce overall costs.

We also turned our focus to the stalls this year. Two dedicated members of the Working Group, Brendan Fitzgibbon and Brian Murphy spent significant time finding new and interested businesses to attended Fair Day as stall holders and had a great deal of success. Pierre Joseph also managed to find fantastic food vendors this year increasing the quality and variety on offer.

This year, our entertainment for Fair Day included two stages: Both were great successes. The Fair Day Working Group was very fortunate to engage the services of Laurence Stark as our event co-ordinator. Laurence has a long career in the arts, and presented an outstanding showcase of GLBTQ and mainstream artists and talent, including 2006 Big Brother contestant, David Graham and Aria nominated Jade MacRae.

Doggwood stood out as one of the most popular areas on the day as did Kidzone which provided a peaceful space for families to come and chill away from the busy crowds.

The Lounge Tent was again presented by Bitch and was another huge success. Patrons started using the area from around 2.30pm when the music and entertainment started and was packed to capacity by the end of the evening.

In a first for Fair Day, the ‘Official Fair Day After Party’ was created and, after speaking with numerous venues, the newly renovated Bank Hotel in Newtown played host to this great new concept. The After Party was a big hit we intend to continue this concept in future.

Fair Day also saw a wonderful turn-out from volunteers. Through the efforts of David Wilson from the Working Group, a record 100 plus volunteers were sourced and co-ordinated, not only on the day, but during bump in at Victoria Park. Our thanks to all of our volunteers and all of our other partners and sponsors who helped create such a magical day.

Drew Simmons and Regina Wootton
Fair Day Working Group Co-Chairs

Greg Small
Board Sponsor
WITH OVER 30 DJS, LIVE BANDS AND CABARET, THIS YEAR’S MARDI GRAS PARTY WAS THE MOST MUSICALLY DIVERSE PARTY THAT NMG HAS PRODUCED TAKING PLACE OVER 7 DISTINCT VENUES.

The ‘We Love Vegas’ space in the Fox and Lion pub provided the welcome return of live cabaret to the Mardi Gras Party. This proved to be a hit with young and old, showcasing talented performers who support our community in Sydney.

‘We Love Girls Girls Girls’ saw the women take over the Fuse Bar with their own DJs and shows. The queues all night testified to the popularity of the space, which continues to grow at each party.

‘We Love Sensations’ in the Dome was hot! hot! hot! but not necessarily in a good way – we realise that the temperature levels in the Dome became excessive and will be working on remediating this in conjunction with the venue management for future parties.

Despite the rising temperatures, the Dome remained one of the most popular spaces at the party, where we introduced extended live sets into the event. Paul Mac and The Presets rocked the Dome as did some of Sydney’s best alternative DJs.

Special attention was paid to the members’ lounge upstairs at The Forum. It is important that NMG supports the people who put in countless hours to put the Mardi Gras Party on, both in Sydney and hard work by the Parade Working Group.

A warm Sydney evening brought out a huge crowd and record participation levels ensured this year’s Parade was a great success as we head towards the 30th anniversary Parade in 2008. Around 8000 participants joined the 2007 Parade, a figure that has been increasing steadily for the last four years and almost doubles the 4300 participants we had in 2004. Crowd numbers were also large in 2007, with an official count of 320,000.

Taking the season theme ‘The Objects of Love’, entrants were asked to consider and celebrate the things that they love. Participants embraced the theme enthusiastically, showing their love for things as important as family and friends, and as frivolous as Kylie Minogue.

Graeme Browning returned for his third year as Parade Creative Director, a role whereby he collaborates with the Parade Working Group to produce the NMG Parade entries, support community participants and bring that extra something special to the event.

Our Chief of Parade was one of the stars of this year’s Mardi Gras Festival, the talented and charming British actor and author Rupert Everett, who, unlike many gay actors, made the choice to openly declare his homosexuality at the risk of his career. Rupert proved to be a popular choice with the media and crowd.

The pre-parade entertainment, known as Foreplay, was given greater focus this year with dedicated funding and the appointment of official ‘Foreplay Ruffler’ Shane Pascoe (aka Joyce Mayger, who combined commissioned entertainment and corporate sponsor components to revitalise this important aspect of the Parade night. NMG’s lead float, titled WE LOVE… MOTHER EARTH presented a powerful message about the current state of our world, focusing on our decaying global environment. The concept devised by Graeme Browning and Johnny Knights, included a mammoth replica of planet Earth divided in halves. The first hemisphere reflected how destructive the lack of equality is – not only to our community, but to our world as a whole. The second reflected where we want to be – in a beautiful world of love, tolerance and respect.

The NMG Marching Group was produced in partnership with gayder.com.au. The concept, which was created by Mark Barraket, featured an army of Greek Gods fighting against homophobia and inequality. With a cast of 120, elaborate costumes and two vehicles – including an internally lit 4 metre high Trojan horse – this ‘Herculean’ entry was the largest and most complex ever produced by NMG.

The Parade grants scheme allows NMG to provide selected community entrants with funding and additional support to enhance the calibre of their entries. Now in its 3rd year, the scheme was expanded in 2007, with a total of $9,500 in grants given to 31 groups.

As always, we could not have put on the Parade without our key partners, the Premiers’ Department, OPSE and the City of Sydney. Special thanks this year goes to Michael Abbott from the City of Sydney for his tireless support of the event, and also to our Parade Production Manager Darren Cooper, our Parade Production Assistant Phoebe Meredith and Workshop Manager Justin Green and his hardworking workshop team. Thanks also to Gordon Wheateley in the NMG office for his incredible support and to Mark Trevorrow for his ongoing involvement.

Finally, on behalf of the Parade Working Group and NMG, we wish to thank hundreds of passionate, professional and highly committed Parade Officials, without whom this amazing event could not occur.

Jen Morser and Todd Packer
Parade Working Group Co Chairs

Kirk Muddie
Board Sponsor
In 2007, the Volunteer Working Group (VWG) continued to co-ordinate NMG volunteers across all events throughout the festival and year.

The VWG consists of two co-chairs and a volunteer recruiter. It has representation from each event across the entire festival. The aim is to provide a central point of interaction between the volunteers themselves and NMG. Maintaining this form of consistency encourages volunteers to interact with the broader events within the NMG festival and in doing so allows for their enthusiasm to assist the VWG in maintaining a higher volunteer retention in the upcoming years.

In 2007 the VWG focused on the co-ordination of the following:

- Maintenance and expansion of the master database and mailing list for all volunteers within the 2007 season.
- Provision of the volunteer hotline allowing volunteers to ask questions about the various roles available, skills needed and to voice expressions of interest in working groups as well as individual events.
- Expansion and promotion of the volunteers pages within the NMG website – increasing our presence from one page to three. This includes the NMG website, gay press, mainstream media, community forums and more.

Throughout the year, the VWG will continue to maintain the volunteer hotline. It will also review and recognise the greater need for newer forms of volunteer recognition and retention.

To those volunteers who gave us their time, enthusiasm and often To those volunteers who gave us their time, enthusiasm and often encouragement at all of our events, we thank you. It is true when we say we cannot do it without each and every one of you. If you have not yet volunteered for NMG, we encourage you to grab your friends and get involved. If you're one of our enthusiastic volunteers who returns year after year, we certainly hope that you will give us and the 30th anniversary another year of support. We guarantee you'll continue to meet some amazing people, make new friends and feel a stronger bond with this great community.

Michael Donnelly and Joal Bowman
Volunteer Working Group Co-Chairs

Kirk Muddle
Board Sponsor

In the lead up to and throughout season the group ran an innovative recruitment campaign utilising a combination of direct mail, SMS alerts, email and media adverts. The campaign culminated with our ‘tell us why you love Mardi Gras’ competition with one lucky member winning a Navigation cruise for four people and two members winning a 12 month membership at Gold’s Gym.

Increasing the range of benefits to our members has been a key focus throughout the year. In addition to our popular members parade viewing area, discounted party tickets, express party entry and members lounge this year we offered numerous special deals to major artistic and dance events, including Elton John, Scissor Sisters, Holding the Man and Homosexual to name but a few.

Membership is a great way to help make Mardi Gras the world’s greatest gay and lesbian celebration, so to all our members. We thank you for your ongoing support.

Monty Marshall and Matthew Page
Member Services Working Group

Greg Small
Board Sponsor

THE MEMBER SERVICES WORKING GROUP CONTINUES TO BUILD THE MEMBERSHIP BASE WHILE INCREASING VALUE FOR OUR MEMBERS.

The Member Services Working Group continues to build the membership base while increasing value for our members.

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Members at a Glance

**Australia**

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<td>Darlinghur 6%</td>
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**International**

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<th>Percentage</th>
<th>Suburbs</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>34%</td>
<td>25 &amp; Under 5%</td>
</tr>
<tr>
<td>USA</td>
<td>27%</td>
<td>Ireland 4%</td>
</tr>
<tr>
<td>New Zealand</td>
<td>14%</td>
<td>Germany 4%</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>3%</td>
<td>Hong Kong 3%</td>
</tr>
<tr>
<td>Mongolia</td>
<td>3%</td>
<td>Hong Kong 3%</td>
</tr>
<tr>
<td>Ireland</td>
<td>2%</td>
<td>Hong Kong 3%</td>
</tr>
<tr>
<td>Singapore</td>
<td>2%</td>
<td>Hong Kong 3%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>2%</td>
<td>Hong Kong 3%</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>2%</td>
<td>Hong Kong 3%</td>
</tr>
<tr>
<td>Austria</td>
<td>2%</td>
<td>Austria 2%</td>
</tr>
<tr>
<td>Belgium</td>
<td>1%</td>
<td>Belgium 1%</td>
</tr>
<tr>
<td>Canada</td>
<td>1%</td>
<td>Canada 1%</td>
</tr>
<tr>
<td>Finland</td>
<td>1%</td>
<td>Finland 1%</td>
</tr>
<tr>
<td>Italy</td>
<td>1%</td>
<td>Italy 1%</td>
</tr>
<tr>
<td>Mexico</td>
<td>1%</td>
<td>Mexico 1%</td>
</tr>
<tr>
<td>New Caledonia</td>
<td>1%</td>
<td>New Caledonia 1%</td>
</tr>
</tbody>
</table>

**Founding Members**

55%

**Age Band**

- 25 & Under 5%
- 26 - 35 17%
- 36 - 45 38%
- 46 - 55 27%
- 56 - 65 9%
- 65+ 2%

**Top 10 Suburbs**

- Sydney 2%
- Melbourne 4%
- Auckland 3%
- Brisbane 2%
- Perth 2%
- Adelaide 2%
- Gold Coast 1%
- Darwin 1%
- Hobart 1%
- Canberra 1%
## CORPORATE GOVERNANCE

### ACHIEVEMENT 2006 TO 2007

1. Lay solid foundations for management and oversight
   - Recognise and publish the respective roles & responsibilities of board and management
   - Ensure that the structure of the board is independent and accountable
   - Ensure that the board is composed of a balanced mix of skills and knowledge

2. Structure the board to add value
   - Have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties
   - Ensure the board has the necessary skills and knowledge to perform its role effectively

3. Promote ethical and responsible decision-making
   - Actively promote ethical and responsible decision-making
   - Seek community & stakeholder input, where possible, to advise & enhance decision-making

4. Safeguard integrity in financial reporting
   - Have a structure to independently identify and safeguard the integrity of the company’s financial reporting
   - Treasurer and General Manager present organisational finances at every Board meeting

5. Make timely and balanced disclosure
   - Promote timely and balanced disclosure of all material matters concerning the company
   - Establish that the Chair will represent the organisation to all media unless there are special circumstances

6. Respect the rights of shareholders
   - Respect the rights of shareholders and facilitate the effective exercise of those rights
   - Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined

7. Recognise and manage risk
   - Establish a sound system of risk oversight and management and internal control
   - Develop ‘risk minimisation’ strategies in alignment of all events

8. Encourage enhanced performance
   - Fairly review and actively encourage enhanced board and management effectiveness
   - Ensure performance criteria are reviewed as regularly as possible (6 monthly or mid contract for all employees who have performance-related payments as part of their contract of employment)

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
   - Ensure early communication to Audit & Risk Committee of the agreed ‘risk’ assessment and minimisation plans, incorporating into the event planning process

10. Recognise the legitimate interests of stakeholders
    - Recognise legal and other obligations to all legitimate stakeholders
    - Establish that the Chair will represent the organisation to all media unless there are special circumstances

**PLAN FOR 2007**

- Develop strategic planning capability of Board with a facilitated ‘workshop’ program
- Give a Board member specific responsibility to develop strategic options for 2008 – 2010
- Board to ‘test’ 360º review process to enhance effectiveness & identify ‘gaps’ in skills and capability
- Review the organisational structure to determine ‘fit for purpose’ as part of strategic review
- Seek community & stakeholder input, where possible, to advise & enhance decision-making
- Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined
- Establish a disclosure committee consisting of the Chair, General Manager and Company Secretary to oversee disclosure of information by the company
- The committee is to establish effective procedures for the disclosure of information that may be required pursuant to law or rules of any securities or other exchange in which the company is a participant, or any information that may be desirable to disclose having regard to the considerations of social responsibility or reputational risk.

**COMMUNICATE PLAN FOR 2007**

- General Manager set KPIs for the year in conjunction with the Chair and discussed and agreed priorities and role
- Strategic Plan implementation is ongoing
- Recent Strategy planning session held, facilitated by current Board Director who is a management consultant
- Organisational structure is varied and complimentary
- A risk management workshop was held in December 2005. A previous NMG Treasurer and Co-Chair of the Audit & Risk Working Group facilitated this meeting
- Comprehensive risk management plans are developed and filed at NMG offices for all our events
- Establish an Intellectual Property Management Committee
- Operationalise the Organisational Code of Conduct for all shareholders, working committees & groups and all volunteers
New Mardi Gras Ltd
ABN 87 102 451 785

Financial Report for the year ended 31 March 2007
Getting better!

As you will see in the summary table below I’m glad to report that this year we have bettered last year’s profitable result and are reporting to you a profit before tax of $240,424.

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Launch</td>
<td></td>
<td></td>
<td>-26,082</td>
<td>-51,795</td>
<td>-25,713</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Festival</td>
<td>108,310</td>
<td>94,430</td>
<td>23,880</td>
<td>54,441</td>
<td>44,620</td>
<td>9,821</td>
<td>-14,059</td>
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<tr>
<td>Fair Day</td>
<td>215,060</td>
<td>268,892</td>
<td>-53,832</td>
<td>157,721</td>
<td>223,740</td>
<td>66,019</td>
<td>-12,187</td>
</tr>
<tr>
<td>Parade</td>
<td>42,726</td>
<td>303,677</td>
<td>-260,951</td>
<td>63,036</td>
<td>248,203</td>
<td>(185,167)</td>
<td>(75,794)</td>
</tr>
<tr>
<td>Parties</td>
<td>2,407,617</td>
<td>1,658,801</td>
<td>748,816</td>
<td>2,141,740</td>
<td>1,375,773</td>
<td>765,967</td>
<td>(10,511)</td>
</tr>
<tr>
<td>Other Operations</td>
<td>563,415</td>
<td>70,670</td>
<td>492,745</td>
<td>416,595</td>
<td>98,958</td>
<td>317,637</td>
<td>175,108</td>
</tr>
<tr>
<td>Admin</td>
<td>256,742</td>
<td>966,976</td>
<td>(710,234)</td>
<td>25,713</td>
<td>223,740</td>
<td>(198,027)</td>
<td>25,713</td>
</tr>
<tr>
<td></td>
<td>3,593,870</td>
<td>3,353,446</td>
<td>240,424</td>
<td>2,954,073</td>
<td>2,795,941</td>
<td>158,132</td>
<td>82,292</td>
</tr>
</tbody>
</table>

Continuing the trend identified in 2005, the result shows that despite a reduced contribution from Parties (NMG Party, Pool Party, Sleaze 06) we have managed to improve performance by $82,000. We rely on revenue from Parties and Sponsorship to enable us to fund loss making events such as Fair Day and Parade, without which there would be no Mardi Gras.

The year that was . . . .

The board continued the practice of spending many hours preparing and reviewing draft budgets to finally set a budgeted result and cash flows against which actual results are measured. This process is necessary from a point of sound commercial practice.

We have benefited from a level of stability within the board with a good core number of directors continuing from previous years. My thanks to the hard work and enthusiasm brought to NMG by these directors.

This year was no different to last year in terms of NMG’s need to review the nature of each event / new events and where ever possible ensure that the events undertaken, with the exception of Parade, achieve self funding or are moving towards that target.

Each event has risks that are manageable or over which we have little or no control. Risk reviews conducted for each event identified strategies that we undertook to minimise, wherever possible, all identified risks. Some risks, such as party attendances and bringing your own alcohol at Fair Day are risks that are outside of our reasonable control.

The review of events resulted in Launch, in the format of prior years, being cancelled. That decision was taken to reduce our exposure to a loss making event and so the Board could concentrate on the signature events of the Season. Launch occupied, but in a different format. Fair Day was reviewed and potential changes discussed, but in the end the board decided to continue with the event without significant alteration in 2007. However the decision was taken to look at changes to the 2008 Fair Day to further reduce risks and bring the event to a self funding position.

This year new events produced by NMG were trialed in the Festival. The Flash Mob launch, to open Festival, was a resounding success with the appearance of the guys from ‘Little Britain’. The Red Carpet cocktail evening brought together a wide range of excellent entertainment, good food and alcohol and gave many attendees the opportunity to ‘dress up’ rather than ‘dress down’ for an event during season. The board will continue to look at creating new events in the coming year, Mardi Gras’ 30th, primarily to diversify our revenue streams and further reduce our reliance on large dance parties to fund operations.

NMG will always be subject to competition in respect of all its events from a variety of sources. We acknowledge that the cash in people’s pockets is discretionary and limited and every dollar not spent on a NMG event is a dollar lost for NMG to spend on the Parade, Fair Day, Festival, Parties and supporting the community.

This has created a strong sense from all involved in NMG that it cannot become complacent and must stay relevant. Competition is a good thing and makes us continually review and develop our events to keep up with people’s expectations. However, with a limited pool of patrons and disposable income, it continues to be a ‘balancing act’ of satisfying our community expectations, managing the risk and establishing a sustainable fiscal base.

It is worthy of note that our insurance premiums reduced by a further 19% this year even after taking out additional wet weather insurance for Fair Day. This was due to an improvement in the insurance market as well as NMG’s continuing good record in event management. Our thanks to Philip Sunshine at AON Risk Services for his efforts to obtain cover for unusual insurance risks at minimal cost. Without Philip’s commitment and AON’s support it would be near impossible to stage the Season.

Sponsorship has improved significantly; highlights were the second year of the Gaydar.com.au three year deal as Presenting Partner & the City of Sydney renewing its sponsorship of the Season under new terms. Our sponsorship services supplier Mixitup and its principal Greg Segal excelled. Six new sponsors were introduced, four of whom participated in the Parade and all indicated that they were pleased with their involvement with NMG.

Sponsors represent a critical area of NMG’s future. No longer can we solely rely on parties to fund our operations. Reasonably, sponsors expect a return on their investment in NMG. This is a significant component of the ‘balancing act’ mentioned above. The Parade and Fair Day are areas where significant exposure is obtained and these continue to offer the most immediate opportunities for sponsorship & partner development.

Last year we reported the decision to claim tax exemption, based on advice from Pitcher Partners. The board continues to believe the company can claim a tax exemption in similar terms.

Finally I would like to thank Anna McInerney, General Manager and Gordon Wheateley, Office Manager for the efforts in assisting me with the preparation of financial results for this year. The result we have ended the year with is a credit to their hard work and strict adherence to our finance policies.

Michael Douglas
Treasurer
DIRECTORS' REPORT

Your directors submit their report for the year ended 31 March 2007

DIRECTORS

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>Marcus Bourget</td>
<td>03.07.04</td>
<td></td>
<td>Marcus is a founding member of NMG (NMA). He became a director of the organisation in 2004 and is the current Chair. He has gained experience with, or been responsible for, many of NMG's working groups, including Sponsorship, Safety, Legal, HR, Marketing, Corporate and Community Relations. Since 2004 he has represented NMG members as an extension to his role as a Director of the company. He is a graduate of Cambridge University and currently works as corporate counsel for Virgin Mobile Australia.</td>
</tr>
<tr>
<td>Scott Carn</td>
<td>25.06.05</td>
<td>30.04.06</td>
<td>Scott was Board sponsor for the Parade for the 2005/06 Season and interim Treasurer for December 2005 &amp; January 2006. Scott was a director of NMG for the 2003/04 Season. He was also a director of the Co-operative; Group 2000/04. Scott holds Bachelor degrees in Design and History from the University of Adelaide. Scott is currently working in the UK.</td>
</tr>
<tr>
<td>Fiona Doherty</td>
<td>25.06.05</td>
<td>26.11.06</td>
<td>Fiona was Board sponsor for Launch and Fair Day for the 2005/06 Season. Fiona first became involved in NMG as a volunteer in the 2003/04 Season and a member of the Launch and Fair Day working group in the 2004/05 Season. Fiona holds an Honours degree in Quantity Surveying and is currently a Senior Manager for an international construction and property consultancy group, working in Canberra.</td>
</tr>
<tr>
<td>Michael Douglas</td>
<td>25.01.06</td>
<td></td>
<td>Michael is currently contracting in a senior finance role after 23 years of holding various finance positions with KPMG and progressing through large listed Australian corporate entities and US subsidiaries. Michael was asked by the Board to fill the Treasurer vacancy on 25.01.06 and assists in areas like party bump-in and pool party. Michael holds a Bachelor of Business in Finance and Accounting.</td>
</tr>
<tr>
<td>Damien Eames</td>
<td>03.09.06</td>
<td>07.02.07</td>
<td>Damien first volunteered as Co-Chair for Sleaze 2005. He then widened his experience with NMG handling the marketing function for Mardi Gras 2006. He joined the Board in 2006 due to his skills as a senior marketing executive. He was appointed as a director to accept a place at Sydney University to study Architecture and to allow him sufficient time to focus on NMG's marketing and communications needs. Damien has a degree in Philosophy, Politics and Economics from Oxford University and previously worked in marketing, broadcasting and strategy for a number of media and telecommunication companies.</td>
</tr>
<tr>
<td>Willie Law</td>
<td>24.01.07</td>
<td></td>
<td>Willie volunteered with the NMG Board in 2006 and is the Board sponsor for the strategic planning &amp; organisational structure for the 2006/07 season. An award-winning Bachelor of City University in London, his day job is as Vice President of Business Development for Virgin Mobile Australia. Willie has a background in finance and marketing.</td>
</tr>
<tr>
<td>Diane Minnis</td>
<td>10.05.03</td>
<td>08.07.06</td>
<td>Diane was first elected to the Board in 2003 where she was Board sponsor of: Launch and Sponsor of Parade and Festival for a substantial period in 2004/05. In 2004/05 Diane served as the Secretary of the Australia Festival Board. She has been a Board member of the disposable sanitary product and paper napkin industry since 2001. In 2004/05 Diane served as both the Secretary of the Australia Festival Board and the Volunteers Working Group. Kirk has been involved with Mardi Gras since 1995, initially as a Parade Official, and in 04/05 as Chair of the Volunteers Working Group. Her current work as a Senior Executive in the property management and development business spans over 30 years. She has a BA in History and a Master of Business Administration. She has expertise in strategic and operational planning, fundraising, capital works and operations. She has held senior positions in various non-profit boards and charities. She was the inaugural Chair of the Australian Property Council. She has a unique combination of skills and experience to bring to the Board. She holds a Masters degree in Public Sector Management.</td>
</tr>
<tr>
<td>Susan Page</td>
<td>07.11.06</td>
<td></td>
<td>Susan was appointed to the Board effective 17.12.05. Susan assisted with Government relations and made a significant contribution to Western Sydney's involvement in the 2006 Festival. Susan has a background in workplace safety and industrial law and is an Organiser for the Health Services Union and an elected Councilor for Penrith Council.</td>
</tr>
<tr>
<td>Greg Small</td>
<td>03.09.06</td>
<td></td>
<td>Greg is the Board Sponsor for Parade and Festival 2006/07 Season as well as the Pembourough &amp; Associates; Working Group. Greg became involved in Mardi Gras in 2006 when he was elected to the Board at Directors and after the conclusion of the 2005/06 season. Greg holds an Associate Diploma in Business and is currently completing a Bachelor in Business majoring in Industrial Relations.</td>
</tr>
</tbody>
</table>

DIRECTORS (continued)

<table>
<thead>
<tr>
<th>Director</th>
<th>Date Appointed</th>
<th>Date Resigned*</th>
<th>Qualifications / Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Des Tupua</td>
<td>07.01.07</td>
<td></td>
<td>*Des joined the NMG Board in late 2006. He holds a Bachelor of Business (Marketing) and a Bachelor of Arts (Human Resources). He has extensive corporate and not-for-profit experience acquired over many years across a range of businesses. He is currently CEO of Australia’s leading industry association for HR, Training and learning. Development.</td>
</tr>
</tbody>
</table>

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

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.

PRINCIPAL ACTIVITIES

The principal activities of the company during the financial year were the organisation and co-ordination of events of celebration, commemoration and protest, and to engage in other 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 of the company for the financial year amounted to $240,424 (2006: $58,812). No income tax expense / benefit has been calculated on this current year profit or the previous year’s profit as NMG has self 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

There were no other events or circumstances, other than that referred to in the financial statements or notes thereon, that have arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the company, or the state of affairs of the company in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Disclosure of information regarding likely developments in the operations of NMG in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to NMG. Accordingly, this information has not been disclosed in this report.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The company’s operations are not regulated by any environmental law or regulation. The company does not operate any significant environmental or health and safety programs.

OPTIONS

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

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The directors received the following declaration from the auditor of NMG.

Signed in accordance with a resolution of the Board of Directors

Michael Douglas

Treasurer
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 31 to 41 for New Mardi Gras Limited (“the Company”) for the year ended 31 March 2007.

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 2007, 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.

Peroys Audit & Assurance

George Vourantonis
Partner

Sydney
17 May 2007
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 its operations, its 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; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Directors.

While we considered the effectiveness of management’s internal controls 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 2007 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.

Perows Audit and Assurance

George Vourantonis
Partner

17 May 2007

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 2007 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

24 May 2007
### Balance Sheet

<table>
<thead>
<tr>
<th>Note</th>
<th>As at 31 March 2007</th>
<th>31 March 07</th>
<th>31 March 06</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>5</td>
<td>774,687</td>
<td>616,860</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>6</td>
<td>31,278</td>
<td>98,197</td>
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<tr>
<td>Other current assets</td>
<td>7</td>
<td>134,284</td>
<td>180,060</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td></td>
<td>940,249</td>
<td>895,117</td>
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<tr>
<td>Non-Current Assets</td>
<td></td>
<td>419,299</td>
<td>22,503</td>
</tr>
<tr>
<td>Property, plant &amp; equipment</td>
<td>8</td>
<td>12,833</td>
<td>22,503</td>
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<tr>
<td>Intangibles</td>
<td>9</td>
<td>29,096</td>
<td>29,096</td>
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<tr>
<td>Total Non-Current Assets</td>
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<td>419,299</td>
<td>22,503</td>
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<td><strong>TOTAL ASSETS</strong></td>
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<td>982,178</td>
<td>917,620</td>
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<td><strong>LIABILITIES</strong></td>
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<tr>
<td>Current Liabilities</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
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<td>178,544</td>
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<tr>
<td>Other liabilities</td>
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<td>39,481</td>
<td>38,376</td>
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<tr>
<td>Interest-bearing liabilities</td>
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<td>26,695</td>
<td>28,580</td>
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<tr>
<td>Total Current Liabilities</td>
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<td>244,720</td>
<td>420,586</td>
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<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
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<td>420,586</td>
</tr>
<tr>
<td><strong>NET ASSETS</strong></td>
<td></td>
<td>737,458</td>
<td>497,034</td>
</tr>
<tr>
<td><strong>EQUITY</strong></td>
<td></td>
<td>737,458</td>
<td>497,034</td>
</tr>
<tr>
<td>Equity attributable to stakeholders</td>
<td></td>
<td>737,458</td>
<td>497,034</td>
</tr>
</tbody>
</table>

### Income Statement

<table>
<thead>
<tr>
<th>Note</th>
<th>For the year ended 31 March 2007</th>
<th>31 March 07</th>
<th>31 March 06</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ticket Sales</td>
<td></td>
<td>2,399,400</td>
<td>2,148,441</td>
</tr>
<tr>
<td>Sponsorship</td>
<td></td>
<td>575,812</td>
<td>346,317</td>
</tr>
<tr>
<td>Bad debts received</td>
<td></td>
<td>9,091</td>
<td>-</td>
</tr>
<tr>
<td>Membership Income</td>
<td></td>
<td>60,887</td>
<td>71,339</td>
</tr>
<tr>
<td>Stallholder fees for Fair Day</td>
<td></td>
<td>90,333</td>
<td>65,877</td>
</tr>
<tr>
<td>Sale of Goods</td>
<td></td>
<td>273,498</td>
<td>113,152</td>
</tr>
<tr>
<td>Grants</td>
<td></td>
<td>2,000</td>
<td>52,500</td>
</tr>
<tr>
<td>License Fees</td>
<td></td>
<td>10,345</td>
<td>53,444</td>
</tr>
<tr>
<td>Interest income</td>
<td></td>
<td>16,966</td>
<td>7,701</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>38,820</td>
<td>43,965</td>
</tr>
<tr>
<td>Festival entry</td>
<td></td>
<td>81,255</td>
<td>18,210</td>
</tr>
<tr>
<td>Parade entrance fees and viewing room</td>
<td></td>
<td>23,748</td>
<td>18,082</td>
</tr>
<tr>
<td>Donations</td>
<td></td>
<td>11,912</td>
<td>15,045</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td>3,593,870</td>
<td>2,954,073</td>
</tr>
<tr>
<td>Occupancy costs</td>
<td></td>
<td>(28,497)</td>
<td>(15,099)</td>
</tr>
<tr>
<td>Employee benefits expense</td>
<td></td>
<td>(274,051)</td>
<td>(264,004)</td>
</tr>
<tr>
<td>Amounts paid to contractors</td>
<td></td>
<td>(185,274)</td>
<td>(122,506)</td>
</tr>
<tr>
<td>Insurance</td>
<td></td>
<td>(174,237)</td>
<td>(198,345)</td>
</tr>
<tr>
<td>Venue Hire</td>
<td></td>
<td>(422,188)</td>
<td>(406,467)</td>
</tr>
<tr>
<td>Amortisation of intangible software</td>
<td></td>
<td>(3,75)</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation of property, plant &amp; equipment</td>
<td></td>
<td>(12,325)</td>
<td>(12,237)</td>
</tr>
<tr>
<td>Operating lease rental expenses</td>
<td></td>
<td>(123,816)</td>
<td>(122,516)</td>
</tr>
<tr>
<td>Marketing &amp; communications</td>
<td></td>
<td>(192,510)</td>
<td>(116,677)</td>
</tr>
<tr>
<td>Security</td>
<td></td>
<td>(231,862)</td>
<td>(222,516)</td>
</tr>
<tr>
<td>Entertainment</td>
<td></td>
<td>(271,383)</td>
<td>(104,876)</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td></td>
<td>(181,161)</td>
<td>(41,429)</td>
</tr>
<tr>
<td>Cost of ticketing</td>
<td></td>
<td>(153,898)</td>
<td>(144,175)</td>
</tr>
<tr>
<td>Party staging</td>
<td></td>
<td>(151,018)</td>
<td>(142,800)</td>
</tr>
<tr>
<td>Equipment hire</td>
<td></td>
<td>(664,286)</td>
<td>(644,891)</td>
</tr>
<tr>
<td>License expenses</td>
<td></td>
<td>(55,280)</td>
<td>(33,024)</td>
</tr>
<tr>
<td>Professional fees</td>
<td></td>
<td>(64,021)</td>
<td>(61,271)</td>
</tr>
<tr>
<td>Doubtful debts</td>
<td></td>
<td>-</td>
<td>(59,104)</td>
</tr>
<tr>
<td>Other expenses</td>
<td></td>
<td>(232,020)</td>
<td>(152,377)</td>
</tr>
<tr>
<td><strong>Profit before finance costs</strong></td>
<td></td>
<td>242,899</td>
<td>161,238</td>
</tr>
<tr>
<td>Interest expense</td>
<td></td>
<td>(2,475)</td>
<td>(3,106)</td>
</tr>
<tr>
<td><strong>Net Profit</strong></td>
<td></td>
<td>240,424</td>
<td>158,132</td>
</tr>
</tbody>
</table>
CASH FLOW STATEMENT

For the year ended 31 March 2007

<table>
<thead>
<tr>
<th>Note</th>
<th>31 March 07</th>
<th>31 March 06</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Cash flows from operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipts of customers</td>
<td>3,136,312</td>
<td>2,376,424</td>
</tr>
<tr>
<td>Receipts of government grants</td>
<td>2,200</td>
<td>57,570</td>
</tr>
<tr>
<td>Payments to suppliers and contractors</td>
<td>(2,959,674)</td>
<td>(2,168,499)</td>
</tr>
<tr>
<td>Interest received</td>
<td>16,969</td>
<td>7,701</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(2,475)</td>
<td>(3,106)</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td><strong>193,332</strong></td>
<td><strong>270,270</strong></td>
</tr>
</tbody>
</table>

Cash flows from investing activities

| Acquisition of property, plant & equipment | (2,655) |
| Acquisition of software                    | (32,850) |
| **Net cash used in investing activities**   | **(35,505)** |

Cash flows from financing activities

| Proceeds from borrowings                  |             |
| Repayment of borrowings                   |             |
| **Net cash provided by financing activities** | **-**       |

Net increase in cash held

| 157,827 | 270,270 |

Cash at beginning of financial year

| 616,860 | 346,590 |

Cash at end of financial year

| 774,687 | 616,860 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

1 CORPORATE INFORMATION

ABN 87 102 451 785

The financial report of NMG Limited (NMG) for the year ended 31 March 2007 was authorised for issue in accordance with a resolution of the directors on 16 May 2007.

NMG Limited is a company limited by guarantee and incorporated in Australia.

The nature of the operations and principal activities of NMG are included in the review of operations and activities in the Directors’ report on pages 24 to 25. The Directors’ report does not form part of this financial report.

The registered office and principle place of business is:

Address: 297-299 Trafalgar Street
Petersham NSW 2049
Telephone: 02 9568 8649
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 material of the Corporations Act 2001, Australian Accounting Standards and Urgent Issues Group Interpretations, and complies with other requirements of the law. The financial report has been prepared on an accruals basis and on a historical cost basis.

Revenue is recognised for the major business activities as follows:

- Income from the supply of services that is received throughout the year, for varying periods all expiring on 31 October 2007, are recognised only in respect of the period of membership to March 2007

- 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.

(b) Expenses

Insurance costs are amortised over the period of insurance.

(c) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and on 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.

(d) 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 are recognised and carried at original invoice amount. The collectability of debts is reviewed on a regular basis and a specific provision is made for any doubtful debts where objective evidence that NMG will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is recognised in the income statement.

(e) 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.

Depreciation is calculated on a straight-line basis to write-off the net cost of each item of property, plant and equipment over its

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2007

<table>
<thead>
<tr>
<th>31 March 07</th>
<th>31 March 06</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Total Retained earnings at the beginning of the year</td>
<td>497,034</td>
</tr>
<tr>
<td>Profit / (Loss) for the year</td>
<td>240,424</td>
</tr>
<tr>
<td><strong>Total Retained earnings at the end of the year</strong></td>
<td><strong>737,458</strong></td>
</tr>
</tbody>
</table>
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007 (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment
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 Rates Depreciation Basis
- Leasehold improvements 14 – 15 years Straight-line
- Plant and equipment 4 – 6 years Straight-line

Intangibles
Intangibles include website development costs purchased during the current financial year and goodwill. Goodwill as part of the transition to AIFRS, was considered to be fully impaired and was written down to Nil.

Class of intangibles
Amortisation Rates Amortisation Basis
- Website software 3 years Straight-line

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

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.

Interest-bearing liabilities
Interest bearing liabilities are initially measured at cost, being the fair value of the consideration received net of issue costs 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.

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.

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

- when any services provided by the company are GST-free sales or are export sales;
- 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.

Employee leave benefits

- 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.
- 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 by employees up to the reporting date, is recognised as a provision for employee benefits.
- Superannuation
  The company contributes to unrelated, third party accumulated funds plans, which are available to all employees. Contributions to the respective plans are generally funded by payments from the employees and the company.
  The company’s contributions to the accumulated funds plans are expensed as incurred.

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

Provisions
Provisions are recognised when the company has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be reliably measured.

Financial instruments

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

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

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

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

Impairment
At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement.

5 CASH AND CASH EQUIVALENTS

Reconciliation of net profit to net cash flows from operations

Net Profit / (Net Loss) $ 240,424 $ 158,132
Adjustments for:
  Amortisation $ 3,754 $ -
  Depreciation $ 12,237 $ 12,237
  Doubtful debts expense $ - $ 59,104
  Bad debts written off $ - $ (180,000)
Changes in assets and liabilities:
  Increase / decrease in trade and other receivables $ 146,919 $ (69,488)
  Increase / decrease in current assets $ 45,776 $ (19,642)
  Decrease / increase in trade payables $ 152,314 $ 51,825
  Decrease / increase in other payables $ (21,667) $ 80,044
  Decrease / increase in interest bearing liabilities $ (1,885) $ (1,942)
Net cash from operating activities $ 270,270 $ 240,424

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 continued to self assess for the 2006 and for the nine months ended 31 March, 2007.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007 (CONTINUED)

6 TRADE AND OTHER RECEIVABLES

<table>
<thead>
<tr>
<th></th>
<th>31 March 07</th>
<th>31 March 06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables</td>
<td>31,041</td>
<td>174,239</td>
</tr>
<tr>
<td>Provision for doubtful debts</td>
<td>-</td>
<td>80,000</td>
</tr>
<tr>
<td>Other receivables</td>
<td>237</td>
<td>3,958</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>31,278</strong></td>
<td><strong>98,197</strong></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. No allowance is required for this current year ($80,000). The amount of the allowance/impairment loss is measured as the difference between the carrying amount and the estimated future cash flows expected to be received from the relevant debtor.

Roll forward of the provision for doubtful debts

<table>
<thead>
<tr>
<th></th>
<th>31 March 07</th>
<th>31 March 06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance at beginning of the financial year</td>
<td>80,000</td>
<td>20,896</td>
</tr>
<tr>
<td>Bad debts written off</td>
<td>-</td>
<td>80,000</td>
</tr>
<tr>
<td>Expensed during year</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>- general provision</td>
<td>-</td>
<td>-20,896</td>
</tr>
<tr>
<td>- current provision</td>
<td>-</td>
<td>80,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>80,000</strong></td>
<td><strong>80,000</strong></td>
</tr>
</tbody>
</table>

7 OTHER CURRENT ASSETS

<table>
<thead>
<tr>
<th></th>
<th>31 March 07</th>
<th>31 March 06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepayments</td>
<td>117,529</td>
<td>166,205</td>
</tr>
<tr>
<td>Deposits</td>
<td>16,755</td>
<td>12,855</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>134,284</strong></td>
<td><strong>189,060</strong></td>
</tr>
</tbody>
</table>

Prepayments are annual policies of insurance and license fee and are amortised over the life of the policy. Deposits are non-interest bearing and represent security deposits.

8 PROPERTY, PLANT AND EQUIPMENT

<table>
<thead>
<tr>
<th></th>
<th>Plant and equipment</th>
<th>Leasedhold property</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At 31 March 2007</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost or fair value</td>
<td>$63,389</td>
<td>$99</td>
<td>$63,988</td>
</tr>
<tr>
<td>Accumulated depreciation and impairment</td>
<td>$(51,038)</td>
<td>(97)</td>
<td>$(51,135)</td>
</tr>
<tr>
<td><strong>Net Carrying amount</strong></td>
<td><strong>12,351</strong></td>
<td>482</td>
<td><strong>12,833</strong></td>
</tr>
<tr>
<td><strong>At 31 March 2006</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost or fair value</td>
<td>$60,733</td>
<td>$99</td>
<td>$61,332</td>
</tr>
<tr>
<td>Accumulated depreciation and impairment</td>
<td>$(38,754)</td>
<td>(75)</td>
<td>$(39,129)</td>
</tr>
<tr>
<td><strong>Net Carrying amount</strong></td>
<td><strong>21,979</strong></td>
<td>524</td>
<td><strong>22,503</strong></td>
</tr>
</tbody>
</table>

9 INTANGIBLES

<table>
<thead>
<tr>
<th></th>
<th>31 March 07</th>
<th>31 March 06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Software (net of accumulated amortisation and impairment)</td>
<td>$29,096</td>
<td>-</td>
</tr>
<tr>
<td>Goodwill (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 07</th>
<th>31 March 06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade payables</td>
<td>31,701</td>
<td>185,223</td>
</tr>
<tr>
<td>Other payables</td>
<td>81,576</td>
<td>94,364</td>
</tr>
<tr>
<td>Employee benefits liability</td>
<td>12,044</td>
<td>16,299</td>
</tr>
<tr>
<td>Goods &amp; Services tax</td>
<td>53,223</td>
<td>57,744</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>178,544</strong></td>
<td><strong>353,360</strong></td>
</tr>
</tbody>
</table>

11 OTHER LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th>31 March 07</th>
<th>31 March 06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Memberships</td>
<td>-</td>
<td>39,481</td>
</tr>
<tr>
<td>- subscriptions paid in advance</td>
<td>-</td>
<td>38,376</td>
</tr>
</tbody>
</table>

12 INTEREST BEARING LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th>31 March 07</th>
<th>31 March 06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other loans</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Insurance policy funding loan</td>
<td>26,695</td>
<td>28,580</td>
</tr>
</tbody>
</table>

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>Category</th>
<th>31 March 07</th>
<th>31 March 06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full members</td>
<td>1,465</td>
<td>1,418</td>
</tr>
<tr>
<td>Concession members</td>
<td>103</td>
<td>115</td>
</tr>
<tr>
<td>Under 25 members</td>
<td>88</td>
<td>55</td>
</tr>
<tr>
<td>Organisation members</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>International members</td>
<td>108</td>
<td>116</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,767</strong></td>
<td><strong>1,679</strong></td>
</tr>
</tbody>
</table>

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

NMM has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. It is, and has been throughout the period under review, NMM’s policy that no trading in financial instruments shall be undertaken. NMM does not have any derivatives as at 31 March 2007.

The main risks arising from NMM’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 on the following page.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007 (CONTINUED)

14 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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 un-avoidable 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 un-avoidable risk.

Credit risk
Receivable balances contain no significant concentrations of credit risk. 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 deposits and cash at bank. 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 un-avoidable 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 un-avoidable risk.

15 FINANCIAL INSTRUMENTS

Fair values
No financial assets or financial liabilities of the company are readily traded on organised markets. 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. Fair values are in line with carrying values.

<table>
<thead>
<tr>
<th>Financial assets</th>
<th>Carrying amount $</th>
<th>Fair value $</th>
<th>Carrying amount $</th>
<th>Fair value $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>774,687</td>
<td>774,687</td>
<td>616,860</td>
<td>616,860</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>31,278</td>
<td>31,278</td>
<td>98,197</td>
<td>98,197</td>
</tr>
<tr>
<td>Deposits</td>
<td>16,755</td>
<td>16,755</td>
<td>13,855</td>
<td>13,855</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th>Current Liabilities</th>
<th>Trade payables</th>
<th>31,701</th>
<th>31,701</th>
<th>185,223</th>
<th>185,223</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest-bearing</td>
<td>26,695</td>
<td>26,695</td>
<td>28,580</td>
<td>28,580</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

16 DIRECTORS AND REMUNERATION

Details of Directors and Key Management Personnel
The directors of NMG Ltd during the financial year were:

- Directors – current at the date of this report
  - Marcus Bourget
  - Michael Douglas
  - Willie Law
  - Kirk Muddle
  - Greg Small
  - Des Tupua

- Other Directors who held office during the year
  - Vicki Brackenreg
  - Fiona Doherty
  - Damien Eames
  - Diane Mennis
  - Susan Page
  - Scott Caim

Remuneration levels

- 31 March 07
- 31 March 06

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

18 COMMITMENTS AND CONTINGENCIES

- 31 March 2007
- 31 March 2006

19 CONTINGENT LIABILITIES
No contingent liabilities exist as at 31 March 2007.