

NOTES TO THE FINANCIAL STATEMENTS

NOTE 27 SEGMENT INFORMATION

Products and services within each geographical segment

For management purposes, the consolidated entity is organised into three major operating divisions – Europe, North America and Asia Pacific and one corporate division including Australia. These divisions are the basis on which the consolidated entity reports its primary segment information. The principal products and services of each of these divisions comprise the business segments as follows:

- Magnesium alloys including AM-lite, AM-HP2, AM-SC1 and AM-cast;
- Magnesium handling technologies including AM-cover and AM-converter;
- Magnesium consulting activities; and
- Magnesite mining previously with the QMAG operating division (now sold).

The costs of corporate, finance and administration for the Group are managed by the parent entity at the head office in Brisbane, Australia.

Intersegment revenue

The activities of AMT Europe GmbH and AMT North America, Inc. are carried out in their respective regions as agents of Advanced Magnesium Technologies Pty Ltd. These overseas entities charge AMT, an agency fee equivalent to 107.5% of costs incurred.

	Europe		North America		Asia Pacific		Australia		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<i>Continuing Operations</i>										
Revenue from external customers	268,501	78,802	9,162	—	85,477	6,579	—	—	363,140	85,381
Intersegment revenue	1,560,074	1,471,283	556,570	361,306	—	—	(2,116,644)	(1,832,589)	—	—
Total sales revenue	1,828,575	1,550,085	565,732	361,306	85,477	6,579	(2,116,644)	(1,832,589)	363,140	85,381
Other income	2,059	657	—	1,400	—	—	2,123,791	133,152	2,125,850	135,209
Foreign exchange gain	—	—	—	—	—	—	106,082	572,626	106,082	572,626
Gain on sale of assets	—	—	—	—	—	—	69,048	458,542	69,048	458,542
Interest revenue	1,192	118	—	—	—	—	710,286	400,855	711,478	400,973
Gross expenditure	(1,474,043)	(1,589,645)	(561,460)	(330,854)	(417,363)	—	(5,668,003)	(7,106,359)	(8,120,869)	(9,026,858)
Continuing operations Profit/(Loss) before tax	357,783	(38,785)	4,272	31,852	(331,886)	6,579	(4,775,440)	(7,373,773)	(4,745,271)	(7,374,127)
Income tax	(97,028)	(51,321)	—	—	—	—	—	—	(97,028)	(51,321)
Continuing Operations Profit/(Loss) after tax	260,755	(90,106)	4,272	31,852	(331,886)	6,579	(4,775,440)	(7,373,773)	(4,842,299)	(7,425,448)
<i>Discontinuing Operations</i>										
Discontinuing operations Profit/(Loss) before tax	—	(1,273,939)	—	(212,958)	—	(1,538,149)	4,415,840	10,506,493	4,415,840	7,481,447
Income tax	—	—	—	—	—	—	—	—	—	—
Discontinuing Operations Profit/(Loss) after tax	—	(1,273,939)	—	(212,958)	—	(1,538,149)	4,415,840	10,506,493	4,415,840	7,481,447
Net result	260,755	(1,364,045)	4,272	(181,106)	(331,886)	(1,531,570)	(359,600)	3,132,720	(426,459)	55,999
	Europe		North America		Asia Pacific		Australia		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Segment Assets										
Total assets	481,322	441,507	168,608	130,416	—	—	13,130,785	8,564,593	13,780,715	9,136,516
Segment Liabilities										
Total liabilities	(170,120)	(280,097)	(43,653)	(14,638)	—	—	(935,178)	(5,569,851)	(1,148,951)	(5,864,586)
Segment Disclosures										
Acquisition of segment fixed assets	—	31,694	13,758	—	—	—	86,813	1,763,942	100,571	1,795,636
Depreciation and amortisation	17,232	1,181	4,585	2,702	—	—	149,859	248,354	171,676	252,237
Credit on reversal of licencing liability	—	—	—	—	—	—	(4,838,370)	—	(4,838,370)	—
Impairment losses	—	—	—	—	—	—	467,546	493,740	467,546	493,740
Non-cash share based payments	—	—	—	—	—	—	554,078	227,896	554,078	227,896
Segment disclosures by business segment										
	Magnesium alloys		Metal Handling		Consulting		Magnesite		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue from external customers	171,768	6,579	181,875	35,144	9,497	43,658	—	27,642,118	363,140	27,727,499
Segment fixed assets	379,775	449,672	—	—	—	—	—	—	379,775	449,672
Acquisition of segment fixed assets	100,571	—	—	276,697	—	—	—	1,518,939	100,571	1,795,636