

Measurement of fair values

The fair value of the share-based payment plans was measured based on the Binomial model. The inputs used in the measurement of the fair values at grant date were as follows:

<i>Fair value of performance rights and assumptions</i>	Tranch #1	Tranch #2	Tranch #3
Share price at grant date	\$1.93	\$1.93	\$4.58
5 day VWAP at grant date	-	-	\$4.55
Fair value at grant date	\$1.73	\$1.84	\$4.23
Exercise price	Nil	Nil	Nil
Expected volatility	20% to 25%	30% to 35%	33.9%
Expected life	3 years	1.25 years	3 years
Expected dividends	3.0% to 3.5%	3.0% to 3.5%	2.50%
Risk-free interest rate (based on government bonds)	2.74%	2.53%	1.90%

Accounting policy: Employee benefits

i. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. Benefits falling more than 12 months after the end of the reporting period are classified as non-current.

iii. Shared-based payment transactions

The Group currently engages in the practice of allocating its employees equity share-based payments as part of their remuneration packages.

The grant date fair value of share-based payment arrangements granted to employees is recognised as a share based payment expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. The fair value of the equity instrument is calculated using the Black-Scholes or Binomial model.

iv. Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value and classified as non-current.