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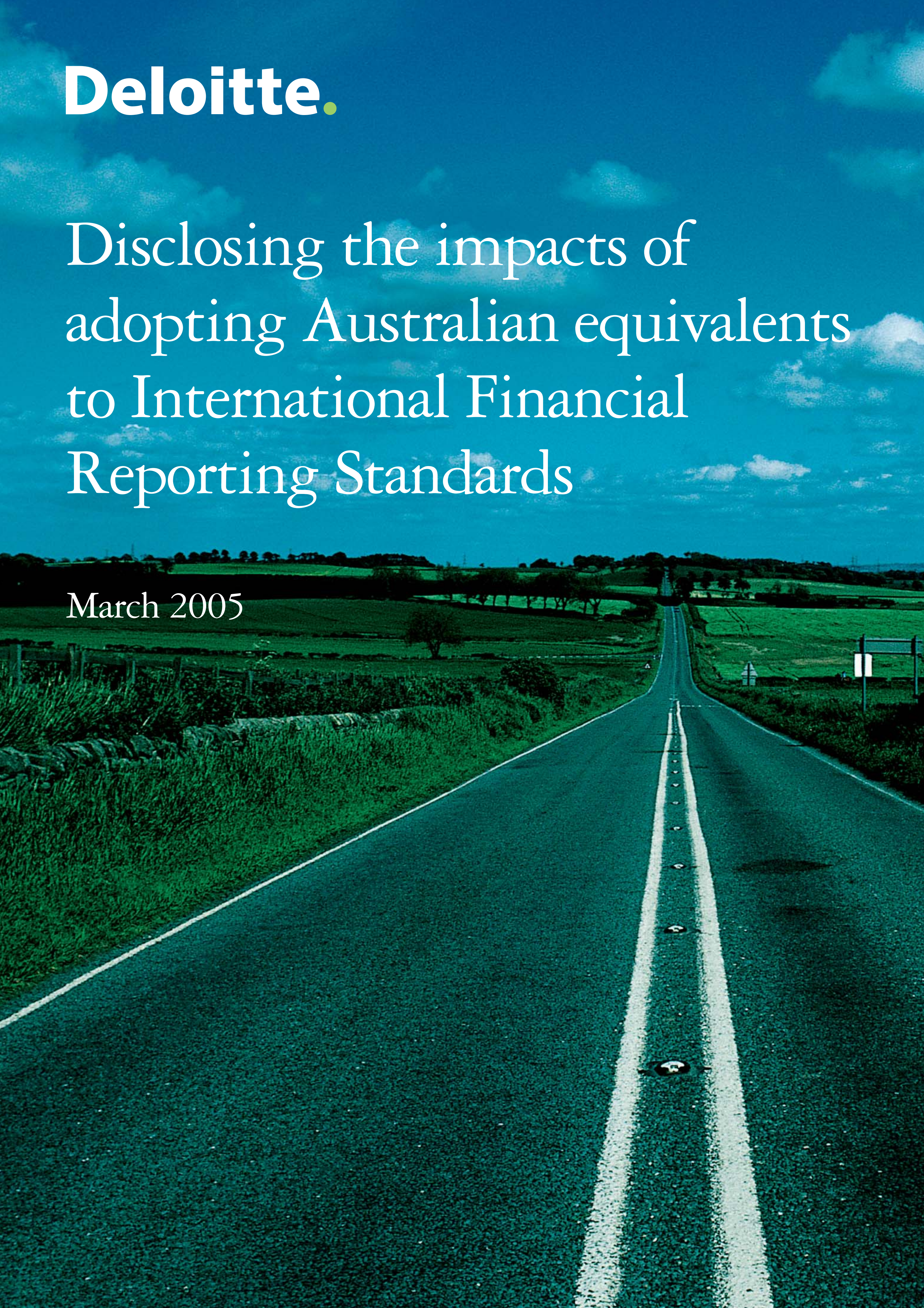
Disclosing the impacts of adopting Australian equivalents to International Financial Reporting Standards

March 2005



Contents

1 Introduction

The objective of this guide is to assist clients, partners and staff with the preparation of disclosures in accordance with the requirements of AASB 1047 *Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards* for reporting periods ending on or after 30 June 2005.

This guide provides illustrative examples of some of the possible approaches to disclosing the impacts of adopting A-IFRS in financial reports. The illustrative examples are not intended to indicate the minimum information to be disclosed, or "model" disclosure in order to comply with the requirements of AASB 1047. Entities should adopt an approach that is most appropriate to their circumstances, and provides sufficient detail to allow users to understand the significant impacts on the financial statements.

For interim and annual reporting periods ending on or after 30 June 2005, AASB 1047 requires disclosure of:

- any known or reliably estimable information about the impacts on the financial report had it been prepared using A-IFRS; and
- if the impacts are not known or reliably estimable, a statement to that effect.

The AASB strongly encourages entities to make similar disclosures in their financial reports for reporting periods ending on or after 31 December 2004.

The guide is divided into five parts:

Part 1 – Introduction

Part 2 – Disclosing the impact of A-IFRS

Part 3 – Disclosure by entities that have fully completed a business impact analysis and assessment of policy alternatives

Part 4 – Disclosure by entities that have partially completed a business impact analysis and assessment of policy alternatives

Part 5 – Table of accounting pronouncements

For entities that have fully completed a business impact analysis, Part 3 of the guide illustrates three alternative presentation methods:

- pro-forma financial statements reconciling financial statement items on a line by line basis between the Australian GAAP ("AGAAP") reported amounts and the estimated amounts under A-IFRS;
- a reconciliation of the key financial aggregates relating to the financial statements between the AGAAP reported amounts and the estimated amounts under A-IFRS; and
- a narrative explanation of the impacts of the transition to A-IFRS, including quantification of the impacts as it affects the treatment of particular items.

This guide is structured such that the information provided is consistent between the alternative presentation methods.

For entities that have partially completed a business impact analysis, Part 4 of the guide illustrates a presentation method of providing a narrative explanation of the impacts of transition to A-IFRS, including quantification of the impacts as it affects the treatment of particular items.

2 Disclosing the impacts of adopting A-IFRS

2.1 Introduction

Australian entities are required to comply with Australian equivalents to International Financial Reporting Standards ("A-IFRS") for reporting periods beginning on or after 1 January 2005. The first annual and half-year financial reports prepared under A-IFRS will require a full restatement of comparative information, with certain limited exceptions.

The management of the A-IFRS transition includes assessing the impacts of A-IFRS on the entity. This is often achieved through the conduct of a business impact analysis and a detailed evaluation of policy alternatives available. Deloitte anticipates that by 30 June 2005 most entities would have either fully or partially completed a business impact analysis and assessment of policy alternatives, and would be in a position to reliably comment on the quantitative as well as the qualitative impacts of adopting A-IFRS.

2.2 Background to AASB 1047

The purpose of AASB 1047 is to provide users of general purpose financial reports with relevant and reliable information in the period leading up to the first financial report prepared in accordance with A-IFRS about the impacts of changes in accounting policies resulting from implementing A-IFRS. A list of the A-IFRS on issue at the date of this publication is contained in section 5.

2.2.1 Scope and application

AASB 1047, issued by the AASB in April 2004, applies to all entities required to prepare general purpose financial reports under the Corporations Act 2001, general purpose financial reports for each other reporting entity and financial reports that are, or are held out to be, general purpose financial reports for annual and interim reporting periods ending on or after 30 June 2004. The Standard ceases to operate on first-time adoption of A-IFRS.

2.2.2 AASB 1047 and the first-time adoption of A-IFRS

Entities with 30 June year ends will first apply A-IFRS to reporting periods beginning 1 July 2005. Accordingly, reporting entities with 30 June year ends will need to apply AASB 1047 in their:

- Half-year financial report for the half-year ended 31 December 2004 (where prepared);
- Any other interim financial report for reporting periods ending before 30 June 2005, which is prepared in accordance with Australian Accounting Standards; and
- Annual financial report for the year ended 30 June 2005.

Entities with 31 December year ends will first apply A-IFRS to reporting periods beginning 1 January 2005. Accordingly, for such reporting entities, the annual financial report for the year ended 31 December 2004 is both the first and last reporting period for which AASB 1047 disclosure is required.

2.2.3 AASB 1047 requirements for periods ending before 30 June 2005

For interim and annual reporting periods ending on or after 30 June 2004 but before 30 June 2005, the Standard requires disclosure of:

- an explanation of how the transition to A-IFRS is being managed; and
- a narrative explanation of the key differences in accounting policies that are expected to arise from adopting A-IFRS.

The purpose of this publication is not to provide further guidance on the above requirements. An illustration of these disclosures is contained in the Deloitte publication *Disclosing the impacts of adopting Australian equivalents to International Financial Reporting Standards – Addendum to the Deloitte 2004 Consolidated Model Financial Report* (August 2004). This publication is available from www.deloitte.com.au.

Although not mandated, the AASB strongly encourages entities to make the disclosure described in section 2.2.4 below for reporting periods ending on or after 31 December 2004 but before 30 June 2005. In this regard, the Australian Securities and Investments Commission ("ASIC") has reported that for financial years ended 30 June 2004 almost 10% of listed entities reviewed had voluntarily quantified the financial effect of some or all of the key differences in accounting policies disclosed.

In accordance with the disclosure requirements outlined above, entities with 30 June year ends disclosed information about the impact of A-IFRS in their 30 June 2004 annual financial reports. Given that the disclosure requirements outlined above continue to apply to subsequent reporting periods (ending before 30 June 2005) entities with 30 June year ends were required to make updated disclosures in their 31 December 2004 half-year financial reports. ASIC, in their media release 04-381, indicated that it expected 31 December 2004 half-year reports to contain more detail on:

- description of the management of the specific transition processes.
- impact of the key differences in accounting policy, for example that the expected change would lead to an expense, asset etc.
- recognising that the transition process involves managing more than just accounting policy impacts. More disclosure on any real business impacts could be given such as on taxation, lending covenants, profit incentive arrangements, future dividend policy, Australian financial service licence financial requirements or prudential capital requirements.
- impact on the parent entity financial statements.

2.2.4 AASB 1047 requirements for periods ending on or after 30 June 2005

For interim and annual reporting periods ending on or after 30 June 2005, AASB 1047 requires disclosure of:

- any known or reliably estimable information about the impacts on the financial report had it been prepared using A-IFRS; and
- if the impacts are not known or reliably estimable, a statement to that effect.

The commentary to AASB 1047 indicates that reliable estimation is impracticable when it cannot be performed after making every reasonable effort to do so. Where quantitative information is not known or reliably estimable, the entity should make a statement to that effect. Where quantitative information is not reliably estimable the entity should also consider updating disclosures made for annual or interim reporting periods ending on or after 30 June 2004.

In addition to presenting quantified financial information it is reasonable to expect that entities will provide an explanation of the impacts of adopting A-IFRS. The level of detail provided in the explanation will vary between entities. In this guide we take the approach of providing an explanation for each significant adjustment that will be made on adoption of A-IFRS. An alternative method of explaining the impacts of adopting A-IFRS is to disclose the accounting policies that will be adopted under A-IFRS. These accounting policies could describe likely future impacts in addition to those that resulted in an impact for the year ended 30 June 2005.

Illustrative examples of some of the possible approaches to disclosing the impacts of A-IFRS in financial reports are contained in Part 3 and Part 4 of this guide.

2.2.5 AASB 1047 and the statutory audit

The Corporations Act 2001 requires auditors to express an opinion on the financial report, including an opinion on whether the company and, where applicable the consolidated entity, under audit has complied with the requirements of Accounting Standards. Accordingly, any information disclosed in the financial report in order to comply with the requirements of AASB 1047 is subject to audit.

Entities should discuss their plans for preparing the AASB 1047 disclosures, including the extent and detail of the disclosure, with their external auditor to ensure that sufficient time is allocated for the audit of this information. The greater the detail and quantitative disclosure, the greater the time required to audit such information.

3 Disclosure by entities that have fully completed a business impact analysis and evaluation of policy alternatives

3.1 Introduction

The nature and detail of disclosure made by an entity in order to comply with the requirements of AASB 1047 will vary depending on the entity's progress towards preparing for A-IFRS. It is anticipated that entities which have completed a business impact analysis and an assessment of the policy alternatives will have determined, or be able to reliably estimate, the impacts of adopting A-IFRS on their financial report.

While the format in which an entity should present quantified financial information about the impacts of adopting A-IFRS is not prescribed by AASB 1047, the information disclosed should be sufficient to allow users to understand the significant impacts on the statement of financial performance, statement of financial position and the statement of cash flows.

Entities which have determined, or are able to reliably estimate, the impacts of adopting A-IFRS on their financial report may choose any appropriate format to present the information required by AASB 1047. Alternative presentation methods include:

(a) presenting pro-forma financial statements reconciling financial statement items on a line by line basis between the AGAAP reported amounts and the estimated amounts under A-IFRS;

(b) providing a reconciliation of the key financial aggregates relating to the financial statements between the AGAAP reported amounts and the estimated amounts under A-IFRS; or

(c) providing a narrative of the impacts of the transition to A-IFRS, including quantification of the impacts as it affects the treatment of particular items.

Regardless of the method chosen to present the required information, it is reasonable to expect that the quantitative information will be accompanied by an explanation of differences between current AGAAP and A-IFRS causing the financial impact.

These presentation formats are illustrated in sections 3.2 to 3.4 below. The presentation formats are provided as examples for illustrative purposes only.

3.1.1 A-IFRS policy alternatives

A number of A-IFRSs contain policy alternatives. For example, in accordance with AASB 116 *Property, Plant and Equipment* entities may choose to measure a class of property, plant and equipment at cost or fair value. For reporting purposes, the directors of an entity may, at any time up until the completion of the entity's first A-IFRS compliant financial report elect to revisit, and where considered necessary, revise the accounting policies to be adopted.

Disclosing entities should note that their choice of accounting policies is effectively 'locked in' by the end of their first half-year A-IFRS compliant financial report, as any changes in accounting policies between that half-year financial report and the first annual A-IFRS compliant financial report will need to satisfy the requirements of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors.*

An entity may consider revising its selected accounting policies due to new or revised A-IFRS being issued since the time of its initial decision, or as a result of more information becoming available. For example, revised AASB 119 *Employee Benefits* (December 2004) introduces options with respect to the manner in which actuarial gains and losses of defined benefit plans are accounted for, which were not before available to entities, and entities may wish to investigate the opportunities this Standard now offers.

Accordingly, although it may now appear that policies have been finalised or are near-finalised, the accounting policies adopted in an entity's first A-IFRS compliant financial report could differ from that disclosed for AASB 1047 purposes in an earlier AGAAP financial report. Deloitte encourages entities, especially those considering revising their choice of policies, to include a statement to this effect.

Entities may wish to refer to Deloitte Discussion Paper 2004-01 *An overview of Australian equivalents to International Financial Reporting Standards – a guide for boards and audit committees* (July 2004), available from www.deloitte.com.au, for further guidance on areas of differences between current AGAAP and A-IFRS.

3.2 Proforma financial statements

One method of complying with the requirements of AASB 1047 is to present, in the notes to the financial statements, a set of proforma financial statements which reconcile, on a line-by-line basis, the reported AGAAP results to the amounts that would have been determined had the financial report been prepared using A-IFRS.

The proforma financial statements and the related explanatory notes are designed to illustrate and explain the effect of the transition to A-IFRS on financial statement items presented in the AGAAP financial report. The following proforma financial statements have not been prepared in accordance with the **presentation** requirements of AASB 101 *Presentation of Financial Statements.*

Illustrative example for periods ending on or after 30 June 2005

Management of the transition to A-IFRS

DTT Consolidated Limited will be required to prepare financial statements that comply with Australian equivalents to International Financial Reporting Standards ("A-IFRS") for annual reporting periods beginning on or after 1 January 2005. Accordingly, DTT Consolidated Limited's first half-year report prepared under A-IFRS will be for the half-year reporting period ended 31 December 2005, and its first annual financial report prepared under A-IFRS will be for the year ended 30 June 2006.

In 2003, DTT Consolidated Limited established a Steering Committee to manage the transition to A-IFRS. The Steering Committee established a project team of 8 dedicated personnel to carry out the transition work, and who report to the Steering Committee. In accordance with the project plan, the transition to A-IFRS is being managed in 3 phases, as diagrammatically presented below with the key activities to be conducted as part of each stage. Risk management and change management has been managed throughout the life of the project.

PHASE 1	PHASE 2	PHASE 3
Scoping and Impact Analysis	Evaluation and Design	Implementation and Review
Awareness / Business Impact Study / Conversion Planning	Financial Evaluation / Operation / Change Management	Build / Implement / Review
o High level scoping exercise o Business impact study o Impact of individual standards o Consider wider business issues o Proposed future transactions o Conversion plan and timetable o Resource requirements o Establish processes and controls	o Hypothetical analysis of policy alternatives o Consideration of business processes and documentation requirements o Review of systems controls o Consider operational improvements o Risk and issues management o Review of change management programs	o Review build documentation o Training program o Post-implementation review

At the date of this financial report, DTT Consolidated Limited has substantially completed all three phases of the project plan, including the assessment of accounting policy alternatives on transition to A-IFRS, the finalisation of the A-IFRS accounting policies that will be adopted from 1 July 2005, and the determination of the likely impact on the results and financial position of the company and the consolidated entity. The Steering Committee is currently conducting a post-implementation review as the final stage of the transition project. As the project plan is substantially complete, in the opinion of the Steering Committee and the directors of the company, DTT Consolidated Limited has successfully managed its transition to A-IFRS.

The likely impacts of A-IFRS on the results and financial position of the company and the consolidated entity

The following proforma statement of financial performance and statement of financial position outline the likely impacts on the current year result and financial position of the company and consolidated entity had the financial statements been prepared using A-IFRS, based on the directors' accounting policy decisions current at the date of this financial report. Readers of the financial report should note that further developments in A-IFRS (for example, the release of further pronouncements by the Australian Accounting Standards Board and the Urgent Issues Group), if any, may result in changes to the accounting policy decisions made by the directors and, consequently, the likely impacts outlined in the following proforma financial statements.

Proforma Statement of Financial Performance for the year ended 30 June 2005							
		Consolidated			Company		
	Note	AGAAP actual	A-IFRS impact	A-IFRS pro forma	AGAAP actual	A-IFRS impact	A-IFRS pro forma
		$'000	$'000	$'000	$'000	$'000	$'000
Revenue from ordinary activities	jj	153,175	(550)	152,625	50,619	-	50,619
Share of net profits of associates and joint ventures accounted for using the equity method		900	-	900	-	-	-
Gain on sale of non-current assets	jj	-	150	150	-	-	-
Changes in inventories of finished goods and work in progress		(8,459)	-	(8,459)	(18)	-	(18)
Raw materials and consumables used		(70,393)	-	(70,393)	(22,924)	-	(22,924)
Employee benefits expense	bb, ii	(9,236)	(800)	(10,036)	(4,862)	(200)	(5,062)
Depreciation and amortisation expense	cc, gg	(11,272)	(250)	(11,522)	(66)	-	(66)
Borrowing costs		(5,159)	-	(5,159)	(2,514)	-	(2,514)
Impairment of non-current assets	cc	(6,958)	(42)	(7,000)	(432)	(8)	(440)
Changes in the fair value of derivatives	dd	-	1	1	-	1	1
Changes in the fair value of designated hedges	dd	-	4	4	-	1	1
Changes in fair value of investment properties	hh	-	(20)	(20)	-	-	-
Other expenses from ordinary activities	jj	(12,364)	400	(11,964)	(2,461)	-	(2,461)
Profit from ordinary activities before income tax expense		30,234	(1,107)	29,127	17,342	(206)	17,136
Income tax expense relating to ordinary activities	aa	(14,835)	(168)	(15,003)	(988)	(76)	(1,064)
Net profit		15,399	(1,275)	14,124	16,354	(282)	16,072
Net profit attributable to outside equity interests		(98)	8	(90)	-	-	-
Net profit attributable to members of the parent entity		15,301	(1,267)	14,034	16,354	(282)	16,072

Proforma Statement of Financial Position as at 30 June 2005							
		Consolidated			Company		
	Note	AGAAP actual $'000	A-IFRS impact $'000	A-IFRS pro forma $'000	AGAAP actual $'000	A-IFRS impact $'000	A-IFRS pro forma $'000
Current assets							
Cash assets		21,475	-	21,475	21,122	-	21,122
Receivables		18,239	-	18,239	16,433	-	16,433
Inventories		26,490	-	26,490	220	-	220
Other financial assets	**dd, ee**	10,324	15	10,339	37,758	8	37,766
Current tax assets		85	-	85	80	-	80
Other		-	-	-	-	-	-
Total current assets		**76,613**	**15**	**76,628**	**75,613**	**8**	**75,621**
Non-current assets							
Receivables		1,555	-	1,555	-	-	-
Inventories		230	-	230	-	-	-
Investments accounted for using the equity method		8,141	-	8,141	-	-	-
Other financial assets	**dd, ee**	5,435	22	5,457	76,403	13	76,416
Property, plant and equipment	**cc, hh**	114,370	64	114,434	541	(8)	533
Intangibles	**gg**	31,902	(200)	31,702	-	-	-
Investment properties	**hh**	-	80	80	-	-	-
Deferred tax assets	**aa, ff**	2,482	357	2,839	2,333	51	2,384
Other		3,647	-	3,647	595	-	595
Total non-current assets		**167,762**	**323**	**168,085**	**79,872**	**56**	**79,928**
Total assets		**244,375**	**338**	**244,713**	**155,485**	**64**	**155,549**
Current liabilities							
Payables		20,720	-	20,720	3,040	-	3,040
Interest-bearing liabilities		45,751	-	45,751	14,544	-	14,544
Current tax liabilities	**aa**	1,954	-	1,954	1,809	-	1,809
Provisions	**bb**	3,416	-	3,416	112	-	112
Other		90	-	90	-	-	-
Total current liabilities		**71,931**	**-**	**71,931**	**19,505**	**-**	**19,505**

Proforma Statement of Financial Position as at 30 June 2005							
		Consolidated			Company		
	Note	AGAAP actual $'000	A-IFRS impact $'000	A-IFRS pro forma $'000	AGAAP actual $'000	A-IFRS impact $'000	A-IFRS pro forma $'000
Non-current liabilities							
Payables		806	-	806	-	-	-
Interest-bearing liabilities		42,412	-	42,412	63,056	-	63,056
Deferred tax liabilities	**aa, ff**	4,736	608	5,344	4,451	360	4,811
Provisions	**bb**	2,298	1,215	3,513	20	-	20
Other		190	-	190	-	-	-
Total non-current liabilities		**50,442**	**1,823**	**52,265**	**67,527**	**360**	**67,887**
Total liabilities		**122,373**	**1,823**	**124,196**	**87,032**	**360**	**87,392**
Net assets		**122,002**	**(1,485)**	**120,517**	**68,453**	**(296)**	**68,157**
Equity							
Contributed equity	**ii**	33,384	200	33,584	33,384	200	33,584
Reserves	**cc, dd hh**	3,961	111	4,072	2,090	8	2,098
Retained profits	**kk**	72,931	(1,721)	71,210	32,979	(504)	32,475
Parent entity interest		110,276	(1,410)	108,866	68,453	(296)	68,157
Outside equity interest		11,726	(75)	11,651	-	-	-
Total equity		**122,002**	**(1,485)**	**120,517**	**68,453**	**(296)**	**68,157**

The following explanatory notes relate to the proforma financial statements above and describe, for significant items, the differences between the accounting policies under A-IFRS and the current treatment of those items under AGAAP:

(aa) Income tax

Increases in deferred tax assets and deferred tax liabilities will arise as a consequence of the recognition of deferred taxes associated with fair value adjustments in relation to business combinations, revaluations of land and buildings and investments in associates. Deferred tax assets will also increase due to the recognition of carried forward tax losses.

The cumulative impact on the financial position at 30 June 2005 will be to increase deferred tax assets by $357 thousand (company $51 thousand), and to increase deferred tax liabilities by $608 thousand (company $360 thousand). The impact on the profit and loss for the financial year ended 30 June 2005 will be an increase in tax expense of $168 thousand (company $76 thousand).

(bb) Defined benefit superannuation plans

Under A-IFRS, the consolidated entity will be required to recognise the surplus or deficit of defined benefit plans as an asset or liability in the statement of financial position and has elected for all movements, including actuarial gains and losses, to be recognised in profit or loss.

The cumulative effect of the above requirement on the financial position at 30 June 2005 will be an increase in the employee benefit provision of $1,215 thousand (company: $nil). Employee benefits expense will increase by $600 thousand (company: $nil) for the financial year ended 30 June 2005.

(cc) Property, plant and equipment

On initial adoption of A-IFRS, the directors have elected to deem the fair values of plant and equipment at 1 July 2004 to be cost for accounting purposes, as permitted by the first-time adoption provisions in AASB 1. Consequently, the adoption of A-IFRS will result in an increase in plant and equipment of $256 thousand (company: $nil). This increase in plant and equipment will result in the recognition of additional depreciation expense of $50 thousand (company: $nil) for the financial year ended 30 June 2005.

Under current AGAAP, revaluation increments and decrements within the land and buildings class of assets were recognised on a net basis; however, A-IFRS requires revaluation increments and decrements to be recognised on an individual asset-by-asset basis. Accordingly, the adoption of A-IFRS will result in an increase in the asset revaluation reserve by $121 thousand (company: $nil) as at 30 June 2005.

As a consequence of A-IFRS impairment rules, additional impairment losses of $42 thousand (company: $8 thousand) will need to be recognised in respect of plant and equipment for the financial year ended 30 June 2005.

(dd) Derivative financial instruments

The directors have elected to adopt AASB 139 *Financial Instruments: Recognition and Measurement* with effect from the date of transition, 1 July 2004. Derivatives designated as fair value hedges will be recognised in the statement of financial position at fair value, with changes in fair value recognised in profit and loss. This will result in an increase in other financial assets of $16 thousand (company: $7 thousand) as at 30 June 2005, and changes in the fair value of derivative instruments of $4 thousand (company: $1 thousand) recognised in profit and loss for the financial year ended 30 June 2005.

Derivatives designated as cash flow hedges will be recognised in the statement of financial position at fair value, with changes in fair value recognised in equity. This will result in an increase in other financial assets of $15 thousand (company: $8 thousand) as at 30 June 2005.

Where the directors have elected to apply the first-time adoption exemption available under AASB 1, the following disclosure may be appropriate:

The directors have elected to apply the first-time adoption exemption available to DTT Consolidated Limited to defer the date of transition of AASB 139 until 1 July 2005. Accordingly, there will be no quantitative impacts on the 30 June 2005 financial statements.

However, it is expected that required adjustments on 1 July 2005 will be largely attributable to derivatives designated as fair value hedges recognised in the statement of financial position at fair value. This is expected to result in an increase in other financial assets of $xxx thousand (company: $xxx thousand) on 1 July 2005. Changes in fair value will be recognised in profit and loss from that date.

It is also expected that adjustments will be required on 1 July 2005 for derivatives designated as cash flow hedges recognised in the statement of financial position at fair value. It is expected that this will result in an increase in other financial assets of $xxx thousand (company: $xxx thousand) on 1 July 2005. Changes in fair value will be recognised in equity from that date.

(ee) Other financial assets and financial liabilities

The directors have adopted AASB 139 with effect from 1 July 2004. Financial assets and financial liabilities are required to be classified into various specified categories. The classification of the financial assets and financial liabilities determines the measurement basis to be adopted.

Consequently, the adoption of A-IFRS will result in an increase in other financial assets of $6 thousand (company: $6 thousand), and changes in the fair value of financial assets of $1 thousand (company: $1 thousand) recognised in profit and loss for the financial year ended 30 June 2005.

Where the directors have elected to apply the first-time adoption exemption available under AASB 139, the following disclosure may be appropriate:

The directors have elected to apply the first-time adoption exemption available to DTT Consolidated Limited to defer the date of transition of AASB 139 until 1 July 2005. Accordingly, there will be no quantitative impacts on the 30 June 2005 financial statements.

The directors have determined the classifications that will apply to the various financial assets and financial liabilities held by the company and consolidated entity. The classification of the financial assets and financial liabilities determines the measurement basis to be adopted. Consequently, it is expected that financial assets will increase by $xxx thousand (company: $xxx thousand) and financial liabilities will increase by $xxx thousand (company: $xxx thousand).

(ff) Business combinations

DTT Consolidated Limited did not acquire any businesses or entities for the financial year ended 30 June 2005. On initial adoption of A-IFRS the directors have elected not to restate business combinations that occurred before 1 July 2004. Accordingly, the impacts of the adoption of A-IFRS on the financial report associated with past business combinations will be limited to the recognition of additional deferred tax assets and deferred tax liabilities (refer to note (aa)) and cessation of goodwill amortisation (refer to note (gg)).

(gg) Goodwill

The adoption of A-IFRS will not significantly impact the carrying amount of goodwill as the directors have decided not to restate past business combinations (refer to note (ff)). Under A-IFRS, goodwill is not subject to amortisation, but must be tested for impairment annually and whenever there is an indication that goodwill may be impaired. As a result amortisation expense will decrease by $200 thousand (company: $nil) for the financial year ended 30 June 2005.

(hh) Investment properties

DTT Consolidated Limited has several properties qualifying as investment properties. Under A-IFRS the directors have elected to measure investment properties at fair value with changes in fair value recognised in profit and loss.

Consequently, cumulative revaluation increments of $25 thousand (company: $nil) will be transferred from the asset revaluation reserve to retained earnings. Changes in the fair value of investment properties of $20 thousand (company: $nil) will be recognised in the profit or loss for the financial year ended 30 June 2005.

(ii) Share-based payments

Equity-settled share based payments in respect of equity instruments issued after 7 November 2002 that were unvested as at 1 January 2005 are measured at fair value at grant date. The fair value determined at grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the estimated number of equity instruments that will vest. As a consequence, contributed equity will increase by $200 thousand (company: $200 thousand) and an additional employee benefit expense of $200 thousand (company: $200 thousand) will be recognised in profit and loss for the financial year ended 30 June 2005.

(jj) Revenue from ordinary activities

Although not impacting the net profit of the company and the consolidated entity, the adoption of A-IFRS will result in a number of transactions being recorded on a “net” rather than a “gross” basis. In addition, the adoption of A-IFRS results in the reclassification of proceeds from sale of non-current assets from “revenue from ordinary activities” to other income and expense items in the statement of financial performance.

As a consequence, revenue from ordinary activities will decrease by $550 thousand (company: $nil), other expenses will decrease by $400 thousand (company: $nil) and a gain on sale of non-current assets of $150 thousand (company: $nil) will be recognised for the financial year ended 30 June 2005.

(kk) Retained earnings

With limited exceptions (refer to note (ii)), adjustments required on first-time adoption of A-IFRS are recognised directly in retained earnings (or if appropriate another category of equity) at the date of transition to A-IFRS. The cumulative effect of these adjustments for the consolidated entity will be a decrease in retained earnings of $1,721 thousand (company $504 thousand).

3.3 Reconciliation of key financial aggregates

Another method of complying with the requirements of AASB 1047 is to present, in the notes to the financial statements, reconciliations of key financial aggregates reported under AGAAP to the amounts for that would have been determined had the financial report been prepared using A-IFRS.

The reconciliations and the related explanatory notes are designed to illustrate and explain the effect of the transition to A-IFRS on financial statement items presented in the AGAAP financial report. The following reconciliations have not been prepared in accordance with the **presentation** requirements of AASB 101 *Presentation of Financial Statements.*

Illustrative example for periods ending on or after 30 June 2005

Management of the transition to A-IFRS

DTT Consolidated Limited will be required to prepare financial statements that comply with Australian equivalents to International Financial Reporting Standards ("A-IFRS") for annual reporting periods beginning on or after 1 January 2005. Accordingly, DTT Consolidated Limited's first half-year report prepared under A-IFRS will be for the half-year reporting period ended 31 December 2005, and its first annual financial report prepared under A-IFRS will be for the year ended 30 June 2006.

In 2003, DTT Consolidated Limited established a Steering Committee to manage the transition to A-IFRS. The Steering Committee established a project team of 8 dedicated personnel to carry out the transition work, and who report to the Steering Committee. In accordance with the project plan, the transition to A-IFRS is being managed in 3 phases, as diagrammatically presented below with the key activities to be conducted as part of each stage. Risk management and change management has been managed throughout the life of the project.

PHASE 1	PHASE 2	PHASE 3
Scoping and Impact Analysis	Evaluation and Design	Implementation and Review
Awareness / Business Impact Study / Conversion Planning	Financial Evaluation / Operation / Change Management	Build / Implement / Review
o High level scoping exercise o Business impact study o Impact of individual standards o Consider wider business issues o Proposed future transactions o Conversion plan and timetable o Resource requirements o Establish processes and controls	o Hypothetical analysis of policy alternatives o Consideration of business processes and documentation requirements o Review of systems controls o Consider operational improvements o Risk and issues management o Review of change management programs	o Review build documentation o Training program o Post-implementation review

At the date of this financial report, DTT Consolidated Limited has substantially completed all three phases of the project plan, including the assessment of accounting policy alternatives on transition to A-IFRS, the finalisation of the A-IFRS accounting policies that will be adopted from 1 July 2005, and the determination of the likely impact on the results and financial position of the company and the consolidated entity. The Steering Committee is currently conducting a post-implementation review as the final stage of the transition project. As the project plan is substantially complete, in the opinion of the Steering Committee and the directors of the company, DTT Consolidated Limited has successfully managed its transition to A-IFRS.

The likely impacts of A-IFRS on the results and financial position of the company and the consolidated entity

The following reconciliations outline the likely impacts on the current year result and financial position of the company and consolidated entity had the financial statements been prepared using A-IFRS, based on the directors' accounting policy decisions current at the date of this financial report. Readers of the financial report should note that further developments in A-IFRS (for example, the release of further pronouncements by the Australian Accounting Standards Board and the Urgent Issues Group), if any, may result in changes to the accounting policy decisions made by the directors and, consequently, the likely impacts outlined in the following reconciliations.

The following illustrative alternatives provide reconciliations of current AGAAP to A-IFRS of key aggregates relating to the statement of financial performance and statement of financial position for the year ended 30 June 2005. The alternative reconciliations are provided as examples for illustrative purposes only. Entities may choose to present reconciliations of other appropriate aggregates to fulfil the requirements of AASB 1047.

Alternative 1:

Reconciliation of profit before tax		Consolidated	Company
	Note	$'000	$'000
Profit from ordinary activities before income tax expense (*AGAAP*)		**30,234**	**17,342**
Employee benefits expense	bb,ii	(800)	(200)
Depreciation and amortisation expense	cc,gg	(250)	-
Impairment of non-current assets	cc	(42)	(8)
Changes in the fair value of derivatives	dd	1	1
Changes in the fair value of designated hedges	dd	4	1
Changes in the fair value of investment properties	hh	(20)	
Other differences [*describe*]		-	-
Profit from ordinary activities before income tax expense (*A-IFRS*)		**29,127**	**17,136**

Alternative 2:

Reconciliation of net profit		Consolidated	Company
	Note	$'000	$'000
Net Profit (*AGAAP*)		**15,399**	**16,354**
Employee benefits expense	bb,ii	(800)	(200)
Depreciation and amortisation expense	cc,gg	(250)	-
Impairment of non-current assets	cc	(42)	(8)
Changes in the fair value of derivatives	dd	1	1
Changes in the fair value of designated hedges	dd	4	1
Changes in the fair value of investment properties	hh	(20)	-
Income tax expense	aa	(168)	(76)
Other differences [*describe*]		-	-
Net Profit (*A-IFRS*)		**14,124**	**16,072**

Alternative 1:

Reconciliation of total assets and total liabilities		Consolidated	Company
	Note	$'000	$'000
Total assets *(AGAAP)*		**244,375**	**155,485**
Other financial assets	**dd, ee**	37	21
Property, plant and equipment	**cc, hh**	64	(8)
Intangibles	**gg**	(200)	-
Investment properties	**hh**	80	-
Deferred tax assets	**aa,ff**	357	51
Other differences [*describe*]		-	-
Total assets (*A-IFRS*)		**244,713**	**155,549**
Total liabilities (*AGAAP*)		**122,373**	**87,032**
Deferred tax liabilities	**aa,ff**	608	360
Provisions	**bb**	1,215	-
Other differences [*describe*]		-	-
Total liabilities (*A-IFRS*)		**124,196**	**87,392**

Alternative 2:

Reconciliation of net assets		Consolidated	Company
	Note	$'000	$'000
Net assets (*AGAAP*)		**122,002**	**68,453**
Other financial assets	**dd, ee**	37	21
Property, plant and equipment	**cc, hh**	64	(8)
Intangibles	**gg**	(200)	-
Investment properties	**hh**	80	-
Deferred tax assets	**aa,ff**	357	51
Deferred tax liabilities	**aa,ff**	(608)	(360)
Provisions	**bb**	(1,215)	-
Other differences [*describe*]		-	-
Net assets (*A-IFRS*)		**120,517**	**68,157**

Reconciliation of equity		Consolidated	Company
	Note	**$'000**	**$'000**
Total equity (*AGAAP*)		**122,002**	**68,453**
Contributed equity	**ii**	200	200
Reserves	**cc, dd, hh**	111	8
Retained profits	**kk**	(1,721)	(504)
Outside equity interest		(75)	-
Total equity (*A-IFRS*)		**120,517**	**68,157**

3.3.1 Explanatory notes

The following explanatory notes relate to the reconciliations above and describe, for significant items, the differences between the accounting policies under A-IFRS and the current treatment of those items under AGAAP:

(aa) Income tax

Increases in deferred tax assets and deferred tax liabilities will arise as a consequence of the recognition of deferred taxes associated with fair value adjustments in relation to business combinations, revaluations of land and buildings and investments in associates. Deferred tax assets will also increase due to the recognition of carried forward tax losses.

The cumulative impact on the financial position at 30 June 2005 will be to increase deferred tax assets by $357 thousand (company $51 thousand), and to increase deferred tax liabilities by $608 thousand (company $360 thousand). The impact on the profit and loss for the financial year ended 30 June 2005 will be an increase in tax expense of $168 thousand (company $76 thousand).

(bb) Defined benefit superannuation plans

Under A-IFRS, the consolidated entity will be required to recognise the surplus or deficit of defined benefit plans as an asset or liability in the statement of financial position and has elected for all movements, including actuarial gains and losses, to be recognised in profit or loss.

The cumulative effect of the above requirement on the financial position at 30 June 2005 will be an increase in the employee benefit provision of $1,215 thousand (company: $nil). Employee benefits expense will increase by $600 thousand (company: $nil) for the financial year ended 30 June 2005.

(cc) Property, plant and equipment

On initial adoption of A-IFRS, the directors have elected to deem the fair values of plant and equipment at 1 July 2004 to be cost for accounting purposes, as permitted by the first-time adoption provisions in AASB 1. Consequently, the adoption of A-IFRS will result in an increase in plant and equipment of $256 thousand (company: $nil). This increase in plant and equipment will result in the recognition of additional depreciation expense of $50 thousand (company: $nil) for the financial year ended 30 June 2005.

Under current AGAAP, revaluation increments and decrements within the land and buildings class of assets were recognised on a net basis; however, A-IFRS requires revaluation increments and decrements to be recognised on an individual asset-by-asset basis. Accordingly, the adoption of A-IFRS will result in an increase in the asset revaluation reserve by $121 thousand (company: $nil) as at 30 June 2005.

As a consequence of A-IFRS impairment rules, additional impairment losses of $42 thousand (company: $8 thousand) will need to be recognised in respect of plant and equipment for the financial year ended 30 June 2005.

(dd) Derivative financial instruments

The directors have elected to adopt AASB 139 *Financial Instruments: Recognition and Measurement* with effect from the date of transition, 1 July 2004. Derivatives designated as fair value hedges will be recognised in the statement of financial position at fair value, with changes in fair value recognised in profit and loss. This will result in an increase in other financial assets of $16 thousand (company: $7 thousand) as at 30 June 2005, and changes in the fair value of derivative instruments of $4 thousand (company: $1 thousand) recognised in profit and loss for the financial year ended 30 June 2005.

Derivatives designated as cash flow hedges will be recognised in the statement of financial position at fair value, with changes in fair value recognised in equity. This will result in an increase in other financial assets of $15 thousand (company: $8 thousand) as at 30 June 2005.

Where the directors have elected to apply the first-time adoption exemption available under AASB 1, the following disclosure may be appropriate:

The directors have elected to apply the first-time adoption exemption available to DTT Consolidated Limited to defer the date of transition of AASB 139 until 1 July 2005. Accordingly, there will be no quantitative impacts on the 30 June 2005 financial statements.

However, it is expected that required adjustments on 1 July 2005 will be largely attributable to derivatives designated as fair value hedges recognised in the statement of financial position at fair value. This is expected to result in an increase in other financial assets of $xxx thousand (company: $xxx thousand) on 1 July 2005. Changes in fair value will be recognised in profit and loss from that date.

It is also expected that adjustments will be required on 1 July 2005 for derivatives designated as cash flow hedges recognised in the statement of financial position at fair value. It is expected that this will result in an increase in other financial assets of $xxx thousand (company: $xxx thousand) on 1 July 2005. Changes in fair value will be recognised in equity from that date.

(ee) Other financial assets and financial liabilities

The directors have adopted AASB 139 with effect from 1 July 2004. Financial assets and financial liabilities are required to be classified into various specified categories. The classification of the financial assets and financial liabilities determines the measurement basis to be adopted.

Consequently, the adoption of A-IFRS will result in an increase in other financial assets of $6 thousand (company: $6 thousand), and changes in the fair value of financial assets of $1 thousand (company: $1 thousand) recognised in profit and loss for the financial year ended 30 June 2005.

Where the directors have elected to apply the first-time adoption exemption available under AASB 139, the following disclosure may be appropriate:

The directors have elected to apply the first-time adoption exemption available to DTT Consolidated Limited to defer the date of transition of AASB 139 until 1 July 2005. Accordingly, there will be no quantitative impacts on the 30 June 2005 financial statements.

The directors have determined the classifications that will apply to the various financial assets and financial liabilities held by the company and consolidated entity. The classification of the financial assets and financial liabilities determines the measurement basis to be adopted. Consequently, it is expected that financial assets will increase by $xxx thousand (company: $xxx thousand) and financial liabilities will increase by $xxx thousand (company: $xxx thousand).

(ff) Business combinations

DTT Consolidated Limited did not acquire any businesses or entities for the financial year ended 30 June 2005. On initial adoption of A-IFRS the directors have elected not to restate business combinations that occurred before 1 July 2004. Accordingly, the impacts of the adoption of A-IFRS on the financial report associated with past business combinations will be limited to the recognition of additional deferred tax assets and deferred tax liabilities (refer to note (aa)) and cessation of goodwill amortisation (refer to note (gg)).

(gg) Goodwill

The adoption of A-IFRS will not significantly impact the carrying amount of goodwill as the directors have decided not to restate past business combinations (refer to note (ff)). Under A-IFRS, goodwill is not subject to amortisation, but must be tested for impairment annually and whenever there is an indication that goodwill may be impaired. As a result amortisation expense will decrease by $200 thousand (company: $nil) for the financial year ended 30 June 2005.

(hh) Investment properties

DTT Consolidated Limited has several properties qualifying as investment properties. Under A-IFRS the directors have elected to measure investment properties at fair value with changes in fair value recognised in profit and loss.

Consequently, cumulative revaluation increments of $25 thousand (company: $nil) will be transferred from the asset revaluation reserve to retained earnings. Changes in the fair value of investment properties of $20 thousand (company: $nil) will be recognised in the profit or loss for the financial year ended 30 June 2005.

(ii) Share-based payments

Equity-settled share based payments in respect of equity instruments issued after 7 November 2002 that were unvested as at 1 January 2005 are measured at fair value at grant date. The fair value determined at grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the estimated number of equity instruments that will vest. As a consequence, contributed equity will increase by $200 thousand (company: $200 thousand) and an additional employee benefit expense of $200 thousand (company: $200 thousand) will be recognised in profit and loss for the financial year ended 30 June 2005.

(jj) Revenue from ordinary activities

Although not impacting the net profit of the company and the consolidated entity, the adoption of A-IFRS will result in a number of transactions being recorded on a “net” rather than a “gross” basis. In addition, the adoption of A-IFRS results in the reclassification of proceeds from sale of non-current assets from “revenue from ordinary activities” to other income and expense items in the statement of financial performance.

As a consequence, revenue from ordinary activities will decrease by $550 thousand (company: $nil), other expenses will decrease by $400 thousand (company: $nil) and a gain on sale of non-current assets of $150 thousand (company: $nil) will be recognised for the financial year ended 30 June 2005.

(kk) Retained earnings

With limited exceptions (refer to note (ii)), adjustments required on first-time adoption of A-IFRS are recognised directly in retained earnings (or if appropriate another category of equity) at the date of transition to A-IFRS. The cumulative effect of these adjustments for the consolidated entity will be a decrease in retained earnings of $1,721 thousand (company $504 thousand).

3.4 Narration of key impacts

Another method of complying with the requirements of AASB 1047 is to present, in the notes to the financial statements, the impact of A-IFRS on the financial report in a narrative form without disclosing any reconciliations (as illustrated in sections 3.2 and 3.3 above).

The narrative is designed to illustrate and explain the effect of the transition to A-IFRS on financial statement items presented in the AGAAP financial report.

Illustrative example

Management of the transition to A-IFRS

DTT Consolidated Limited will be required to prepare financial statements that comply with Australian equivalents to International Financial Reporting Standards ("A-IFRS") for annual reporting periods beginning on or after 1 January 2005. Accordingly, DTT Consolidated Limited's first half-year report prepared under A-IFRS will be for the half-year reporting period ended 31 December 2005, and its first annual financial report prepared under A-IFRS will be for the year ended 30 June 2006.

In 2003, DTT Consolidated Limited established a Steering Committee to manage the transition to A-IFRS. The Steering Committee established a project team of 8 dedicated personnel to carry out the transition work, and who report to the Steering Committee. In accordance with the project plan, the transition to A-IFRS is being managed in 3 phases, as diagrammatically presented below with the key activities to be conducted as part of each stage. Risk management and change management has been managed throughout the life of the project.

PHASE 1	PHASE 2	PHASE 3
Scoping and Impact Analysis	Evaluation and Design	Implementation and Review
Awareness; Business Impact Study; Conversion Planning	Financial Evaluation; Operation; Change Management	Build; Implement; Review
o High level scoping exercise o Business impact study o Impact of individual standards o Consider wider business issues o Proposed future transactions o Conversion plan and timetable o Resource requirements o Establish processes and controls	o Hypothetical analysis of policy alternatives o Consideration of business processes and documentation requirements o Review of systems controls o Consider operational improvements o Risk and issues management o Review of change management programs	o Review build documentation o Training program o Post-implementation review

At the date of this financial report, DTT Consolidated Limited has substantially completed all three phases of the project plan, including the assessment of accounting policy alternatives on transition to A-IFRS, the finalisation of the A-IFRS accounting policies that will be adopted from 1 July 2005, and the determination of the likely impact on the results and financial position of the company and the consolidated entity. The Steering Committee is currently conducting a post-implementation review as the final stage of the transition project. As the project plan is substantially complete, in the opinion of the Steering Committee and the directors of the company, DTT Consolidated Limited has successfully managed its transition to A-IFRS.

The likely impacts of A-IFRS on the results and financial position of the company and the consolidated entity

The following narration outlines the likely impacts on the current year result and financial position of the company and consolidated entity had the financial statements been prepared using A-IFRS, based on the directors' accounting policy decisions current at the date of this financial report. Readers of the financial report should note that further developments in A-IFRS (for example, the release of further pronouncements by the Australian Accounting Standards Board and the Urgent Issues Group), if any, may result in changes to the accounting policy decisions made by the directors and, consequently, the likely impacts outlined in the following narration.

Income tax

Increases in deferred tax assets and deferred tax liabilities will arise as a consequence of the recognition of deferred taxes associated with fair value adjustments in relation to business combinations, revaluations of land and buildings and investments in associates. Deferred tax assets will also increase due to the recognition of carried forward tax losses.

The cumulative impact on the financial position at 30 June 2005 will be to increase deferred tax assets by $357 thousand (company $51 thousand), and to increase deferred tax liabilities by $608 thousand (company $360 thousand). The impact on the profit and loss for the financial year ended 30 June 2005 will be an increase in tax expense of $168 thousand (company $76 thousand).

Defined benefit superannuation plans

Under A-IFRS, the consolidated entity will be required to recognise the surplus or deficit of defined benefit plans as an asset or liability in the statement of financial position and has elected for all movements, including actuarial gains and losses, to be recognised in profit or loss.

The cumulative effect of the above requirement on the financial position at 30 June 2005 will be an increase in the employee benefit provision of $1,215 thousand (company: $nil). Employee benefits expense will increase by $600 thousand (company: $nil) for the financial year ended 30 June 2005.

Property, plant and equipment

On initial adoption of A-IFRS, the directors have elected to deem the fair values of plant and equipment at 1 July 2004 to be cost for accounting purposes, as permitted by the first-time adoption provisions in AASB 1. Consequently, the adoption of A-IFRS will result in an increase in plant and equipment of $256 thousand (company: $nil). This increase in plant and equipment will result in the recognition of additional depreciation expense of $50 thousand (company: $nil) for the financial year ended 30 June 2005.

Under current AGAAP, revaluation increments and decrements within the land and buildings class of assets were recognised on a net basis; however, A-IFRS requires revaluation increments and decrements to be recognised on an individual asset-by-asset basis. Accordingly, the adoption of A-IFRS will result in an increase in the asset revaluation reserve by $121 thousand (company: $nil) as at 30 June 2005.

As a consequence of A-IFRS impairment rules, additional impairment losses of $42 thousand (company: $8 thousand) will need to be recognised in respect of plant and equipment for the financial year ended 30 June 2005.

Derivative financial instruments

The directors have elected to adopt AASB 139 *Financial Instruments: Recognition and Measurement* with effect from the date of transition, 1 July 2004. Derivatives designated as fair value hedges will be recognised in the statement of financial position at fair value, with changes in fair value recognised in profit and loss. This will result in an increase in other financial assets of $16 thousand (company: $7 thousand) as at 30 June 2005, and changes in the fair value of derivative instruments of $4 thousand (company: $1 thousand) recognised in profit and loss for the financial year ended 30 June 2005.

Derivatives designated as cash flow hedges will be recognised in the statement of financial position at fair value, with changes in fair value recognised in equity. This will result in an increase in other financial assets of $15 thousand (company: $8 thousand) as at 30 June 2005.

Where the directors have elected to apply the first-time adoption exemption available under AASB 1, the following disclosure may be appropriate:

The directors have elected to apply the first-time adoption exemption available to DTT Consolidated Limited to defer the date of transition of AASB 139 until 1 July 2005. Accordingly, there will be no quantitative impacts on the 30 June 2005 financial statements.

However, it is expected that required adjustments on 1 July 2005 will be largely attributable to derivatives designated as fair value hedges recognised in the statement of financial position at fair value. This is expected to result in an increase in other financial assets of $xxx thousand (company: $xxx thousand) on 1 July 2005. Changes in fair value will be recognised in profit and loss from that date.

It is also expected that adjustments will be required on 1 July 2005 for derivatives designated as cash flow hedges recognised in the statement of financial position at fair value. It is expected that this will result in an increase in other financial assets of $xxx thousand (company: $xxx thousand) on 1 July 2005. Changes in fair value will be recognised in equity from that date.

Other financial assets and financial liabilities

The directors have adopted AASB 139 with effect from 1 July 2004. Financial assets and financial liabilities are required to be classified into various specified categories. The classification of the financial assets and financial liabilities determines the measurement basis to be adopted.

Consequently, the adoption of A-IFRS will result in an increase in other financial assets of $6 thousand (company: $6 thousand), and changes in the fair value of financial assets of $1 thousand (company: $1 thousand) recognised in profit and loss for the financial year ended 30 June 2005.

Where the directors have elected to apply the first-time adoption exemption available under AASB 139, the following disclosure may be appropriate:

The directors have elected to apply the first-time adoption exemption available to DTT Consolidated Limited to defer the date of transition of AASB 139 until 1 July 2005. Accordingly, there will be no quantitative impacts on the 30 June 2005 financial statements.

The directors have determined the classifications that will apply to the various financial assets and financial liabilities held by the company and consolidated entity. The classification of the financial assets and financial liabilities determines the measurement basis to be adopted. Consequently, it is expected that financial assets will increase by $xxx thousand (company: $xxx thousand) and financial liabilities will increase by $xxx thousand (company: $xxx thousand).

Business combinations

DTT Consolidated Limited did not acquire any businesses or entities for the financial year ended 30 June 2005. On initial adoption of A-IFRS the directors have elected not to restate business combinations that occurred before 1 July 2004. Accordingly, the impacts of the adoption of A-IFRS on the financial report associated with past business combinations will be limited to the recognition of additional deferred tax assets and deferred tax liabilities (refer to the income tax note) and cessation of goodwill amortisation (refer to the goodwill note).

Goodwill

The adoption of A-IFRS will not significantly impact the carrying amount of goodwill as the directors have decided not to restate past business combinations (refer to the business combinations note). Under A-IFRS, goodwill is not subject to amortisation, but must be tested for impairment annually and whenever there is an indication that goodwill may be impaired. As a result amortisation expense will decrease by $200 thousand (company: $nil) for the financial year ended 30 June 2005.

Investment properties

DTT Consolidated Limited has several properties qualifying as investment properties. Under A-IFRS the directors have elected to measure investment properties at fair value with changes in fair value recognised in profit and loss.

Consequently, cumulative revaluation increments of $25 thousand (company: $nil) will be transferred from the asset revaluation reserve to retained earnings. Changes in the fair value of investment properties of $20 thousand (company: $nil) will be recognised in the profit or loss for the financial year ended 30 June 2005.

Share-based payments

Equity-settled share based payments in respect of equity instruments issued after 7 November 2002 that were unvested as at 1 January 2005 are measured at fair value at grant date. The fair value determined at grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the estimated number of equity instruments that will vest. As a consequence, contributed equity will increase by $200 thousand (company: $200 thousand) and an additional employee benefit expense of $200 thousand (company: $200 thousand) will be recognised in profit and loss for the financial year ended 30 June 2005.

Revenue from ordinary activities

Although not impacting the net profit of the company and the consolidated entity, the adoption of A-IFRS will result in a number of transactions being recorded on a “net” rather than a “gross” basis. In addition, the adoption of A-IFRS results in the reclassification of proceeds from sale of non-current assets from “revenue from ordinary activities” to other income and expense items in the statement of financial performance.

As a consequence, revenue from ordinary activities will decrease by $550 thousand (company: $nil), other expenses will decrease by $400 thousand (company: $nil) and a gain on sale of non-current assets of $150 thousand (company: $nil) will be recognised for the financial year ended 30 June 2005.

Retained earnings

With limited exceptions (refer to the share-based payments note), adjustments required on first-time adoption of A-IFRS are recognised directly in retained earnings (or if appropriate another category of equity) at the date of transition to A-IFRS. The cumulative effect of these adjustments for the consolidated entity will be a decrease in retained earnings of $1,721 thousand (company $504 thousand).

4 Disclosure by entities that have partially completed a business impact analysis and evaluation of policy alternatives

4.1 Introduction

As noted in section 3.1, the nature and detail of disclosure made by an entity in order to comply with the requirements of AASB 1047 will vary depending on the entity's progress towards preparing for A-IFRS. It is anticipated that entities which have completed a business impact analysis and assessment of the policy alternatives will have determined or will be able to reliably estimate the impacts of adopting A-IFRS on the financial report.

Where an entity has partially completed its business impact analysis, including evaluation of the options available under A-IFRS, the entity may not know or be able to reliably estimate all the impacts of A-IFRS on its financial report. Where an entity does not know or is not able to reliably estimate the impacts of particular A-IFRS on its financial report, the entity should disclose that fact. The AASB encourages entities to update the AASB 1047 disclosures made in a previous report in these instances.

An example of the presentation of this disclosure is illustrated below. The presentation format is provided as an example for illustrative purposes only.

4.2 Narration of key impacts

Management of the transition to A-IFRS

DTT Consolidated Limited will be required to prepare financial statements that comply with Australian equivalents to International Financial Reporting Standards ("A-IFRS") for annual reporting periods beginning on or after 1 January 2005. Accordingly, DTT Consolidated Limited's first half-year report prepared under A-IFRS will be for the half-year reporting period ended 31 December 2005, and its first annual financial report prepared under A-IFRS will be for the year ended 30 June 2006.

In 2003, DTT Consolidated Limited established a Steering Committee to manage the transition to A-IFRS. The Steering Committee established a project team of 8 dedicated personnel to carry out the transition work, and who report to the Steering Committee. In accordance with the project plan, the transition to A-IFRS is being managed in 3 phases, as diagrammatically presented below with the key activities to be conducted as part of each stage. Risk management and change management has been managed throughout the life of the project.

PHASE 1	PHASE 2	PHASE 3
Scoping and Impact Analysis	Evaluation and Design	Implementation and Review
Awareness; Business Impact Study; Conversion Planning	Financial Evaluation; Operation; Change Management	Build; Implement; Review
o High level scoping exercise o Business impact study o Impact of individual standards o Consider wider business issues o Proposed future transactions o Conversion plan and timetable o Resource requirements o Establish processes and controls	o Hypothetical analysis of policy alternatives o Consideration of business processes and documentation requirements o Review of systems controls o Consider operational improvements o Risk and issues management o Review of change management programs	o Review build documentation o Training program o Post-implementation review

The Steering Committee has progressed phases 1 and 2 simultaneously during the 2004/05 financial year. A detailed business impact analysis and evaluation analysing the approximate impacts on first-time adoption and best options for the consolidated entity for future reporting periods is partially completed and expected to be finalised in late 2005. Phase 3 will be carried out shortly after. The Steering Committee believes DTT Consolidated Limited will be able to achieve its plan for A-IFRS implementation before 30 June 2006, and will be able to comply with its reporting obligations to present a financial report appropriately prepared in accordance with the A-IFRS.

The likely impacts of A-IFRS on the results and financial position of the company and the consolidated entity

The directors have identified the following as being the areas of significant differences affecting the company and consolidated entity on adoption of A-IFRS. All amounts disclosed are best estimates only, and reflect the directors' accounting policy decisions current at the date of this financial report. Readers of the financial report should note that further developments in A-IFRS (for example, the release of further pronouncements by the Australian Accounting Standards Board and the Urgent Issues Group), if any, may result in changes to the accounting policy decisions made by the directors and, consequently, the likely impacts outlined below.

Income tax

Increases in deferred tax assets and deferred tax liabilities will arise as a consequence of the recognition of deferred taxes associated with fair value adjustments in relation to business combinations, revaluations of land and buildings and investments in associates. Deferred tax assets will also increase due to the recognition of carried forward tax losses.

Adjustments to the recognised amounts of deferred taxes will also result as a consequence of adjustments to the carrying amounts of assets and liabilities resulting from the adoption of other A-IFRS. The likely impact of these changes on deferred tax balances has not currently been determined as a number of significant decisions affecting the balances, for instance, whether past business combinations will be restated, have not yet been determined.

Defined benefit superannuation plans

Under A-IFRS, the consolidated entity will be required to recognise the surplus or deficit of defined benefit plans as an asset or liability in the statement of financial position and has elected for all movements, including actuarial gains and losses, to be recognised in profit or loss.

The cumulative effect of the above requirement on the financial position at 30 June 2005 will be an increase in the employee benefit provision of approximately $xxx thousand (company: $xxx). Employee benefits expense will increase by approximately $xxx thousand (company: $xxx) for the financial year ended 30 June 2005.

Property, plant and equipment

On initial adoption of A-IFRS, the directors have elected to deem the fair values of plant and equipment at 1 July 2004 to be cost for accounting purposes, as permitted by the first-time adoption provisions in AASB 1. Consequently, the adoption of A-IFRS will result in an increase in plant and equipment of $xxx thousand (company: $xxx). This increase in plant and equipment will result in the recognition of additional depreciation expense of $xxx thousand (company: $xxx) for the financial year ended 30 June 2005.

Under current AGAAP, revaluation increments and decrements within the land and buildings class of assets were recognised on a net basis; however, A-IFRS requires revaluation increments and decrements to be recognised on an individual asset-by-asset basis. Accordingly, the adoption of A-IFRS will result in an increase in the asset revaluation reserve by $xxx thousand (company: $xxx) as at 30 June 2005.

As a consequence of A-IFRS impairment rules, additional impairment losses of $xxx thousand (company: $xxx thousand) will need to be recognised in respect of plant and equipment for the financial year ended 30 June 2005.

Derivative financial instruments

The directors have elected to apply the first-time adoption exemption available to DTT Consolidated Limited to defer the date of transition of AASB 139 until 1 July 2005. Accordingly, there will be no quantitative impacts on the 30 June 2005 financial statements.

However, it is expected that required adjustments on 1 July 2005 will be largely attributable to derivatives designated as fair value hedges recognised in the statement of financial position at fair value. This is expected to result in an increase in other financial assets of $xxx thousand (company: $xxx thousand) on 1 July 2005. Changes in fair value will be recognised in profit and loss from that date.

It is also expected that adjustments will be required on 1 July 2005 for derivatives designated as cash flow hedges recognised in the statement of financial position at fair value. It is expected that this will result in an increase in other financial assets of $xxx thousand (company: $xxx thousand) on 1 July 2005. Changes in fair value will be recognised in equity from that date.

Other financial assets and financial liabilities

The directors have elected to apply the first-time adoption exemption available to DTT Consolidated Limited to defer the date of transition of AASB 139 until 1 July 2005. Accordingly, there will be no quantitative impacts on the 30 June 2005 financial statements.

The directors have determined the classifications that will apply to the various financial assets and financial liabilities held by the company and consolidated entity. The classification of the financial assets and financial liabilities determines the measurement basis to be adopted. Consequently, it is expected that financial assets will increase by $xxx thousand (company: $xxx thousand) and financial liabilities will increase by $xxx thousand (company: $xxx thousand).

Business combinations

DTT Consolidated Limited did not acquire any businesses or entities for the financial year ended 30 June 2005. The directors have not yet made a decision as to whether to restate business combinations that occurred before 1 July 2004 and, accordingly, the impacts of the adoption of A-IFRS on the financial report is unknown at the date of this financial report.

Goodwill

The adoption of A-IFRS may or may not significantly impact the carrying amount of goodwill as at 1 July 2004 as the directors have not yet made a decision as to whether to restate past business combinations. However, under A-IFRS, goodwill is not subject to amortisation, but must be tested for impairment annually and whenever there is an indication that goodwill may be impaired. As a result amortisation expense will decrease by $xxx thousand (company: $xxx) for the financial year ended 30 June 2005.

Investment properties

DTT Consolidated Limited has several properties qualifying as investment properties. Under A-IFRS the directors have elected to measure investment properties at fair value with changes in fair value recognised in profit and loss.

Consequently, cumulative revaluation increments of $xxx thousand (company: $xxx) will be transferred from the asset revaluation reserve to retained earnings. Changes in the fair value of investment properties of $xxx thousand (company: $xxx) will be recognised in the profit or loss for the financial year ended 30 June 2005.

Share-based payments

Equity-settled share based payments in respect of equity instruments issued after 7 November 2002 that were unvested as at 1 January 2005 are measured at fair value at grant date. The fair value determined at grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the estimated number of equity instruments that will vest. As a consequence, contributed equity will increase by $xxx thousand (company: $xxx thousand) and an additional employee benefit expense of $xxx thousand (company: $xxx thousand) will be recognised in profit and loss for the financial year ended 30 June 2005.

Revenue from ordinary activities

Although not impacting the net profit of the company and the consolidated entity, the adoption of A-IFRS will result in a number of transactions being recorded on a “net” rather than a “gross” basis. In addition, the adoption of A-IFRS results in the reclassification of proceeds from sale of non-current assets from “revenue from ordinary activities” to other income and expense items in the statement of financial performance.

As a consequence, revenue from ordinary activities will decrease by $xxx thousand (company: $xxx), other expenses will decrease by $xxx thousand (company: $xxx) and a gain on sale of non-current assets of $xxx thousand (company: $xxx) will be recognised for the financial year ended 30 June 2005.

Retained earnings

With limited exceptions the consolidated entity will be required to recognise adjustments on first-time adoption of A-IFRS directly in retained earnings at the date of transition to A-IFRS. The consolidated entity has not yet finalised the business impact analysis, accordingly the impacts of the adoption of A-IFRS on retained earnings is unknown at the date of this financial report.

5 Accounting pronouncements

The following is a list of AASB Accounting Standards and UIG Interpretations effective from 1 January 2005.

5.1 AASB Accounting Standards

The Accounting Standards are listed in numeric sequence, beginning with the IFRS-equivalent standards (AASB 1 - 99) followed by the IAS-equivalent standards (AASB 101 – 999) and the Australian-specific standards. Omnibus standards making consequential amendments to the accounting standards are numbered in a series using the year of issue and a generic title (AASB 200X-XX):

Reference	Title
Framework	Framework for the Preparation and Presentation of Financial Statements
AASB 1	First-Time Adoption of Australian Equivalents to International Financial Reporting Standards
AASB 2	Share-based Payment
AASB 3	Business Combinations
AASB 4	Insurance Contracts
AASB 5	Non-Current Assets Held for Sale and Discontinued Operations
AASB 6	Exploration for and Evaluation of Mineral Resources
AASB 101	Presentation of Financial Statements
AASB 102	Inventories
AASB 107	Cash Flow Statements
AASB 108	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 110	Events After the Balance Sheet Date
AASB 111	Construction Contracts
AASB 112	Income Taxes
AASB 114	Segment Reporting
AASB 116	Property, Plant and Equipment
AASB 117	Leases
AASB 118	Revenue
AASB 119	Employee Benefits – *applicable to annual reporting periods beginning on or after 1 January 2005*
AASB 119	Employee Benefits – *applicable to annual reporting periods beginning on or after 1 January 2006*
AASB 120	Accounting for Government Grants and Disclosure of Government Assistance
AASB 121	The Effects of Changes in Foreign Exchange Rates
AASB 123	Borrowing Costs
AASB 124	Related Party Disclosures
AASB 127	Consolidated and Separate Financial Statements

Reference	Title
AASB 128	Investments in Associates
AASB 129	Financial Reporting in Hyperinflationary Economies
AASB 130	Disclosure in the Financial Statements of Banks and Similar Financial Institutions
AASB 131	Interests in Joint Ventures
AASB 132	Financial Instruments: Disclosure and Presentation
AASB 133	Earnings per Share
AASB 134	Interim Financial Reporting
AASB 136	Impairment of Assets
AASB 137	Provisions, Contingent Liabilities and Contingent Assets
AASB 138	Intangible Assets
AASB 139	Financial Instruments: Recognition and Measurement
AASB 140	Investment Property
AASB 141	Agriculture
AASB 1004	Contributions
AASB 1023	General Insurance Contracts
AASB 1031	Materiality
AASB 1038	Life Insurance Contracts
AASB 1039	Concise Financial Reports
AASB 1045	Land Under Roads: Amendments to AAS 27A, AAS 29A and AAS 31
AASB 1046	Director and Executive Disclosures by Disclosing Entities
AASB 1046A	Amendments to Accounting Standard AASB 1046
AASB 1048	Interpretation and Application of Standards (December 2004)
AASB 2004-1	Amendments to Australian Accounting Standards (December 2004)
AASB 2004-2	Amendments to Australian Accounting Standards (December 2004)
AASB 2004-3	Amendments to Australian Accounting Standards (December 2004)
AAS 22	Related Party Disclosures
AAS 25	Financial Reporting by Superannuation Plans
AAS 27	Financial Reporting by Local Governments
AAS 29	Financial Reporting by Government Departments
AAS 31	Financial Reporting by Governments

5.2 UIG Interpretations

The UIG Interpretations are listed in numeric sequence, beginning with the IFRIC-equivalent interpretations (Interpretation 1 - 99) followed by the SIC-equivalent interpretations (Interpretation 101 – 999) and the Australian-specific interpretations:

Reference	Title
Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
Interpretation 107	Introduction of the Euro
Interpretation 110	Government Assistance – No Specific Relation to Operating Activities
Interpretation 112	Consolidation – Special Purpose Entities
Interpretation 113	Jointly Controlled Entities – Non-Monetary Contributions by Venturers
Interpretation 115	Operating Leases – Incentives
Interpretation 121	Income Taxes – Recovery of Revalued Non-Depreciable Assets
Interpretation 125	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
Interpretation 127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
Interpretation 129	Disclosure – Service Concession Arrangements
Interpretation 131	Revenue – Barter Transactions Involving Advertising Services
Interpretation 132	Intangible Assets – Web Site Costs
Interpretation 1013*	The Presentation of the Financial Report of Entities Whose Securities are ‘Stapled’
Interpretation 1017	Developer and Customer Contributions for Connection to a Price-Regulated Network
Interpretation 1019	The Superannuation Contributions Surcharge
Interpretation 1030	Depreciation of Long-lived Physical Assets: Condition-Based Depreciation and Related Methods
Interpretation 1031	Accounting for the Goods and Services Tax (GST)
Interpretation 1038	Contributions by Owners Made to Wholly-Owned Public Sector Entities
Interpretation 1039	Substantive Enactment of Major Tax Bills in Australia
Interpretation 1042	Subscriber Acquisition Costs in the Telecommunications Industry
Interpretation 1047	Professional Indemnity Claims Liabilities in Medical Defence Organisations
Interpretation 1052*	Income Tax Accounting under the Tax Consolidation System
Interpretation 1055	Accounting for Road Earthworks

* Interpretation in draft form.

AM D02869 03/05

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