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Section C – Concise financial report

Consolidated Model Financial Reports

Financial years ending on or after 31 December 2005.

First-time adoption of Australian equivalents to International Financial Reporting Standards.

Consolidated model concise financial report

Illustrative example of a concise financial report prepared in accordance with the Corporations Act 2001 and AASB Accounting Standard AASB 1039 'Concise Financial Reports'

About the model financial report

Purpose

This model financial report has been designed by Deloitte Touche Tohmatsu to assist clients, partners and staff with the preparation of **concise financial reports** by a **consolidated entity** on first-time adoption of Australian equivalents to International Financial Reporting Standards (‘A-IFRS’).

This model financial report is an illustrative example of a concise financial report prepared in accordance with:

- Provisions of the Corporations Act 2001;
- Accounting Standard AASB 1039 ‘Concise Financial Reports’ (issued April 2005).

This model is not designed to meet specific needs of specialised industries. Rather, it is intended to meet the needs of the vast majority of entities in complying with the reporting requirements of the Corporations Act 2001 applicable to concise financial reports. Enquiries regarding specialised industries (e.g. life insurance companies, credit unions, etc.) should be directed to an industry specialist in your nearest Deloitte Touche Tohmatsu office.

Source references

References to the relevant requirements are provided in the left hand column of each page of this model. Where doubt exists as to the appropriate treatment, examination of the source of the disclosure requirement is recommended.

Abbreviations used in this model are as follows:

s.	Section of the Corporations Act 2001.
Reg	Regulation of the Corporations Regulations 2001.
AASB	Accounting Standards issued by the Australian Accounting Standards Board.
ASIC-CO	Australian Securities and Investments Commission Class Order issued pursuant to s.341(1) of the Corporations Act 2001.
ASIC-PN	Australian Securities and Investments Commission Practice Note.
ASX	Australian Stock Exchange Limited Listing Rules.

DTT Consolidated Limited

ACN 123 456 789

Concise financial report for the financial year ended 31 December 2005

The concise financial report is an extract from the full financial report of DTT Consolidated Limited. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report of DTT Consolidated Limited, and cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

Further financial information can be obtained from DTT Consolidated Limited's full financial report, a copy of which, including the independent audit report, is available to all shareholders, and will be sent to shareholders without charge on request.

Source reference: AASB1039.7.1, s.314(2)(e)

Concise financial report for the financial year ended 31 December 2005

Source reference

Format of the concise financial report

Content of a concise financial report

s.314(2) A concise financial report consists of:

(a) a concise financial report in accordance with AASB 1039 'Concise Financial Reports';
(b) the directors' report;
(c) an audit report;
(d) a copy of any qualification and of any statements included in the emphasis of matter section of the auditor's report on the financial report; and
(e) a statement that the report is a concise financial report and a full financial report and auditor's report will be sent to any member free of charge on request.

Financial statements

AASB1039.5.1 A concise financial report shall include the following financial statements:

(a) an income statement for the annual reporting period;
(b) a balance sheet as at the end of the annual reporting period;
(c) a cash flow statement for the annual reporting period; and
(d) a statement of changes in equity (or statement of recognised income and expense) for the annual reporting period.

AASB1039.5.2 Each financial statement in the concise financial report shall be presented as it is in the full financial report, except for the omission of cross-references to notes to the financial statements in the full financial report.

AASB1039.5.3 The financial statements of entities other than listed companies shall be accompanied by discussion and analysis to assist the understanding of members.

AASB1039.1.2 Where an entity is the parent of a group, AASB 1039 applies to the consolidated financial statements of the entity and the notes to those statements, and does not require that parent financial information be provided.

Comparative information

AASB1039.8.1 Comparative information must be provided in the concise financial report except in respect of disclosures where comparative information is not required to be disclosed in the full financial report.

Definitions

AASB1039.9.1 In completing a concise financial report, the technical terms referred to in AASB 1039 shall be taken to have the same meaning as in the relevant Accounting Standards applied in the preparation of the full financial report.

Directors' report

The directors' report in the concise financial report shall be the same as that in the annual financial report, except that references to notes in the full financial report shall be omitted.

Source reference

Directors' report

s.314(2) A concise financial report shall include a directors' report prepared in accordance with s.298 to s.300A of the Corporations Act 2001.

s.300(2) Information required by s.300 need not be included in the directors' report where such information is disclosed in the financial report.

s.300(2A) Where s.300(2) is relied on to not include:

- details of the amounts paid or payable to the auditor for non-audit services provided, during the year, by the auditor (or by another person or firm on the auditor's behalf); and
- the dollar amount that the listed company, or if consolidated financial statements are required, any entity that is part of the consolidated entity paid or is liable to pay, for each of those non-audit services,

in the directors' report for a financial year, the report must specify, in the section headed 'Non-audit services', where those details may be found in the company's financial report for that financial year.

ASIC-CO 98/2395 Information required by s.299, 300 and 300A may be transferred to a document attached to the directors' report and financial report where a clear cross reference to the pages containing the excluded information exists and certain conditions are satisfied. Where the information is transferred to the financial report it will be subject to audit and cannot include information required by s.299.

s.1308(7) Where the directors' report contains information in addition to that required by the Corporations Act 2001, the information will be regarded as part of the directors' report for the purposes of s.1308 'False or misleading statements'.

The directors of DTT Consolidated Limited submit herewith the annual financial report of the company for the financial year ended 31 December 2005. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

s.300(1)(c), s.300(10)(a) The names and particulars of the directors of the company during or since the end of the financial year are:

Directors

Name *(all entities)*	**Particulars** *(public companies only)*
Mr C.J. Chambers	Chairman, Chartered Accountant, aged 56 joined the Board in 1994 in a non-executive capacity and is a non-executive director of the ultimate Australian holding company, DTT Ultimate Limited. Mr C.J. Chambers is a member of the audit committee.
Mr P.H. Taylor	Chemist, aged 50, joined the Board in 1991.
Ms F.R. Ridley	Chartered Accountant, aged 41, joined the Board in 2000 in a non-executive capacity. Ms F.R. Ridley is a member of the nomination and remuneration committee, and of the audit committee.
Mr A.K. Black	Industrial Engineer, aged 42, joined the Board in 2001 and held various senior management positions in manufacturing and wholesale companies.
Mr B.M. Stavrinidis	Director of Merchant Bank Limited, aged 48, joined the Board in 1999 in a non-executive capacity. Mr B.M. Stavrinidis is a member of the nomination and remuneration committee, and of the audit committee.
Mr W.K. Flinders	Practicing Solicitor, aged 58, joined the Board in 1996 in a non-executive capacity and resigned during the year. Mr W.K. Flinders was a member of the nomination and remuneration committee until his resignation.
Ms L.A. Lochert	Practicing Solicitor, aged 47, joined the Board in 2005 in a non-executive capacity and resigned during the year.
Ms S.M. Saunders	Practicing Solicitor, aged 37, joined the Board in 2005 in a non-executive capacity and resigned after year end. Ms S.M. Saunders was a member of the nomination and remuneration committee until her resignation.

Source reference

s.300(1)(c) The above named directors held office during and since the end of the financial year except for:

- Mr W.K. Flinders – resigned 20 January 2005
- Ms S.M Saunders – appointed 1 February 2005 and resigned 30 January 2006
- Ms L.A. Lochert – appointed 30 January 2005 and resigned 1 July 2005

s.300(10)(a) Particulars include each director's qualifications, experience and special responsibilities.

s.300(10) Disclosure of particulars is not required for a public company which is a wholly-owned controlled entity of another company.

Directorships of other listed companies *(listed companies only)*

s.300(11)(e) Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of directorship
Mr P.H. Taylor	Eastwood Limited	Since 2004
	Yarwood Limited	2002 – 2004

Listed companies are required to report all directorships of other listed companies held by a director at any time in the 3 years immediately before the end of the financial year, and the period for which each directorship has been held.

s.300(10)(d)

Company Secretary *(public companies only)*

Mr A.B. Group Chartered Accountant, aged 45, joined DTT Consolidated in 2000 and previously held the company secretary position at a large manufacturing company. Member of the Chartered Institute of Company Secretaries in Australia.

Former partners of the audit firm

s.300(1)(ca) The directors' report must also disclose the name of each person who:

- is an officer of the company, registered scheme or disclosing entity at any time during the year; and
- was a partner in an audit firm, or a director of an audit company, that is an auditor of the company, disclosing entity or registered scheme for the year; and
- was such a partner or director at a time when the audit firm or the audit company undertook an audit of the company, disclosing entity of registered scheme.

Principal activities

s.299(1)(c) The consolidated entity's principal activities in the course of the financial year were the manufacture of widgets, toys and bicycles, and the construction and renovation of residential properties.

During the financial year the consolidated entity sold its bicycle business. During the year the board of directors decided to dispose of the construction business.

Review of operations

s.299(1)(a), ASX4.10.17 The directors' report must contain a review of the consolidated entity's operations during the financial year and the results of those operations. The Corporations Act 2001 contains additional general requirements for listed public companies.

Additional requirements for listed public company

s.299A(1), (2) The directors' report for a company or disclosing entity that is a listed public company must also contain information that members of the company would reasonably require to make an informed assessment of:

(a) the operations of the consolidated entity; and
(b) the financial position of the consolidated entity; and
(c) the consolidated entity's business strategies and its prospects for future financial years.

Source reference

s.299A(3)

The directors' report may omit material that would otherwise be included under s.299A(1)(c) concerning the consolidated entity's business strategies and prospects for future financial years, if it is likely to result in unreasonable prejudice to the consolidated entity or any entity (including the company or disclosing entity) that is part of the consolidated entity. If material is omitted, the report must say so.

ASX Guidance Note

In preparing this disclosure, entities may wish to refer to ASX Guidance Note 10 'Review of Operations and Activities: Listing Rule 4.10' or to the G100's 'Guide to Review of Operations and Financial Condition', which provide general guidance on the form and content of the consolidated entity's review of operations and the results of those operations, together with specific guidance on items which might be appropriately included in such a review.

Recommended contents of the review of operations include:

(a) overview:
  - i. objectives of the consolidated entity and how they are achieved within the specific operating environment and industry within which the consolidated entity operates;
  - ii. performance and indicators used by management; and
  - iii. dynamics of the consolidated entity and the main opportunities and threats that may have a major effect on results regardless of whether they were significant in the period under review;

(b) review of operations:
  - i. operating results of the consolidated entity by main business activity including a comparison to prior periods and any projections published by the company and its controlled entities. Consideration should be given to unusual or infrequent events or transactions, including material acquisitions or disposals, major sources of revenues and expenses, and changes in factors which affect the results; and
  - ii. overall return attributable to shareholders in terms of dividends, and increase in shareholder funds. Consideration should be given to the company's distribution policy (including the extent of franking), other forms of shareholder returns, for example, dividend reinvestment plans or shareholder privileges, and movements in the company's share price;

(c) details of investments for future performance, including the current and planned future level of capital expenditure, major projects and expected benefits;

(d) review of financial conditions:
  - i. capital structure of the company including capital funding and treasury policies and objectives;
  - ii. liquidity and funding as at year end including restrictions on funds transfer, covenants entered into and the maturity profile of borrowings;
  - iii. resources available to the consolidated entity not reflected in the statement of financial position;
  - iv. cash generated from operations and other sources of cash flows during the period; and
  - v. impact of legislation and other external requirements having a material effect on the financial condition in the reporting period or expected to have a material effect on the financial condition in future periods; and

(e) risk management and corporate governance practices.

Changes in state of affairs

s.299(1)(b)

During the financial year there was no significant change in the state of affairs of the consolidated entity other than that referred to in the financial statements or notes thereto.

If changes are material, describe and cross reference to the relevant notes to the financial statements.

Source reference

Subsequent events

s.299(1)(d) There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Otherwise describe the matter(s) or circumstance(s), if material, and cross reference to the relevant note(s) to the financial statements.

Future developments

s.299(3) Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

s.299(1)(e) Directors must bring likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations to the attention of the users of the financial report. These disclosures are not required where they would result in unreasonable prejudice to the entity.

s.299A(1)(c), (2) The directors' report for a company or disclosing entity that is a listed public company must also contain information that members of the company would reasonably require to make an informed assessment of the consolidated entity's prospects for future financial years.

Environmental regulations

s.299(1)(f) If the consolidated entity's operations are subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory, the directors' report should disclose details of the consolidated entity's performance in relation to the environmental regulation.

ASIC-PN 68 The ASIC has provided the following guidance on completing environmental regulations disclosures:

- prima facie, the requirements would normally apply where an entity is licensed or otherwise subject to conditions for the purposes of environmental legislation or regulation;
- the requirements are not related specifically to financial disclosures (eg. contingent liabilities and capital commitments) but relate to performance in relation to environmental regulation. Hence, accounting concepts of materiality in financial statements are not applicable;
- the information provided in the directors' report cannot be reduced or eliminated because information has been provided to a regulatory authority for the purposes of any environmental legislation; and
- the information provided in the director's report would normally be more general and less technical than information which an entity is required to provide in any compliance reports to an environmental regulator.

Dividends

s.300(1)(a) In respect of the financial year ended 31 December 2004, as detailed in the directors' report for that financial year, a final dividend of 19.36 cents per share franked to 100% at 30% corporate income tax rate was paid to the holders of fully paid ordinary shares on 12 April 2005.

In respect of the financial year ended 31 December 2005, an interim dividend of 17.85 cents per share franked to 100% at 30% corporate income tax rate was paid to the holders of fully paid ordinary shares on 5 September 2005.

In respect of the financial year ended 31 December 2005, a dividend of 10.00 cents per share franked to 100% at 30% corporate income tax rate was paid to the holders of converting cumulative non-participating preference shares and converting non-participating preference shares on 20 December 2005.

In respect of the financial year ended 31 December 2005, a dividend of 7.00 cents per share franked to 100% at 30% corporate income tax rate was paid to the holders of redeemable cumulative preference shares on 20 December 2005.

s.300(1)(b) In respect of the financial year ended 31 December 2005, the directors recommend the payment of a final dividend of 26.31 cents per share franked to 100% at 30% corporate income tax rate to the holders of fully paid ordinary shares on 4 April 2006.

Where no dividends have been paid or declared since the start of the financial year, and/or the directors do not recommend the payment of a dividend in respect of the financial year, the directors' report should disclose that fact.

If dividends are declared (i.e. the dividends are appropriately authorised and no longer at the discretion of the entity) after the reporting date but before the financial report is authorised for issue, the dividends are not recognised as a liability at the reporting date because they do not meet the criteria of a present obligation in AASB 137 'Provisions, Contingent Liabilities and Contingent Assets'. Such dividends are disclosed in the notes in the financial report in accordance with AASB 1039 'Concise Financial Reports'.

Share options

Share options granted to directors and executives

s.300(1)(d), s.300(3) The directors' report should include details of options granted over unissued shares or interests by any company, registered scheme or disclosing entity within the consolidated entity during or since the end of the financial year to any directors or any of the 5 most highly remunerated officers of the company (other than the directors) as part of their remuneration.

s.300(5) The details of an option granted during or since the end of the financial year should include:

(a) the identity of the company, registered scheme or disclosing entity granting the option;

(b) the name of the director or executive to whom the option is granted; and

(c) the number and class of shares or interests over which the option is granted.

s.300(1)(d), s.300(5) During and since the end of the financial year an aggregate of 141,834 share options were granted to the following directors and executives of the company:

Directors and executives	Number of options granted	Issuing entity	Number of ordinary shares under option
P.H. Taylor	88,000	DTT Consolidated Limited	88,000
T.L. Smith	33,000	DTT Consolidated Limited	33,000
W.L. Lee	6,250	DTT Consolidated Limited	6,250
L.J. Jackson	6,250	DTT Consolidated Limited	6,250
C.P. Daniels	4,167	DTT Consolidated Limited	4,167
N.W. Wright	4,167	DTT Consolidated Limited	4,167

Share options on issue at year end or exercised during the year

s.300(3) The directors' report should include details of:

s.300(1)(f) (a) shares or interests issued during or since the end of the financial year as a result of the exercise of any option; and

s.300(1)(e) (b) unissued shares or interests under option as at the date of the directors' report.

s.300(6) The details of unissued shares or interests under option should include:

(a) the company, registered scheme or disclosing entity that will issue shares or interests when the options are exercised;

(b) the number and classes of those shares or interests;

(c) the issue price, or the method of determining the issue price, of those shares or interests;

(d) the expiry date of the options; and

(e) any rights that option holders have under the options to participate in any share issue or interest issue of the company, registered scheme or disclosing entity or of any other body corporate or registered scheme.

s.300(7) The details of shares and interests issued as a result of the exercise of any option should include:

(a) the company, registered scheme or disclosing entity issuing the shares or interests;

(b) the number of shares or interests issued;

(c) if the company, registered scheme or disclosing entity has different classes of shares or interests, the class to which each of those shares or interests belongs;

(d) the amount unpaid on each of those shares or interests; and

(e) the amount paid, or agreed to be considered as paid, on each of those shares or interests.

Source reference

ASIC-CO 98/2395

The above disclosure requirements are illustrated in the following example with reference to the executive share option plan. It is common for information concerning options on issue at reporting date and/or options exercised during the financial year to be presented elsewhere in the financial report, such as in the notes to the financial statements. Where information required to be disclosed in the directors' report is presented elsewhere in the financial report, the directors' report should clearly cross-reference to the pages containing such information.

Details of unissued shares or interests under option are:

s.300(1)(e), s.300(6)

Issuing entity	Number of shares under option	Class of shares	Exercise price of option	Expiry date of options
DTT Consolidated Limited	136,000	Ordinary	$1.00	31 March 2006
DTT Consolidated Limited	60,000	Ordinary	$1.00[a]	30 September 2006

[a] These share options can only be exercised once the share price of DTT Consolidated Limited exceeds $4.00.

The holders of such options do not have the right, by virtue of the option, to participate in any share issue or interest issue of any other body corporate or registered scheme.

Details of shares or interests issued during the financial year as a result of exercise of an option are:

s.300(1)(f), s.300(7)

Issuing entity	Number of shares issued	Class of shares	Amount paid for shares	Amount unpaid on shares
DTT Consolidated Limited	120,000	Ordinary	$1.00	$nil
DTT Consolidated Limited	120,000	Ordinary	$1.00	$nil
DTT Consolidated Limited	24,000	Ordinary	$1.00	$nil

Indemnification of officers and auditors

s.300(1)(g), s.300(8), s.300(9)

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary, Mr A.B. Group, and all executive officers of the company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

Where the company has not indemnified or agreed to indemnify an officer or auditor against a liability incurred, or paid an insurance premium in respect of a contract insuring against a liability incurred by an officer or auditor, the following disclosure is encouraged:

> 'During or since the financial year the company has not indemnified or made a relevant agreement to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor. In addition, the company has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.'

Directors' meetings *(public companies only)*

s.300(10)(b),(c)

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 12 board meetings, 2 nomination and remuneration committee meetings and 4 audit committee meetings were held.

Source reference

Directors	Board of directors Held	Board of directors Attended	Nomination & remuneration committee Held	Nomination & remuneration committee Attended	Audit committee Held	Audit committee Attended
C.J. Chambers	12	12	-	-	4	4
P.H. Taylor	12	10	-	-	-	-
F.R. Ridley	12	11	2	2	4	4
A.K. Black	12	12	-	-	-	-
B.M. Stavrinidis	12	12	2	2	4	4
W.K. Flinders	2	2	1	1	-	-
L.A. Lochert	3	2	-	-	-	-
S.M. Saunders	10	9	1	1	-	-

The number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director must be disclosed.

s.300(10) Disclosure of directors' meeting is not required for a public company which is a wholly-owned controlled entity of another company.

Directors' shareholdings *(listed companies only)*

The following table sets out each director's relevant interest in shares, debentures, and rights or options in shares or debentures of the company or a related body corporate as at the date of this report.

s.300(11)(a), (b), (c)

Directors	Fully paid ordinary shares	Partly paid ordinary shares	Fully paid converting cumulative non-participating preference shares	Executive share options	Convertible notes
C.J. Chambers	5,000	833	25,000	-	3,000
P.H. Taylor	50,000	8,167	-	88,000	15,000
A.K. Black	1,000	167	-	-	2,000

ASX3.19A.2 Shares held by a director in the company or a related body corporate, as at the date of the report, must be disclosed where s.205G required the director to notify the ASX of that shareholding. The ASX Listing Rules require directors to, within five business days of becoming a director or the listing of the company after becoming a director, to notify the ASX of relevant interests in:

- shares or debentures of, or prescribed interests made available by, the company or a related body corporate; and
- rights or options over shares in, debentures of, or prescribed interests made available by, the company or a related body corporate.

s.608, s.609 Directors are considered to have a relevant interest where the director:

(a) is the holder of the securities;

(b) has power to exercise, or control the exercise of, a right to vote attached to the securities; or

(c) has power to dispose of, or control the exercise of a power to dispose of, the securities.

Although s.300 only requires relevant interests in shares, debentures, and rights or options in shares or debentures to be disclosed, where considered necessary (i.e., to satisfy the information needs of the likely users of the financial report), directors may consider disclosing interests in other equity instruments.

s.300(11)(d) For each director who is entitled to a benefit under a contract that confers a right to call for or deliver shares in, or debentures of or interests in a registered scheme made available by the company or a related body corporate, disclosure should be made of such contracts.

Source reference

Remuneration report *(listed companies only)*

s.300A(1A), s.300A(2)

Basic requirements

The directors' report for a financial year for a company that is a listed company must include (in a separate and clearly identified section of the report):

s.300A(1)(a) (a) discussion of:
   i. board policy for determining, or in relation to, the nature and amount (or value, as appropriate) of remuneration of directors, secretaries and senior managers of the company; and
   ii. if consolidated financial statements are required – board policy in relation to the nature and amount (or value, as appropriate) of remuneration of other group executives for the consolidated entity; and

s.300A(1)(b) (b) discussion of the relationship between such policy and the company's performance; and

s.300A(1)(c) (c) the **prescribed** details in relation to the remuneration of:
   i. each director of the company; and
   ii. each of the 5 named **company executives** who receive the highest remuneration for that year; and
   iii. if consolidated financial statements are required – each of the 5 named relevant **group executives** who receive the highest remuneration for that year; and

s.300A(1)(e) (d) for each person referred to in paragraph (c) (above):
   i. an explanation of the relative proportions of those elements of the person's remuneration that are related to performance and those elements of the person's remuneration that are not; and
   ii. the value (worked out as at the time they are granted and in accordance with any applicable accounting standards) of options that are granted to the person during the year as part of their remuneration; and
   iii. the value (worked out as at the time they are exercised) of options that were granted to the person as part of their remuneration and that are exercised by the person during the year; and
   iv. the value (worked out as at the time they lapse) of options that were granted to the person as part of their remuneration and that lapse during the year; and
   v. the aggregate of the values referred to in subparagraphs (ii), (iii) and (iv); and
   vi. the percentage of the value of the person's remuneration for the financial year that consists of options; and
   vii. if the person is employed by the company under a contract – the duration of the contract, the periods of notice required to terminate the contract and the termination payments provided for under the contract; and

s.300A(1)(f) e) such other matters related to the policy or policies referred to in paragraph (a) as are prescribed by the regulations.

Discussion of company performance

s.300A(1AA) Without limiting the requirements of s.300A(1)(b), the discussion under that subsection of the company's performance must specifically deal with:

(a) the company's earnings; and
(b) the consequences of the company's performance on shareholder wealth;

in the financial year to which the report relates and in the previous 4 financial years.

s.300A(1AB) In determining, for the purposes of s.300A(1AA), the consequences of the company's performance on shareholder wealth in a financial year, have regard to:

(a) dividends paid by the company to its shareholders during that year; and
(b) changes in the price at which shares in the company are traded between the beginning and the end of that year; and
(c) any return of capital by the company to its shareholders during that year that involves:
   i. the cancellation of shares in the company; and
   ii. a payment to the holders of those shares that exceeds the price at which shares in that class are being traded at the time when the shares are cancelled; and
(d) any other relevant matter.

Source reference	
	Prescribed details for remuneration
Reg2M.3.03(1)	For the purpose of s.300A(1)(c) (outlined above), the following details about a person's remuneration are prescribed: (a) the person's name; (b) each position held by the person in the financial year; (c) if the person has held a position mentioned in paragraph (b) for less than the whole financial year, the date when the person began holding the position and the date (if any) when the person ceased to hold the position; (d) the details mentioned in paragraph 7.1 of Accounting Standard AASB 1046 'Director and Executive Disclosures by Disclosing Entities' (in force at 1 July 2004) for the financial year.
Reg2M.3.03(2)	For the purpose of s.300A(1)(c) of the Act (outlined above), the following details relevant to a person's remuneration are prescribed: (a) the person's name; (b) the details mentioned in the following paragraphs of AASB 1046 (in force at 1 July 2004) for the financial year: i. paragraph 7.5(d)(iv); ii. if there has been an alteration mentioned in paragraph 7.6 — paragraph 7.6; (c) for each bonus or grant mentioned in paragraph 7.5 of AASB 1046 (in force at 1 July 2004): i. the percentage of the bonus or grant for the financial year that was paid to the person, or that vested in the person, in the financial year; and ii. the percentage of the bonus or grant for the financial year that was forfeited by the person (because the person did not meet the service and performance criteria for the bonus or grant) in the financial year; and iii. the financial years, after the financial year to which the report relates, for which the bonus or grant will be payable if the person meets the service and performance criteria for the bonus or grant; and iv. estimates of the maximum and minimum possible total value of the bonus or grant for financial years after the financial year to which the report relates, measured in accordance with section 6 of AASB 1046 (in force at 1 July 2004); (d) details of payments made to the person (if any) before the person took office as part of the consideration for the person agreeing to hold office, including the monetary value of the payment and the date of the payment.
Reg2M.3.03(3),(4)	The information mentioned in Reg 2M.3.03(1), and the information mentioned in Reg 2M.3.03(2), must be included in separate, clearly identified, sections of the remuneration report.
	Other regulations
s.300A(1C)	Without limiting s.300A(1)(c), the regulations may: (a) provide that the value of an element of remuneration is to be determined, for the purposes of this section, in a particular way or by reference to a particular standard; and (b) provide that details to be given of an element of remuneration must relate to the remuneration provided in: i. the financial year to which the directors' report relates; and ii. the earlier financial years specified in the regulations.

Source reference

Disclosure of performance conditions

s.300A(1)(ba) If an element of the remuneration of a director, secretary or senior manager is dependent on the satisfaction of a performance condition, the following information must be disclosed:

(a) a detailed summary of the performance condition; and
(b) an explanation of why the performance condition was chosen; and
(c) a summary of the methods used in assessing whether the performance condition is satisfied and an explanation of why those methods were chosen; and
(d) if the performance condition involves a comparison with factors external to the company:
  i. a summary of the factors to be used in making the comparison; and
  ii. if any of the factors relates to the performance of another company, of 2 or more other companies or of an index in which the securities of a company or companies are included – the identity of that company, of each of those companies or of the index.

s.300A(1)(d) If an element of the remuneration of a person referred to in s.300A(1)(c) consists of securities of a body and that element is not dependent on the satisfaction of a performance condition – an explanation of why that element of the remuneration is not dependent on the satisfaction of a performance condition must be disclosed.

Remuneration policy for directors and executives

s.300A(1) The directors' report must include:

(a) discussion of board policy for determining, or in relation to, the nature and amount (or value, as appropriate) of remuneration of directors, secretaries and senior managers of the company, and group executives of the consolidated entity.
(b) discussion of the relationship between such policy and the company's performance. S.300(a)(1AA) and s.300A(1AB) contain specific requirements for the discussion of company performance. These sections are outlined on page C9.

Director and executive details

Reg.2M.3.03(3) The directors of DTT Consolidated Limited during the year were:

- C.J. Chambers (Chairman, Non-executive)
- P.H. Taylor (Chief Executive Officer)
- A.K. Black (Chief Operations Officer)
- F.R. Ridley (Non-executive)
- B.M. Stavrinidis (Non-executive)
- W.K. Flinders (Non-executive), resigned 20 January 2005
- S.M. Saunders (Non-executive), appointed 1 February 2005 and resigned 30 January 2006
- L.A. Lochert (Non-executive), appointed 30 January 2005 and resigned 1 July 2005

The group executives of DTT Consolidated Limited during the year were:

- W.L. Lee (Chief Financial Officer)
- L.J. Jackson (Chief Marketing Officer)
- C.P. Daniels (General Manager – Widgets division), resigned 3 January 2006
- N.W. Wright (General Manager – Construction division), resigned 30 December 2005
- T.L. Smith (General Manager – Bicycles and Toys divisions), appointed 1 January 2005

Reg.2M.3.03(3) Elements of director and executive remuneration

s.300A(1)(c) Remuneration packages contain the following key elements:

(a) Primary benefits – salary/fees, bonuses and non monetary benefits including the provision of motor vehicles and health benefits;
(b) Post-employment benefits – including superannuation and prescribed retirement benefits;
(c) Equity – share options granted under the executive share option plan; and
(d) Other benefits.

Source reference

The following table discloses the remuneration of the directors of the company:

s.300A(1)(c)

2005	Primary			Post-employment			Equity	Other	Total
	Salary & fees	Bonus	Non-monetary	Super-annuation	Pre-scribed benefits	Other	Options	benefits	
	$	$	$	$	$	$	$	$	$
C.J. Chambers	66,000	-	28,050	-	-	-	-	1,250	95,300
P.H. Taylor	267,000	-	66,280	24,030	-	-	105,600	1,240	464,150
A.K. Black	201,835	-	43,930	18,165	-	-	-	820	264,750
F.R. Ridley	65,000	-	25,091	-	-	-	-	854	90,945
B.M. Stavrinidis	65,000	-	26,800	-	-	-	-	685	92,485
W.K. Flinders	4,000	-	800	-	-	-	-	200	5,000
S.M. Saunders	75,000	-	15,159	-	-	-	-	689	90,848
L.A. Lochert	35,000	-	4,494	-	-	-	-	256	39,750

The following table discloses the remuneration of the 5 highest remunerated executives of the company and group executives of the consolidated entity:

s.300A(1)(c)

2005	Primary			Post-employment			Equity	Other	Total
	Salary & fees	Bonus	Non-monetary	Super-annuation	Pre-scribed benefits	Other	Options	benefits	
	$	$	$	$	$	$	$	$	$
W.L. Lee	92,500	10,000	6,796	8,325	-	-	7,500	-	125,121
L.J. Jackson	92,500	-	16,481	8,325	-	-	7,500	-	124,806
C.P. Daniels	85,500	-	14,805	7,695	-	-	5,000	-	113,000
N.W. Wright	84,000	-	12,761	7,560	-	-	5,000	-	109,321
T.L. Smith	81,000	-	4,734	7,290	-	-	8,663	-	101,687

Elements of remuneration related to performance

s.300A(1)(e)(i) For each person referred to in the above tables s.300(A)(1)(e)(i) requires an explanation of the relative proportions of those elements of the person's remuneration that are related to performance and those elements of the person's remuneration that are not.

s.300A(1)(ba) If an element of the remuneration of a director, secretary or senior manager is dependent on the satisfaction of a performance condition:

(a) a detailed summary of the performance condition; and

(b) an explanation of why the performance condition was chosen; and

(c) a summary of the methods used in assessing whether the performance condition is satisfied and an explanation of why those methods were chosen; and

(d) if the performance condition involves a comparison with factors external to the company:

i. a summary of the factors to be used in making the comparison; and

ii. if any of the factors relates to the performance of another company, of 2 or more other companies or of an index in which the securities of a company or companies are included – the identity of that company, of each of those companies or of the index.

s.300A(1)(d) If an element of the remuneration of a person referred to in s.300A(1)(c) consists of securities of a body and that element is not dependent on the satisfaction of a performance condition – an explanation of why that element of the remuneration is not dependent on the satisfaction of a performance condition.

Source reference

Value of options issued to directors and executives

The following table discloses the value of options granted, exercised or lapsed during the year:

s.300A(1)(e)

	Options Granted	Options Exercised	Options Lapsed	Total value of options granted, exercised and lapsed[3]	Value of options included in remuneration for the year[4]	Percentage of total remuneration for the year that consists of options
	Value at grant date	Value at exercise date	Value at time of lapse			
	$	$	$	$	$	%
P.H. Taylor	105,600	62,500[1]	-	168,100	105,600	22.75
W.L. Lee	7,500	8,125[2]	-	15,625	7,500	5.99
L.J. Jackson	7,500	8,125[2]	-	15,625	7,500	6.01
C.P. Daniels	5,000	5,417[2]	-	10,417	5,000	4.42
N.W. Wright	5,000	5,417[2]	-	10,417	5,000	4.57
T.L. Smith	34,650	-	-	34,650	8,663	8.52

Value of options - basis of calculation

(1) Options exercised during the year were granted on 31st March 2004.

(2) Options exercised during the year were granted in the current year.

(3) The total value of options granted, exercised and lapsed is calculated based on the following:

- Fair value of the option at grant date multiplied by the number of options granted during the year; plus
- Fair value of the option at the time it is exercised multiplied by the number of options exercised during the year; plus
- Fair value of the option at the time of lapse multiplied by the number of options lapsed during the year.

(4) The total value of options included in remuneration for the year is calculated in accordance with Accounting Standard AASB 1046 'Director and Executive Disclosures by Disclosing Entities', as amended by Accounting Standard AASB 1046A. This requires the following:

- The value of the options is determined at grant date, and are included in remuneration on a proportionate basis from grant date to vesting date. Where the options immediately vest the full value of the option is recognised in remuneration in the current year.
- With the exception of options granted to T.L. Smith, all options vest at the date of issue. The options granted to T.L. Smith vest when the share price of DTT Consolidated Limited, as quoted on the Australian Stock Exchange, exceeds $4.00, which is not expected to occur before 30th September 2006. These options were issued on 30th September 2005, therefore, in accordance with Accounting Standard AASB 1046 'Director and Executive Disclosures by Disclosing Entities', as amended by Accounting Standard AASB 1046A, only a portion of the total fair value of the options at grant date is included in remuneration for the financial year.

Registered schemes

s.300(12) The directors' report for a listed registered scheme should disclose the following details for each director of the responsible entity for the scheme:

(a) their relevant interests in the scheme;

(b) their rights or options over interests in the scheme; and

(c) contracts to which the director is a party or under which the director is entitled to a benefit and that confer a right to call for or deliver interests in the scheme.

s.300(13) The directors' report for a registered scheme (whether listed or unlisted) should disclose details of:

(a) the fees paid to the responsible entity and its associates out of scheme property during the financial year;

(b) the number of interests in the scheme held by the responsible entity or its associates as at the end of the financial year;

(c) interests in the scheme issued during the financial year;

Source reference

(d) withdrawals from the scheme during the financial year;
(e) the value of the scheme's assets as at the end of the financial year, and the basis for the valuation; and
(f) the number of interests in the scheme as at the end of the financial year.

Proceedings on behalf of the company

s.300(14) The directors' report should disclose, with respect to persons applying for leave under s.237 to bring, or intervene in, proceedings on behalf of the company, the applicant's name and a statement whether leave was granted.

s.300(15) Where leave is granted under s.237, the directors' report should disclose the following details of any proceedings that a person has brought, or intervened in, on behalf of the company:
(a) the person's name;
(b) the names of the parties to the proceedings; and
(c) sufficient information to enable members to understand the nature and status of the proceedings (including the cause of action and any orders made by the court).

Non-audit services *(listed companies only)*

s.300(11B)(b) The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

s.300(11B)(c) Directors should also include a statement of reasons for being satisfied that the provision of non-audit services, during the year, by the auditor (or another person or firm on the auditor's behalf) did not compromise the auditor independence requirements of the Corporations Act 2001.

s.300(2A), s.300(11B)(a) Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 4 to the financial statements.

s.300(11B) If consolidated financial statements are required, the details and statements must relate to amounts paid or payable to the auditor by, and non-audit services provided to, any entity (including the company, registered scheme or disclosing entity) that is part of the consolidated entity.

s.300(11C) For the purposes of s.300A(11B)(a), the details of amounts paid or payable to an auditor for non-audit services provided, during the year, by the auditor (or by another person or firm on the auditor's behalf) are:
(a) the name of the auditor; and
(b) the dollar amount that:
    i. the listed company; or
    ii. if consolidated financial statements are required – any entity that is part of the consolidated entity;

    paid, or is liable to pay, for each of those non-audit services.

s.300(11D) The statements under s.300(11B)(b) and (c) must be made in accordance with:
(a) advice provided by the listed company's audit committee if the company has an audit committee; or
(b) a resolution of the directors of the listed company if the company does not have an audit committee.

s.300(11E) For the purposes of s.300(11D), a statement is taken to be made in accordance with advice provided by the company's audit committee only if:
(a) the statement is consistent with that advice and does not contain any material omission of material included in that advice; and
(b) the advice is endorsed by a resolution passed by the members of the audit committee; and
(c) the advice is written advice signed by a member of the audit committee on behalf of the audit committee and given to the directors.

Source reference

Auditor's independence declaration

s.298(1) The auditor's independence declaration is included on page C16 of the financial report

s.298(1) The directors' report must include a copy of the auditor's declaration under s.307C in relation to the audit for the financial year.

Deloitte believe that it is appropriate that the auditor's independence declaration be prepared on the auditor's letterhead and be placed immediately after the directors' report. The directors' report should provide a cross reference to the declaration.

Extension of audit rotation period *(listed companies only)*

s.300(11A) Where, in accordance with s.342A, ASIC has made a declaration to enable an individual who is a registered company auditor to continue to play a significant role (as defined in s.9) in the audit of a listed company (by extending the audit involvement period from the normal 5 successive financial years to 6 or 7 successive financial years), the directors' report must include details of the declaration.

True and fair view

s.298(1A) If the financial report for a financial year includes additional information under s.295(3)(c) to give a true and fair view of financial position and performance, the directors' report for the financial year must also:

(a) set out the directors' reasons for forming the opinion that the inclusion of that additional information was necessary to give a true and fair view required by s.297; and

(b) specify where that additional information can be found in the financial report.

Rounding off of amounts

If the company is of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and consequently the amounts in the directors' report and the financial report are rounded, that fact must be disclosed in the directors' report, for example:

ASIC-CO 98/0100 The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

OR

ASIC-CO 98/0100 The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial report are rounded off to the nearest hundred thousand dollars, unless otherwise indicated.

OR

ASIC-CO 98/0100 The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial report are rounded off to the nearest million dollars, unless otherwise indicated.

s.298(2) Signed in accordance with a resolution of the directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

(Signature)
C.J. Chambers
Director
Melbourne, 20 March 2006

Source reference

Independence declaration to the directors of DTT Consolidated Limited

An independence declaration shall be drafted by the auditor in accordance with s.307C of the Corporations Act 2001.
The directors' report must include a copy of this declaration.
Deloitte believe that it is appropriate that the auditor's independence declaration be prepared on letterhead and be placed immediately after the directors' report. The directors' report should provide a cross reference to the declaration.

Source reference

Independent audit report to the members of DTT Consolidated Limited

An audit report shall be prepared by the auditor
in accordance with the Australian Auditing Standards

Source reference

Duty to form an opinion

s.314(2)(c) The concise financial report shall include a statement by the auditor:

- that the financial report has been audited; and
- whether, in the auditor's opinion, the concise financial report complies with Accounting Standard AASB 1039 'Concise Financial Reports'.

The auditor is also required to form an opinion on the following:

- s.307(b) whether the auditor has been given all information, explanations and assistance necessary for the conduct of the audit; and
- s.307(c) whether the company has kept financial records sufficient to enable a financial report to be prepared and audited; and
- s.307(d) whether the company has kept other records and registers as required by the Corporations Act 2001.

s.308(3)(b) The auditor is only required to include in the audit report particulars of any deficiency, failure or shortcoming in respect of any matter referred to in s.307(b), (c) or (d) above.

Qualified audit opinions

Where a qualified opinion is required refer to the examples contained in the relevant Australian Auditing Standards (AUSs).

s.308(2) Where, in the auditor's opinion, there has been a departure from a particular Accounting Standard, the audit report must, to the extent that is practicable to do so, quantify the effect that non-compliance has on the financial report. If it is not practicable to quantify the effect fully, the report must say why.

Duty to report

s.308(3)(a) The auditor is required to report any defect or irregularity in the financial report.

s.308(3A) The audit report must include any statements or disclosures required by the auditing standards.

Duty to inform

s.311(1) The auditor must inform the ASIC in writing if the auditor is aware of circumstances that:

- the auditor has reasonable grounds to suspect amount to a contravention of the Corporations Act 2001; or
- amount to an attempt, in relation to the audit, by any person to unduly influence, coerce, manipulate or mislead a person **involved in the conduct of the audit**; or
- amount to an attempt, by any person, to otherwise interfere with the proper conduct of the audit.

s.311(1) The auditor is required to notify ASIC in writing of the circumstances of the matters outlined above as soon as practicable and in any case within 28 days, after the auditor becomes aware of those circumstances.

ASIC-PN 34 ASIC Practice Note 34 provides guidance on the procedures to be followed by registered company auditors in complying with s.311 of the Corporations Act 2001, including specific reference to evidence of a contravention, examples of contraventions and timing of notification.

Meaning of person involved in the conduct of an audit

s.311(6) A person involved in the conduct of an audit means:

(a) the auditor; or
(b) the lead auditor for the audit; or
(c) the review auditor for the audit; or
(d) a professional member of the audit team for the audit; or
(e) any other person involved in the conduct of the audit.

Source reference

Auditor's independence declaration

s.307C(1) If an *individual auditor* conducts an audit of the financial report for the financial year the individual auditor must give the directors of the company, registered scheme or disclosing entity a written declaration that, to the best of the individual auditor's knowledge and belief, there have been:

(i) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit; or

a written declaration that, to the best of the individual auditor's knowledge and belief, the only contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; or

(ii) any applicable code of professional conduct in relation to the audit;

are those contraventions details of which are set out in the declaration.

s.307C(3) If an *audit firm* or *audit company* conducts an audit of the financial report for the financial year the lead auditor must give the directors of the company, registered scheme or disclosing entity a written declaration that, to the best of the lead auditor's knowledge and belief, there have been:

(i) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit; or

a written declaration that, to the best of the lead auditor's knowledge and belief, the only contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; or

(ii) any applicable code of professional conduct in relation to the audit;

are those contraventions details of which are set out in the declaration.

Source reference

Directors' declaration

The directors declare that:

(a) the attached financial statements and notes thereto comply with Accounting Standard AASB 1039 'Concise Financial Reports'; and

(b) the attached financial statements and notes thereto have been derived from the full financial report of the company.

Signed in accordance with a resolution of the directors.

On behalf of the Directors

(Signature)
C.J. Chambers
Director

Melbourne, 20 March 2006

The Corporations Act 2001 does not require the concise financial report to include a directors' declaration. However, to be consistent with the preparation of the full financial report the preparation of a directors' declaration is encouraged.

Consolidated income statement for the financial year ended 31 December 2005

(example of expenses disclosed by function)

	Note	Consolidated 2005 $'000	Consolidated 2004 $'000
Revenue		144,526	154,191
Cost of sales		(87,899)	(91,840)
Gross profit		56,627	62,351
Other income		2,391	1,037
Share of profits of associates and jointly controlled entities accounted for using the equity method		1,186	1,589
Distribution expenses		(5,087)	(4,600)
Marketing expenses		(3,293)	(1,573)
Occupancy expenses		(2,128)	(2,201)
Administration expenses		(12,333)	(15,124)
Finance costs		(5,159)	(6,729)
Other expenses		(2,656)	(2,612)
Profit before income tax expense	2	29,548	32,138
Income tax expense		(11,306)	(11,801)
Profit from continuing operations		18,242	20,337
Profit from discontinued operations	2	8,310	9,995
Profit for the period		26,552	30,332
Profit attributable to minority interest		(4,000)	(2,763)
Profit attributable to members of the parent entity		22,552	27,569
Earnings per share:			
Basic (cents per share)		105.2	129.9
Diluted (cents per share)		94.4	117.2

Notes to the financial statements are included on pages C30 to C44.

Source references: AASB1039.4.1, 5.1(a), 5.2, 5.2.2, 5.2.3, 6.3(d)

Consolidated income statement for the financial year ended 31 December 2005

(example of expenses disclosed by nature)

	Note	Consolidated 2005 $'000	Consolidated 2004 $'000
Revenue		144,526	154,191
Other income		2,391	1,037
Share of profits of associates and jointly controlled entities accounted for using the equity method		1,186	1,589
Changes in inventories of finished goods and work in progress		(7,122)	2,118
Raw materials and consumables used		(70,393)	(85,406)
Employee benefits expense		(9,803)	(11,655)
Depreciation and amortisation expense		(12,193)	(14,239)
Finance costs		(5,159)	(6,729)
Impairment of non-current assets		(219)	-
Consulting expense		(2,995)	(1,220)
Other expenses		(10,671)	(7,548)
Profit before income tax expense	2	29,548	32,138
Income tax expense		(11,306)	(11,801)
Profit from continuing operations		18,242	20,337
Profit from discontinued operations	2	8,310	9,995
Profit for the period		26,552	30,332
Profit attributable to minority interest		(4,000)	(2,763)
Profit attributable to members of the parent entity		22,552	27,569
Earnings per share:			
Basic (cents per share)		105.2	129.9
Diluted (cents per share)		94.4	117.2

Notes to the financial statements are included on pages C30 to C44.

Source references: AASB1039.4.1, 5.1(a), 5.2, 5.2.2, 5.2.3, 6.3(d)

Source reference

Discussion and analysis of the consolidated income statement *(non-listed entities only)*

AASB1039.5.3 The financial statements of entities other than listed companies shall be accompanied by discussion and analysis to assist the understanding of members.

AASB1039.5.3.1 Listed companies are not required by Accounting Standard AASB 1039 'Concise Financial Reports' to provide discussion and analysis in the concise financial report because, unlike other entities, they are required by s.299A of the Corporations Act 2001 to provide an operational and financial report in the directors' report that is part of the concise report. AASB 1039 only exempts listed companies from the statutory obligation to provide discussion and analysis of the financial statements. It does not prohibit a listed company from providing any discussion and analysis that it considers would assist a reader to understand the financial statements in the concise financial report.

Guidance

AASB1039.5.3.2 The information reported in the financial statements will be enhanced by a discussion and analysis of the principal factors affecting the financial performance, financial position and financing and investing activities of the entity. The extent of the discussion and analysis provided will vary from entity to entity, and from year to year, as is necessary in the circumstances to help compensate for the brevity of the concise financial report compared with the full financial report.

AASB1039.5.3.3(a) In most situations, the content of the discussion and analysis in relation to the income statement would cover at least the following areas:

(a) trends in revenues;

(b) the effects of significant economic or other events on the operations of the entity;

(c) the main influences on costs of operations; and

(d) measures of financial performance such as return on sales, return on assets and return on equity.

Consolidated balance sheet as at 31 December 2005

	Note	Consolidated 2005 $'000	Consolidated 2004 $'000
Current assets			
Cash and cash equivalents		20,199	19,778
Trade and other receivables		19,518	17,197
Other financial assets		10,933	8,841
Inventories		31,544	30,352
Current tax assets		85	60
Other		-	-
		82,279	76,228
Non-current assets classified as held for sale		22,336	-
Total current assets		104,615	76,228
Non-current assets			
Trade and other receivables		-	-
Inventories		-	-
Investments accounted for using the equity method		8,425	7,269
Other financial assets		9,344	7,612
Property, plant and equipment		111,235	134,461
Investment property		136	132
Deferred tax assets		-	-
Goodwill		20,208	24,060
Other intangible assets		9,739	11,325
Other		-	-
Total non-current assets		159,087	184,859
Total assets		263,702	261,087
Current liabilities			
Trade and other payables		13,533	15,990
Borrowings		34,346	37,500
Other financial liabilities		80	-
Current tax payables		5,133	5,868
Provisions		3,416	3,247
Other		90	95
		56,598	62,700
Liabilities directly associated with non-current assets classified as held for sale		3,684	-
Total current liabilities		60,282	62,700
Non-current liabilities			
Trade and other payables		-	-
Borrowings		25,311	26,078
Other financial liabilities		-	-
Deferred tax liabilities		4,591	3,693
Provisions		2,298	2,326
Other		180	270
Total non-current liabilities		32,380	32,367
Total liabilities		92,662	95,067
Net assets		171,040	166,020
Equity			
Issued capital		32,777	48,672
Reserves		4,299	2,545
Retained earnings		109,959	94,798
		147,035	146,015
Amounts recognised directly in equity relating to non-current assets classified as held for sale		-	-
Parent entity interest		147,035	146,015
Minority interest		24,005	20,005
Total equity		171,040	166,020

Notes to the financial statements are included on pages C30 to C44.

Source references: AASB1039.4.1, 5.1(b), 5.2, 5.2.2, 5.2.3

Source reference

Discussion and analysis of the consolidated balance sheet *(non-listed entities only)*

AASB1039.5.3 The financial statements of entities other than listed companies shall be accompanied by discussion and analysis to assist the understanding of members.

AASB1039.5.3.1 Listed companies are not required by Accounting Standard AASB 1039 'Concise Financial Reports' to provide discussion and analysis in the concise financial report because, unlike other entities, they are required by s.299A of the Corporations Act 2001 to provide an operational and financial report in the directors' report that is part of the concise report. AASB 1039 only exempts listed companies from the statutory obligation to provide discussion and analysis of the financial statements. It does not prohibit a listed company from providing any discussion and analysis that it considers would assist a reader to understand the financial statements in the concise financial report.

Guidance

AASB1039.5.3.2 The information reported in the financial statements will be enhanced by a discussion and analysis of the principal factors affecting the financial performance, financial position and financing and investing activities of the entity. The extent of the discussion and analysis provided will vary from entity to entity, and from year to year, as is necessary in the circumstances to help compensate for the brevity of the concise financial report compared with the full financial report.

AASB1039.5.3.3(b) In most situations, the content of the discussion and analysis in relation to the balance sheet would cover at least the following areas:

(a) changes in the composition of assets;
(b) the relationship between debt and equity; and
(c) significant movements in assets, liabilities and equity items.

Consolidated statement of recognised income and expense for the financial year ended 31 December 2005

	Note	Consolidated 2005 $'000	Consolidated 2004 $'000
Gain/(loss) on property revaluation		-	1,643
Available-for-sale investments:			
Valuation gain/(loss) taken to equity		94	-
Transferred to profit or loss on sale		-	-
Transferred to profit or loss on impairment		-	-
Cash flow hedges:			
Gain/(loss) taken to equity		1,673	-
Transferred to profit or loss for the period		(330)	-
Transferred to initial carrying amount of hedged item		87	-
Net gain/(loss) on hedge of net investment in foreign operation:			
Gain/(loss) taken to equity		-	-
Transferred to profit or loss on sale		-	-
Translation of foreign operations:			
Exchange differences taken to equity		40	357
Transferred to profit or loss on sale		(120)	-
Actuarial gain/(loss) on defined benefit plans		(235)	(226)
Share of increments in reserves attributable to associates		-	-
Share of increments in reserves attributable to jointly controlled entities		-	-
Income tax on items taken directly to or transferred from equity		(361)	(600)
Other		(5)	-
Net income recognised directly in equity		843	1,174
Profit for the period		26,552	30,332
Total recognised income and expense for the period		27,395	31,506
Attributable to:			
Equity holders of the parent		23,395	28,743
Minority interest		4,000	2,763
		27,395	31,506
Effects of changes in accounting policy:			
Equity holders of the parent	7		243
Minority interest	7		-
			243

Notes to the financial statements are included on pages C30 to C44.

Source references: AASB1039.4.1, 5.1(d), 5.1.1, 5.2, 5.2.2, 5.2.3

Source reference

Discussion and analysis of the consolidated statement of recognised income and expense *(non-listed entities only)*

AASB1039.5.3 The financial statements of entities other than listed companies shall be accompanied by discussion and analysis to assist the understanding of members.

AASB1039.5.3.1 Listed companies are not required by Accounting Standard AASB 1039 'Concise Financial Reports' to provide discussion and analysis in the concise financial report because, unlike other entities, they are required by s.299A of the Corporations Act 2001 to provide an operational and financial report in the directors' report that is part of the concise report. AASB 1039 only exempts listed companies from the statutory obligation to provide discussion and analysis of the financial statements. It does not prohibit a listed company from providing any discussion and analysis that it considers would assist a reader to understand the financial statements in the concise financial report.

Guidance

AASB1039.5.3.2 The information reported in the financial statements will be enhanced by a discussion and analysis of the principal factors affecting the financial performance, financial position and financing and investing activities of the entity. The extent of the discussion and analysis provided will vary from entity to entity, and from year to year, as is necessary in the circumstances to help compensate for the brevity of the concise financial report compared with the full financial report.

AASB1039.5.3.3(d) In most situations, the content of the discussion and analysis in relation to the statement of changes in equity (or statement of recognised income and expense) would cover at least the following areas:

(a) changes in the composition of the components of equity; and

(b) causes of significant changes in subscribed capital, such as rights issues, share buy-backs or capital reductions.

Consolidated cash flow statement for the financial year ended 31 December 2005

	Note	Consolidated 2005 $'000	Consolidated 2004 $'000
Cash flows from operating activities			
Receipts from customers		147,259	159,467
Payments to suppliers and employees		(97,193)	(104,715)
Interest and other costs of finance paid		(5,126)	(6,709)
Income tax paid		(13,824)	(11,620)
Net cash provided by operating activities		31,116	36,423
Cash flows from investing activities			
Payment for investment securities		(5,205)	(7,612)
Proceeds on sale of investment securities		3,616	6,582
Interest received		1,942	1,069
Dividends received		181	179
Proceeds from repayment of related party loans		7,931	4,729
Amounts advanced to related parties		(8,067)	(6,123)
Payment for property, plant and equipment		(22,983)	(11,902)
Proceeds from sale of property, plant and equipment		9,872	27,295
Payment for intangible assets		(6)	(358)
Development costs paid		(502)	(440)
Proceeds from sale of businesses		6,866	-
Payment for businesses		(622)	-
Net cash (used in)/provided by investing activities		(6,977)	13,419
Cash flows from financing activities			
Proceeds from issues of equity securities		934	-
Payment for share issue costs		(5)	-
Payment for share buy-back:			
- members of the parent entity		(17,205)	-
- minority interests		-	-
Proceeds from issue of debt securities		21,616	-
Payment for debt issue costs		(595)	-
Proceeds from borrowings		18,796	45,755
Repayment of borrowings		(39,379)	(84,953)
Dividends paid:			
- members of the parent entity		(6,635)	(6,479)
- minority interests		-	-
Net cash used in financing activities		(22,473)	(45,677)
Net increase in cash and cash equivalents		1,666	4,165
Cash and cash equivalents at the beginning of the financial year		19,400	15,260
Effects of exchange rate changes on the balance of cash held in foreign currencies		30	(25)
Cash and cash equivalents at the end of the financial year		21,096	19,400

Notes to the financial statements are included on pages C30 to C44.

Source references: AASB1039.4.1, 5.1(c), 5.2, 5.2.2, 5.2.3

Source reference

Discussion and analysis of the consolidated cash flow statement *(non-listed entities only)*

AASB1039.5.3 The financial statements of entities other than listed companies shall be accompanied by discussion and analysis to assist the understanding of members.

AASB1039.5.3.1 Listed companies are not required by Accounting Standard AASB 1039 'Concise Financial Reports' to provide discussion and analysis in the concise financial report because, unlike other entities, they are required by s.299A of the Corporations Act 2001 to provide an operational and financial report in the directors' report that is part of the concise report. AASB 1039 only exempts listed companies from the statutory obligation to provide discussion and analysis of the financial statements. It does not prohibit a listed company from providing any discussion and analysis that it considers would assist a reader to understand the financial statements in the concise financial report.

Guidance

AASB1039.5.3.2 The information reported in the financial statements will be enhanced by a discussion and analysis of the principal factors affecting the financial performance, financial position and financing and investing activities of the entity. The extent of the discussion and analysis provided will vary from entity to entity, and from year to year, as is necessary in the circumstances to help compensate for the brevity of the concise financial report compared with the full financial report.

AASB1039.5.3.3(c) In most situations, the content of the discussion and analysis in relation to the cash flow statement would cover at least the following areas:

(a) changes in cash flows from operations;

(b) financing of capital expenditure programs; and

(c) servicing and repayment of borrowings.

Source reference

Notes to the financial statements for the financial year ended 31 December 2005

1. Basis of preparation

The concise financial report has been prepared in accordance with the Corporations Act 2001 and Accounting Standard AASB 1039 'Concise Financial Reports'. The concise financial report, including the financial statements and specific disclosures included in the concise financial report, has been derived from the full financial report of DTT Consolidated Limited.

AASB1039.6.4(a) All amounts are presented in Australian dollars.

The consolidated entity changed its accounting policies on 1 January 2005 to comply with the Australian equivalents to International Financial Reporting Standards ('A-IFRS'). The transition to A-IFRS is accounted for in accordance with Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards', with 1 January 2004 as the date of transition. An explanation of how the transition from superseded policies to A-IFRS has affected the consolidated entity's financial position, financial performance and cash flows is discussed in note 7.

These accounting policies have been applied in preparing the financial statements for the year ended 31 December 2005, the comparative information presented in these financial statements for the year ended 31 December 2004 and in the preparation of the opening A-IFRS balance sheet at 1 January 2004 (as disclosed in note 7), except for the accounting policies in respect of financial instruments. The consolidated entity has not restated comparative information for financial instruments, including derivatives, as permitted under the first-time adoption transitional provisions – instead, adjustments are made to the opening balances of the current financial year to ensure that the opening balances comply with the new accounting policies.

AASB1039.4.1.1 A full description of the accounting policies adopted by the consolidated entity is provided in the 2005 financial statements which form part of the full financial report.

Going concern basis

AASB1039.6.1 When the entity has prepared its financial report on the basis that the entity is not a going concern, or where the going concern basis has become inappropriate after the reporting date, this fact shall be disclosed.

Change in accounting policy

AASB1039.6.4(c) Where there is a change in accounting policy from those used in the preceding reporting period, which has a material effect in the current reporting period or is expected to have a material effect in a subsequent reporting period, the information required about such a change by the relevant Accounting Standards that are applicable to the current reporting period shall be disclosed.

AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' specifies that entities that do not present comparative information that complies with AASB 132 'Financial Instruments: Disclosure and Presentation' and AASB 139 'Financial Instruments: Recognition and Measurement' shall treat any adjustment between the balance sheet at the comparative period's reporting date and the balance sheet at the start of the first A-IFRS reporting period as arising from a change in accounting policy and give the disclosures required by paragraphs 28(a) to (e) and (f)(i) of AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors'. These disclosures are illustrated in note 7 to these financial statements.

Source reference

1. Basis of preparation (cont'd)

Revision of accounting estimates

AASB1039.6.4(c) During the financial year the directors reassessed the useful life of certain items of plant and equipment. The financial effect of this reassessment, assuming the assets are held until the end of their estimated useful lives, is to increase consolidated depreciation expense in the current financial year and for the next 4 years, by the following amounts:

	$'000
2005	9
2006	7
2007	4
2008	2

AASB1039.6.4(c) Where there is a change in accounting estimate from those used in the preceding reporting period, which has a material effect in the current reporting period or is expected to have a material effect in a subsequent reporting period, the information required about such a change by the relevant Accounting Standards that are applicable to the current reporting period shall be disclosed.

Further guidance concerning the disclosure of revisions in accounting estimates is contained in AASB 108, or refer to the Deloitte Consolidated Model Financial Report.

2. Profit from operations

	Consolidated 2005 $'000	Consolidated 2004 $'000
AASB1039.6.3(a) The profit from operations includes the following sales revenue:		
Revenue from the sale of goods	166,556	179,696
Revenue from the rendering of services	38,449	49,785
	205,005	229,481
Attributable to:		
Continuing operations	140,600	151,638
Discontinued operations	64,405	77,843
	205,005	229,481

AASB1039.6.3 The amount of sales revenue recognised and included in revenue shall be disclosed even if the amount is zero since sales revenue is considered material by its nature.

3. Dividends

	2005 Cents per share	2005 Total $'000	2004 Cents per share	2004 Total $'000
AASB1039.6.3(b)(i), (c) **Recognised amounts**				
Fully paid ordinary shares				
Interim dividend fully franked at 30% paid on 5 September 2005 (Prior year: paid on 6 September 2005)	17.85	2,618	12.71	2,559
Final dividend fully franked at 30% paid on 12 April 2005 (Prior year: paid on 6 April 2004)	19.36	3,897	18.88	3,800
	37.21	6,515	31.59	6,359
Converting cumulative non-participating preference shares				
Final dividend fully franked at 30% paid on 20 December 2005 (Prior year: 20 December 2004)	10.00	110	10.00	110

Source reference

		2005		2004	
		Cents per share	Total $'000	Cents per share	Total $'000
	3. Dividends (cont'd)				
	Converting non-participating preference shares				
	Final dividend fully franked at 30% paid on 20 December 2005 (Prior year: 20 December 2004)	10.00	10	10.00	10
AASB1039.6.3(b)(ii), (c)	**Unrecognised amounts**				
	Fully paid ordinary shares				
	Final dividend fully franked at 30% to be paid on 4 April 2006 (Prior year: paid on 12 April 2005)	26.31	3,905	19.36	3,897

AASB1039.6.3 Where no dividends were paid, proposed or declared during the period, this fact shall be disclosed since dividends are considered material by their nature.

		Consolidated	
		2005 $	2004 $
s.300(11B)(a)	**4. Non-audit services** *(listed companies only)*		
	Auditor of the parent entity		
	Taxation services	300,000	352,000
	Other non-audit services *[describe]*	-	-
		300,000	352,000
	Related practice of the parent entity auditor		
	[describe]	-	-
		-	-
	Other auditors		
	[describe]	-	-
		-	-
	Related practice of the other auditors		
	[describe]	-	-
		-	-

s.300(11B)(a), (11C)(a) The auditor of DTT Consolidated Limited is Deloitte Touche Tohmatsu.

Remuneration of international associates of Deloitte Touche Tohmatsu Australia shall be disclosed under 'Other auditors'.

Listed companies

s.300(11B)(a), (11C) Listed companies must disclose details of the amounts paid or payable to each auditor for non-audit services provided during the year by the auditor (or by another person or firm on the auditor's behalf). For the purposes of this requirement, the details required are the name of the auditor, and the dollar amount that the listed company or any entity that is part of the consolidated entity paid, or is liable to pay, for each of those non-audit services.

Source reference

5. Segment information

This illustrative example of the disclosure of 'primary' segment information has been presented on the basis that DTT Consolidated Limited's primary reporting format is business segments. Similar information is required to be disclosed for each geographical segment where an entity's primary reporting format is geographical segments.

AASB1039.6.2(a)

Segment revenues

	External sales		Inter-segment *(i)*		Other		Total	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Widgets	75,370	79,467	2,515	1,872	579	428	78,464	81,767
Bicycles	35,515	49,153	-	-	-	-	35,515	49,153
Construction	28,890	28,690	-	-	-	-	28,890	28,690
Toys	63,273	69,522	988	650	-	-	64,261	70,172
Other	2,275	2,831	-	-	558	485	2,833	3,316
Total of all segments							209,963	233,098
Eliminations							(3,503)	(2,522)
Unallocated							2,471	1,458
Consolidated							208,931	232,034

(i) Inter-segment sales are recorded at amounts equal to competitive market prices charged to external customers for similar goods.

Examples of items commonly included in the 'unallocated' line of segment revenues are:

(a) interest income (except where the segment's operations are primarily of a financial nature);

(b) dividend income (except where the segment's operations are primarily of a financial nature); and

(c) gains on sales of investments or extinguishment of debt (except where the segment's operations are primarily of a financial nature).

AASB1039.6.2(b)

Segment result

	2005 $'000	2004 $'000
Continuing operations:		
Widgets	29,123	29,640
Toys	8,774	10,343
Other	1,011	984
	38,908	40,967
Eliminations	-	-
Unallocated	(9,360)	(8,829)
Profit before income tax expense	29,548	32,138
Income tax expense	(11,306)	(11,801)
Profit for the period from continuing operations	18,242	20,337
Discontinued operations:		
Bicycles	7,394	9,636
Construction	4,206	3,481
Eliminations	-	-
Unallocated	(130)	(124)
Profit from discontinued operations before income tax expense	11,470	12,993
Income tax expense	(3,160)	(2,998)
Profit for the period from discontinued operations	8,310	9,995
Profit for the period	26,552	30,332

Source reference

5. Segment information (cont'd)

AASB1039.6.2(c), (d)

Segment assets and liabilities

	Assets		Liabilities	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Widgets	113,567	96,926	10,003	11,662
Bicycles	-	21,120	-	2,120
Construction	21,076	20,012	3,254	2,552
Toys	72,513	70,658	10,985	8,159
Other	8,346	7,970	1,220	1,014
Total of all segments	215,502	216,686	25,462	25,507
Eliminations	-	-	-	-
Unallocated	48,200	44,401	67,200	69,560
Consolidated	263,702	261,087	92,662	95,067

6. Subsequent events

AASB1039.6.4(b)

The concise financial report shall disclose for each material category of subsequent events (other than those events whose financial effects have already been brought to account):

(a) the nature of the event; and

(b) an estimate of its financial effect, or a statement that such an estimate cannot be made.

Examples of events occurring after reporting date that do not provide evidence about conditions existing at the reporting date include:

- a major business combination after the reporting date or disposing of a major subsidiary;
- announcing a plan to discontinue an operation;
- major purchases of assets, classifications of assets as held for sale, other disposals of assets, or expropriation of major assets by government;
- the destruction of a major production plant by a fire after the reporting date;
- announcing, or commencing the implementation of, a major restructuring;
- major ordinary share transactions and potential ordinary share transactions after the reporting date;
- abnormally large changes after the reporting date in asset prices or foreign exchange rates
- changes in tax rates or tax laws enacted or announced after the reporting date that have a significant effect on current and deferred tax assets and liabilities;
- entering into significant commitments or contingent liabilities, for example, by issuing significant guarantees; and
- commencing major litigation arising solely out of events that occurred after the reporting date.

7. Impacts of the adoption of Australian equivalents to International Financial Reporting Standards

AASB1039.6.5

The concise financial report for the period when an entity first adopts A-IFRS shall provide directions as to the location in the financial report of the reconciliations and other disclosures required by paragraphs 39 and 40 of AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards'. A summary of this information shall be included in the concise financial report.

While not required by AASB 1039, Deloitte encourages entities to replicate the full disclosures made in the full financial report relating to the impacts of adopting A-IFRS in respect of the consolidated entity.

Source reference

7. Impacts of the adoption of Australian equivalents to International Financial Reporting Standards (cont'd)

The consolidated entity changed its accounting policies on 1 January 2005 to comply with Australian equivalents to International Financial Reporting Standards ('A-IFRS'). The transition to A-IFRS is accounted for in accordance with Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards', with 1 January 2004 as the date of transition, except for financial instruments, including derivatives, where the date of transition is 1 January 2005.

AASB1039.6.5 An explanation of how the transition from superseded policies to A-IFRS has affected the consolidated entity's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables. Further information about the transition, including the impacts of the transition to the company, is set out in notes 1(ae) and 60 to the full financial report of DTT Consolidated Limited.

Effect of A-IFRS on the balance sheet as at 1 January 2004

		Consolidated		
	Note	Super-seded policies* $'000	Effect of transition to A-IFRS $'000	A-IFRS $'000
Current assets				
Cash and cash equivalents		15,260	-	15,260
Trade and other receivables		18,062	-	18,062
Other financial assets		7,500	-	7,500
Inventories		28,234	-	28,234
Current tax assets		-	-	-
Other		-	-	-
		69,056	-	69,056
Non-current assets classified as held for sale		-	-	-
Total current assets		69,056	-	69,056
Non-current assets				
Trade and other receivables		-	-	-
Inventories		-	-	-
Investments accounted for using the equity method		5,680	-	5,680
Other financial assets		6,582	-	6,582
Property, plant and equipment	f, g	164,027	(89)	163,938
Investment properties	f	-	112	112
Deferred tax assets**	j	1,922	58	1,980
Goodwill	d	24,060	-	24,060
Other intangible assets		12,523	-	12,523
Other		-	-	-
Total non-current assets		214,794	81	214,875
Total assets		283,850	81	283,931
Current liabilities				
Trade and other payables		25,900	-	25,900
Borrowings		57,124	-	57,124
Other financial liabilities		-	-	-
Current tax payables		2,689	-	2,689
Provisions	b	3,205	196	3,401
Other		90	-	90
		89,008	196	89,204
Liabilities directly associated with non-current assets classified as held for sale		-	-	-
Total current liabilities		89,008	196	89,204
Non-current liabilities				
Trade and other payables		607	-	607
Borrowings		45,634	-	45,634
Other financial liabilities		-	-	-
Deferred tax liabilities**	j	3,246	1,794	5,040
Provisions	b	2,434	-	2,434
Other		350	-	350
Total non-current liabilities		52,271	1,794	54,065
Total liabilities		141,279	1,990	143,269
Net assets		142,571	(1,909)	140,662

Source reference

7. Impacts of the adoption of Australian equivalents to International Financial Reporting Standards (cont'd)

	Note	Consolidated Super-seded policies* $'000	Effect of transition to A-IFRS $'000	A-IFRS $'000
Equity				
Share capital		48,672	-	48,672
Asset revaluation reserve	f, g	5,987	(5,987)	-
Foreign currency translation reserve	a	10,257	(10,257)	-
Employee equity-settled benefits reserve		-	-	-
Other reserves		807	-	807
Retained earnings	k	59,586	14,355	73,941
		125,309	(1,889)	123,420
Amounts recognised directly in equity relating to non-current assets classified as held for sale		-	-	-
Parent entity interest		125,309	(1,889)	123,420
Minority interest		17,262	(20)	17,242
Total equity		142,571	(1,909)	140,662

* Reported financial position of the consolidated entity for the financial year ended 31 December 2003.

** For the purposes of the reconciliation, deferred tax assets and deferred tax liabilities have not been offset against each other.

Effect of A-IFRS on the income statement for the financial year ended 31 December 2004

	Note	Consolidated Super-seded policies* $'000	Effect of transition to A-IFRS $'000	A-IFRS $'000
Revenue	f, i	260,340	(106,149)	154,191
Other income	i	-	1,037	1,037
Share of profits of associates and jointly controlled entities accounted for using the equity method		1,589	-	1,589
Changes in inventories of finished goods and work in progress		(6,469)	8,587	2,118
Raw materials and consumables used		(130,842)	45,436	(85,406)
Employee benefits expense	b, h	(15,171)	3,516	(11,655)
Depreciation and amortisation expense	d, g	(18,056)	3,817	(14,239)
Finance costs		(7,396)	667	(6,729)
Impairment of non-current assets		-	-	-
Consulting expenses		(1,220)	-	(1,220)
Other expenses	i	(38,090)	30,542	(7,548)
Profit before income tax expense		44,685	(12,547)	32,138
Income tax expense	j	(15,680)	3,879	(11,801)
Profit from continuing operations		29,005	(8,668)	20,337
Profit from discontinued operations	c	-	9,995	9,995
Profit for the period		29,005	1,327	30,332
Profit attributable to minority interests		(2,763)	-	(2,763)
Profit attributable to members of the parent entity		26,242	1,327	27,569

* Reported financial results of the consolidated entity for the year ended 31 December 2004.

Source reference

7. Impacts of the adoption of Australian equivalents to International Financial Reporting Standards (cont'd)

Effect of A-IFRS on the balance sheet as at 31 December 2004

	Note	Consolidated Super-seded policies* $'000	 Effect of transition to A-IFRS $'000	 A-IFRS $'000
Current assets				
Cash and cash equivalents		19,778	-	19,778
Trade and other receivables		17,197	-	17,197
Other financial assets		8,841	-	8,841
Inventories		30,352	-	30,352
Current tax assets		60	-	60
Other		-	-	-
		76,228	-	76,228
Non-current assets classified as held for sale		-	-	-
Total current assets		76,228	-	76,228
Non-current assets				
Trade and other receivables		-	-	-
Inventories		-	-	-
Investments accounted for using the equity method		7,269	-	7,269
Other financial assets		7,612	-	7,612
Property, plant and equipment	f, g	134,574	(113)	134,461
Investment properties	f	-	132	132
Deferred tax assets**	j	2,018	105	2,123
Goodwill	d	23,350	710	24,060
Other intangible assets		11,325	-	11,325
Other		-	-	-
Total non-current assets		186,148	834	186,982
Total assets		262,376	834	263,210
Current liabilities				
Trade and other payables		15,990	-	15,990
Borrowings		37,500	-	37,500
Other financial liabilities		-	-	-
Current tax payables		5,868	-	5,868
Provisions	b	2,895	352	3,247
Other		95	-	95
		62,348	352	62,700
Liabilities directly associated with non-current assets classified as held for sale		-	-	-
Total current liabilities		62,348	352	62,700
Non-current liabilities				
Trade and other payables		-	-	-
Borrowings		26,078	-	26,078
Other financial liabilities		-	-	-
Deferred tax liabilities**	j	4,249	1,567	5,816
Provisions	b	2,326	-	2,326
Other		270	-	270
Total non-current liabilities		32,923	1,567	34,490
Total liabilities		95,271	1,919	97,190
Net assets		167,105	(1,085)	166,020
Equity				
Share capital	f,g	48,672	-	48,672
Asset revaluation reserve	a	7,638	(6,488)	1,150
Foreign currency translation reserve	h	10,614	(10,364)	250
Employee equity-settled benefits reserve		-	338	338
Other reserves		807	-	807
Retained earnings		79,349	15,449	94,798
		147,080	(1,065)	146,015
Amounts recognised directly in equity relating to non-current assets classified as held for sale	k	-	-	-
Parent entity interest		147,080	(1,065)	146,015
Minority interest		20,025	(20)	20,005
Total equity		167,105	(1,085)	166,020

Source reference

7. Impacts of the adoption of Australian equivalents to International Financial Reporting Standards (cont'd)

* Reported financial position of the consolidated entity for the financial year ended 31 December 2004.
** For the purposes of the reconciliation, deferred tax assets and deferred tax liabilities have not been offset against each other.

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Effect of changing the accounting policies for financial instruments on 1 January 2005 (l)

Entities that do not present comparative information that complies with AASB 132 'Financial Instruments: Disclosure and Presentation' and AASB 139 'Financial Instruments: Recognition and Measurement' shall provide the disclosures specified by paragraph 1.36A of AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards'.

		Consolidated		
	Note	31 Dec 2004 $'000	Effect of adoption $'000	1 Jan 2005 $'000
Current assets				
Cash and cash equivalents		19,778	-	19,778
Trade and other receivables		17,197	-	17,197
Other financial assets		8,841	28	8,869
Inventories		30,352	-	30,352
Current tax assets		60	-	60
Other		-	-	-
		76,228	28	76,256
Non-current assets classified as held for sale				
Total current assets		76,228	28	76,256
Non-current assets				
Trade and other receivables		-	-	-
Inventories		-	-	-
Investments accounted for using the equity method		7,269	-	7,269
Other financial assets		7,612	312	7,924
Property, plant and equipment		134,461	-	134,461
Investment properties		132	-	132
Deferred tax assets**		-	-	-
Goodwill		24,060	-	24,060
Other intangible assets		11,325	-	11,325
Other		-	-	-
Total non-current assets		184,859	312	185,171
Total assets		261,087	340	261,427
Current liabilities				
Trade and other payables		15,990	-	15,990
Borrowings		37,500	-	37,500
Other financial liabilities		-	-	-
Current tax payables		5,868	-	5,868
Provisions		3,247	-	3,247
Other		95	(5)	90
		62,700	(5)	62,695
Liabilities directly associated with non-current assets classified as held for sale		-	-	-
Total current liabilities		62,700	(5)	62,695
Non-current liabilities				
Trade and other payables		-	-	-
Borrowings		26,078	-	26,078
Other financial liabilities		-	-	-
Deferred tax liabilities**		3,693	102	3,795
Provisions		2,326	-	2,326
Other		270	-	270
Total non-current liabilities		32,367	102	32,469
Total liabilities		95,067	97	95,164
Net assets		166,020	243	166,263

Source reference

7. Impacts of the adoption of Australian equivalents to International Financial Reporting Standards (cont'd)

	Note	Consolidated 31 Dec 2004 $'000	Consolidated Effect of adoption $'000	Consolidated 1 Jan 2005 $'000
Equity				
Share capital		48,672	-	48,672
Reserves		2,545	214	2,759
Retained earnings		94,798	29	94,827
		146,015	243	146,258
Amounts recognised directly in equity relating to non-current assets classified as held for sale		-	-	-
Parent entity interest		146,015	243	146,258
Minority interest		20,005	-	20,005
Total equity		166,020	243	166,263

** For the purposes of the reconciliation, deferred tax assets and deferred tax liabilities have not been offset against each other.

Effect of A-IFRS on the cash flow statement for the financial year ended 31 December 2004

There are no material differences between the cash flow statement presented under A-IFRS and the cash flow statement presented under the superseded policies.

Notes to the reconciliations of income and equity

(a) Cumulative exchange differences

At the date of transition, the consolidated entity elected to reset the foreign currency translation reserve to zero. An amount of $10,257 thousand was reclassified from the foreign currency translation reserve to retained earnings. These translation differences will be excluded from the calculation of any gain or loss on a subsequent disposal of the foreign operation.

For the financial year ended 31 December 2004, as the consolidated entity's foreign operations had always been translated through the foreign currency translation reserve, the adjustment required under A-IFRS is the $10,257 thousand opening adjustment and the recognition of the tax effect of the current year translation recognised under previous GAAP in the foreign currency translation reserve.

(b) Defined benefit superannuation plans

A defined benefit obligation, included in the provision for employee benefits, of $196 thousand was recognised on 1 January 2004 on transition to A-IFRS. Under superseded policies, contributions to defined benefit superannuation plans were expensed when due and payable and no assets or liabilities were recognised in relation to the plans.

For the financial year ended 31 December 2004, the defined benefit obligation increased by a further $156 thousand to $352 thousand. Adjustments were made to recognise actuarial losses of $226 thousand directly in retained earnings, and to decrease employee benefit expenses by $70 thousand for the financial year ended 31 December 2004.

(c) Discontinued operations

Under A-IFRS, the consolidated entity recognises revenue and expenses, including tax expenses, attributable to discontinued operations as part of a single line item 'profit from discontinued operations' on the income statement. There was no requirement under previous GAAP to split out revenue and expenses attributable to discontinued operations in this manner, and accordingly, amounts are reclassified from the various line items in which they were recognised under previous GAAP to 'profit from discontinued operations' on adoption of A-IFRS.

(d) Goodwill

The consolidated entity has elected not to restate business combinations that occurred prior to the date of transition to A-IFRS, and accordingly, the carrying amount of goodwill at the date of transition has not changed. In addition, goodwill arising from these business combinations that involved the acquisition of foreign businesses will be treated as an Australian dollar denominated asset.

Source reference

7. Impacts of the adoption of Australian equivalents to International Financial Reporting Standards (cont'd)

However, goodwill, which was amortised under superseded policies, is not amortised under A-IFRS from the date of transition. The effect of the change is an increase in the carrying amount of goodwill by $710 thousand and an increase in net profit before tax of $710 thousand for the financial year ended 31 December 2004. There is no tax effect as deferred taxes are not recognised for temporary differences arising from goodwill for which amortisation is not deductible for tax purposes.

(e) Impairment of assets

An entity that recognises impairment losses (or reversals thereof) on the date of transition, or additional impairment write-downs (or reversals thereof) during the comparative financial year shall disclose an appropriate explanation.

(f) Investment properties

A building of $112 thousand was reclassified from property, plant and equipment to investment properties at the date of transition. The fair value of the building was deemed to be its cost at that date. The amount in the asset revaluation reserve associated with the building was transferred to retained earnings.

For the financial year ended 31 December 2004, an amount of $8 thousand being the increase in fair value, was recognised in the profit or loss for the year. This amount was recognised in the asset revaluation reserve under the superseded policies.

	Balance at 31 December 2003 $'000	Effect of transition to A-IFRS $'000	Fair value at 1 January 2004 $'000
Investment properties*	112	-	112

* Included in the carrying amount of the property, plant and equipment as at 31 December 2003.

(g) Property, plant and equipment

The consolidated entity elected to measure property, plant and equipment other than equipment under finance leases on transition to A-IFRS at fair value and has used that fair value as the item's deemed cost at that date. The effect of the revaluation to fair value for property, plant and equipment previously held at cost is an increase in the carrying amount of property, plant and equipment of $23 thousand at 1 January 2004 and a reclassification of any amounts in the asset revaluation reserve associated with these items to retained earnings. Additional depreciation expense of $4 thousand is recognised under A-IFRS for the financial year ended 31 December 2004.

	Balance at 31 December 2003 $'000	Effect of transition to A-IFRS $'000	Fair value at 1 January 2004 $'000
Property, plant and equipment*	163,915	23	163,938

* Excludes the carrying amount of the building reclassified as investment property as at 1 January 2004.

(h) Share-based payments

For the financial year ended 31 December 2004, share-based payments of $338 thousand (included in 'employee benefit expenses') which were not recognised under the superseded policies were recognised under A-IFRS, with a corresponding increase in the employee equity-settled benefits reserve. These adjustments had no material tax or deferred tax consequences.

(i) Revenue

Under superseded policies, the consolidated entity recognised the gain or loss on disposal of property, plant and equipment on a 'gross' basis by recognising the proceeds from sale as revenue, and the carrying amount of the property, plant and equipment disposed as an expense. Under A-IFRS, the gain or loss on disposal is recognised on a 'net' basis, and is classified as income, rather than revenue. Accordingly, the 'gross' amounts have been reclassified within the income statement for A-IFRS reporting purposes.

Source reference

7. Impacts of the adoption of Australian equivalents to International Financial Reporting Standards (cont'd)

(j) Income tax

Under superseded policies, the consolidated entity adopted tax-effect accounting principles whereby income tax expense was calculated on pre-tax accounting profits after adjustment for permanent differences. The tax-effect of timing differences, which occur when items were included or allowed for income tax purposes in a period different to that for accounting were recognised at current taxation rates as deferred tax assets and deferred tax liabilities, as applicable.

Under A-IFRS, deferred tax is determined using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and their corresponding tax bases.

The effect of the above adjustments on the deferred tax balances are as follows:

	Consolidated	
	1 Jan 2004 $'000	31 Dec 2004 $'000
Defined benefit obligation	58	105
Fair value as deemed cost	(492)	(491)
Deferred tax not recognised under previous GAAP	(1,302)	(1,076)
Net increase/(decrease) in deferred tax balances	(1,736)	(1,462)

The effect on consolidated profit for the financial year ended 31 December 2004 was to decrease previously reported income tax expense by $881 thousand.

(k) Retained earnings

The effect of the above adjustments on retained earnings is as follows:

		Consolidated	
	Note	1 Jan 2004 $'000	31 Dec 2004 $'000
Transfer from foreign currency translation reserve	a	10,257	10,257
Defined benefit obligation	b	(196)	(352)
Goodwill no longer amortised	d	-	710
Transfer from asset revaluation reserve	f,g	5,987	5,987
Fair value as deemed cost	g	23	23
Additional depreciation expense	g	-	(4)
Recognition of fair value adjustments on investment properties	f	-	8
Expensing share based payments	h	-	(338)
Adjustments to tax balances	j	(1,736)	(862)
Other *[describe]*		-	-
Total adjustment to retained earnings		14,335	15,429
Attributable to members of the parent entity		14,355	15,449
Attributable to minority interests		(20)	(20)
		14,335	15,429

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(l) Comparative information – financial instruments

The consolidated entity has elected not to restate comparative information for financial instruments within the scope of Accounting Standards AASB 132 'Financial Instruments: Disclosure and Presentation' and AASB 139 'Financial Instruments: Recognition and Measurement', as permitted on the first-time adoption of A-IFRS.

The accounting policies applied to accounting for financial instruments in the current financial year are detailed in notes 1(a) to (ae) in the full financial report. The following accounting policies were applied to accounting for financial instruments in the comparative financial year:

Source reference

7. Impacts of the adoption of Australian equivalents to International Financial Reporting Standards (cont'd)

(a) Accounts payable

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

(b) Derivative financial instruments

Foreign exchange contracts

Exchange differences on forward foreign exchange contracts to hedge the purchase or sale of specific goods and services are deferred and included in the measurement of the purchase or sale.

In the event of the early termination of a foreign currency hedge of an anticipated purchase or sale of goods and services, the deferred gains and losses that arose on the foreign exchange contract prior to its termination are:

- deferred and included in the measurement of the purchase or sale when it takes place, where the anticipated transaction is still expected to occur; or
- recognised in net profit or loss at the date of termination, if the anticipated transaction is no longer expected to occur.

Interest rate contracts

Gains and losses on forward interest rate contracts are deferred and amortised over the term of the underlying borrowing.

Interest rate swaps

Gains and losses on interest rate swaps are included in the determination of interest expense.

(c) Financial instruments issued by the company

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Compound instruments

Compound instruments issued before 1 January 1998 are classified as either liabilities or as equity, whichever is the predominant component part, in accordance with the substance of the contractual arrangement.

The component parts of compound instruments issued on or after 1 January 1998 are classified separately as liabilities and equity in accordance with the substance of the contractual arrangement. The liability component initially brought to account is the present value of the future payments of interest and principal. The equity component initially brought to account is determined by deducting the amount of the liability component from the amount of the compound instrument as a whole.

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

(d) Foreign currency

General hedging transactions

Any costs or gains arising at the inception of a hedge are accounted for separately from the exchange differences on the hedging transactions. The costs or gains are deferred and recognised as assets or liabilities on entering the hedging transactions and amortised in profit or loss over the lives of the hedging transactions.

Source reference

7. Impacts of the adoption of Australian equivalents to International Financial Reporting Standards (cont'd)

Hedging specific commitments

In relation to transactions intended to hedge specific purchases or sales:

i. costs or gains arising at the time of entering into the transactions; and

ii. exchange differences, to the extent that they arise up to the dates of purchase or sale,

are deferred and included in the measurement of the purchases or sales.

(e) Borrowings

Bills of exchange are recorded at an amount equal to the net proceeds received, with the premium or discount amortised over the period until maturity. Interest expense is recognised on an effective yield basis.

Debentures, bank loans and other loans are recorded at an amount equal to the net proceeds received. Interest expense is recognised on an accrual basis.

Ancillary costs incurred in connection with the arrangement of borrowings are deferred and amortised over the period of the borrowing.

(f) Investments

Investments other than investments in subsidiaries, associates and joint venture entities are recorded at cost.

Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(g) Receivables

Trade receivables and other receivables are recorded at amounts due less any allowance for doubtful debts.

Bills of exchange are recorded at amortised cost, with revenue recognised on an effective yield basis.

The following transitional provisions have an effect on future periods:

(i) the separation of compound financial instruments for which the liability component is no longer outstanding into retained earnings and share capital components has not been performed

(ii) the effectiveness of hedging relationships are assessed from 1 January 2005; no adjustment is made in relation to hedges under the superseded policies which were not highly effective before 1 January 2005

(iii) *[list other transitional provisions as appropriate, for example, the transitional provisions in relation to 'day 1' gains and losses or to the derecognition of financial assets]*.

The main adjustments necessary that would make the comparative financial statements comply with AASB 132 and AASB 139 are listed below. Similar adjustments were made at 1 January 2005 to restate the opening financial position of the consolidated entity to a position consistent with the accounting policies applicable to the current financial year:

(i) the measurement of financial assets designated as held-to-maturity and loans and receivables at amortised cost, rather than at cost or fair value in accordance with the superseded policy

(ii) the measurement of financial assets designated as fair value through profit or loss or available-for-sale at fair value, with changes in fair value recognised in profit or loss or equity as appropriate, rather than at cost in accordance with the superseded policy

(iii) the measurement of financial liabilities at amortised cost, rather than at cost in accordance with the superseded policy

(iv) the recognition and measurement of all derivatives (including any embedded derivatives) at fair value

Source reference

7. Impacts of the adoption of Australian equivalents to International Financial Reporting Standards (cont'd)

(v) the recognition in profit or loss of the movement in the fair value of derivatives which did not qualify for hedge accounting or were not designated as hedging instruments

(vi) the transfer of deferred hedging gains and losses recognised as assets and liabilities arising from a cash flow hedge of a forecast transaction to the hedging reserve

(vii) the derecognition of other deferred hedging gains and losses recognised as assets and liabilities

(viii) the deferral in equity of the effective portion of the movement in fair value of derivatives accounted for as a cash flow hedge

(ix) the recognition in profit or loss of the ineffective portion of the movement in fair value of hedging instruments accounted for as a cash flow hedge

(x) the recognition in profit or loss of the movement in fair value of derivatives accounted for as a fair value hedge and the fair valuing of hedged items

(xi) the adjustment to the carrying amount of items that would qualify as a fair value hedge under A-IFRS and were designated as a hedge under previous GAAP for the lower of the cumulative change in fair value of the hedged item for the designated hedge risk and the cumulative change in fair value of the hedging instrument

(xii) the recognition of any current or deferred taxes in relation to the adjustments described above

(xiii) *[list other adjustments as appropriate]*.

Where practicable, for the current period and for each prior period presented, the amount of the adjustment for each financial statement line item affected shall be disclosed. Where it is not practicable for entities to disclose these amounts, entities are encouraged to include a statement explaining why, for example:

It is not practicable for the consolidated entity to detail the amounts of the adjustments to profit or loss and to opening retained earnings for the comparative period had the new accounting policies been applied from the beginning of the comparative period. In addition, it is not practicable for the consolidated entity to detail for the current period, the amounts of the adjustments resulting to each financial statement line item as a consequence of applying the accounting policies applicable to the current financial year.

8. Disclosure of additional information

AASB1039.4.2, 4.2.1 The nature and estimated magnitude of particular items are disclosed if it is likely that the concise financial report would be misleading without such disclosures. Where there are particular features of the operations and activities of the entity that are significant, the entity may need to provide additional information in the concise financial report in order to comply with AASB 1039. Similarly, members benefit from industry-specific disclosures, for example, disclosure of additional information by mining companies in relation to exploration and evaluation expenditure and decommissioning costs, and by banks and other financial institutions in relation to doubtful debts

AASB1039.4.1, 4.1.3 Information voluntarily included in the concise financial report is determined in accordance with the treatment adopted in the full financial report. When the information in the full financial report was determined in accordance with an Accounting Standard, the same treatment is adopted in the concise financial report.