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Section D – Model Concise Report

Consolidated Model Annual Reports

Financial years ending on or after 31 December 2006

Putting together the A-IFRS puzzle

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Foreword

October 2006

Welcome to another edition of Deloitte's *Consolidated Model Annual Reports*. This edition has been designed by Deloitte Touche Tohmatsu to assist you in the preparation of annual reports for annual reporting periods ending on or after **31 December 2006**.

December reporters will shortly be turning their thoughts to the preparation of their second A-IFRS annual report, and accordingly, we trust that you will find the issue of this publication timely. With the transition to A-IFRS complete, one might expect to be able to sit back this year and approach the coming financial year end with less angst about the application of accounting pronouncements. However, as preparers, practitioners and regulators enhance in their understanding of the rules and interpretations of A-IFRS, we anticipate the current reporting period will continue to be a period of some challenge. In addition, entities will have to address the amendments made to a number of accounting standards which now are operative, most notably the changes limiting the ability of entities to designate financial assets and financial liabilities as at 'fair value through profit or loss', to account for most financial guarantee contracts in accordance with AASB 139 'Financial Instruments: Recognition and Measurement' and to reconsider existing accounting policy for business combinations involving entities under common control.

Following the hectic pace of change in accounting and regulatory requirements for the 2005 and 2006 financial years, many would have welcomed the news that the IASB were not going to require the application of new International Financial Reporting Standards (IFRSs) under development or major amendments to existing standards before 1 January 2009. However, there is a sting in that tail. Existing AASBs already require detailed disclosure of the impact of Accounting Standards that have been issued but which are not yet effective, including 'known or reasonably estimable information relevant to assessing the possible impact that application of the new A-IFRS will have on the entity financial report in the period of initial application'. Deloitte consider that the requirement to make such disclosure plus the need to keep the market informed will necessitate an early consideration of all new Accounting Standards and proposals and indeed there may even be benefit in early adopting some of the new requirements before 2009.

At Deloitte, we will, as always, endeavour to assist you in coming to terms with new pronouncements. To that end, besides the short summaries of new pronouncements historically included in Section A of this publication, we have prepared an Appendix to the models illustrating the disclosures required under AASB 7 'Financial Instruments: Disclosures', should you wish to early adopt the Accounting Standard. AASB 7 is applicable for annual reporting periods beginning on or after 1 January 2007.

You should also have received our 'new look' Accounting Alerts, recently redesigned to better keep you informed about developments both locally and internationally, and we would welcome any feedback on them. We also encourage you to regularly log on to the Deloitte IASPLUS website (www.iasplus.com), which is considered to be one of the most comprehensive sources of information about international financial reporting available, with over 3.8 million people visiting the website since its launch, including visitors from other professional accounting firms!

We hope you find the *2006 Consolidated Model Annual Reports* a useful guide in the preparation of your second annual report prepared in accordance with A-IFRS.

Bruce Porter
Lead Partner – Technical
National Assurance & Advisory Services
Deloitte

Consolidated model annual reports

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Illustrative model concise report for financial years ending on or after 31 December 2006

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About the model concise report

Purpose

This model concise report has been designed by Deloitte Touche Tohmatsu to assist users with the preparation of **concise reports** for a **consolidated entity** in accordance with:

- Provisions of the Corporations Act 2001;
- Accounting Standard AASB 1039 'Concise Financial Reports';
- Other requirements and guidelines current as at the date of issue, including Australian Stock Exchange ('ASX') Listing Rules and Australian Securities and Investments Commission ('ASIC') Class Orders, Practice Notes, Policy Statements and Media Releases.

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 concise reporting requirements of the Corporations Act 2001. Inquiries 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 Standard issued by the Australian Accounting Standards Board.
AUS	Australian Auditing Standard issued by the Auditing and Assurance Standards Board.
ASIC-CO	Australian Securities and Investments Commission Class Order issued pursuant to s.341(1) of the Corporations Act 2001.
ASX	Australian Stock Exchange Limited Listing Rule.

Source reference

Format of the concise report

Content of a concise report

s.314(2)

A concise report for a financial year consists of:

(a) a concise financial report prepared 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.

ASIC-CO 98/2395

Where information required by s.298(1)(c) (auditors' independence declaration), s.299(1A) (information to give a true and fair view), s.299 (general information about operations and activities) or s.299A (information about the entity's operations, financial position, business strategies and future prospects) has been transferred out of the directors' report into a document forming part of the annual report, the concise report must include the documents that contain this information.

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.

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.

AASB1039.1.2, 1.2.1

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. Where parent financial information is provided in addition to consolidated financial information, the parent financial information is also subject to the requirements of AASB 1039.

AASB1039.5.2

Each financial statement in the concise financial report shall be presented as it is in the full financial report, in accordance with Accounting Standards, 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.

Comparative information

AASB1039.8.1

Information for the preceding corresponding reporting period which corresponds to the disclosures made in accordance with AASB 1039 for the current reporting period shall be disclosed except when comparative information is not required to be disclosed in the financial report.

Definitions

AASB1039.9.1

The technical terms referred to in AASB 1039 have the same meaning as in the relevant Accounting Standards applied in the preparation of the full financial report for the current reporting period.

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.

ASIC-CO 98/2395

Where information has been transferred out of the directors' report as permitted by ASIC Class Order 98/2395, the page references in the directors' report must be updated as necessary.

DTT Group Limited

ACN 123 456 789

Concise report for the financial year ended 31 December 2006

The concise financial report is an extract from the full financial report of DTT Group Limited. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report of DTT Group Limited, and cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report. Further financial information can be obtained from DTT Group 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 references:** AASB1039.7.1, s.314(2)(e)

Source reference

Directors' report

ASIC-CO 98/2395

The directors' report included in the concise report shall be identical to the directors' report presented together with the full financial report of an entity. Cross references shall be updated where necessary to identify the location of information transferred out of the directors' report as permitted by ASIC-CO 98/2395. Where information has been transferred into the directors' report as permitted by Regulation 2M.6.04, it forms part of the directors' report and similarly be included in the directors' report forming part of the concise report.

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'.

Transfer of information from the directors' report into another document forming part of the annual report

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.

ASIC-CO 98/2395

Note: ASIC Class Order 98/2395 was varied in July 2005 to update the class order for changes relating to the introduction of A-IFRS and CLERP 9 amendments.

Information required by s.298(1)(c), s.298(1A), s.299 to s.300 (other than s.300(11B) and (11C) insofar as those sections require certain information to be included in the directors' report or in the financial report pursuant to s.300(2)) 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. The information required by s.298(1)(c), s.298(1A), s.299 and s.299A may not be transferred into the financial report.

Where information is transferred into the financial report it will be subject to audit.

ASIC-CO 98/2395

Where information required by s.298(1)(c) (auditors' independence declaration), s.299(1A) (information to give a true and fair view), s.299 (general information about operations and activities) or s.299A (information about the entity's operations, financial position, business strategies and future prospects) has been transferred out of the directors' report into a document forming part of the annual report, the concise report must include the documents that contain this information.

The directors of DTT Group Limited submit herewith the annual financial report of the company for the financial year ended 31 December 2006. 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:

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 and the risk management committee.
Mr P.H. Taylor	Chief executive officer, aged 42, joined the Board in 1991. Mr P.H. Taylor was previously the CEO at a large manufacturing company.
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 2007 and previously 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, the audit committee, and the risk management 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 S.M. Saunders	Practicing Solicitor, aged 37, joined the Board in 2006 in a non-executive capacity and resigned after year end. Ms S.M. Saunders was a member of the nomination and remuneration committee and the risk management 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 2006
- Ms S.M. Saunders – appointed 1 February 2006, resigned 30 January 2007
- Mr A.K. Black – appointed 20 January 2007

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

s.300(10) Disclosure of directors' 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 2005
	Yarwood Limited	2003 – 2005

Company secretary [public companies only]

s.300(10)(d) Mr A.B. Grey — Chartered Accountant, aged 45, joined DTT Group Limited in 2000 and previously held the company secretary position at a large manufacturing company. Member of the Chartered Institute of Company Secretaries in Australia.

s.300(10) Disclosure of the company secretary's qualifications and experience is not required for a public company which is a wholly-owned controlled entity of another company.

Former partners of the audit firm

s.300(1)(ca) The directors' report must 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. Details of the sale and of the planned disposal are contained in note 44 to the full financial report of DTT Group Limited.

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 companies

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.

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 4.10.17' 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.

Source reference

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, the consolidated entity disposed of its bicycle business. The consolidated entity is also seeking to dispose of its construction operations, in order to focus its operations towards the manufacture and distribution of widgets and toys as proposed and agreed at the company's last Annual General Meeting.

Other than the above, there was no significant change in the state of affairs of the consolidated entity during the financial year.

Subsequent events

s.299(1)(d)

There has not been any matter or circumstance occurring subsequent to 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).

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.

s.299(3)

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.

Source reference

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 2005, 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 2006.

In respect of the financial year ended 31 December 2006, 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 2006.

In respect of the financial year ended 31 December 2006, a dividend of 10.00 cents per share franked to 100% at 30% corporate income tax rate was paid to the holders of converting non-participating preference shares on 22 December 2006.

In respect of the financial year ended 31 December 2006, 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 22 December 2006.

s.300(1)(b) In respect of the financial year ended 31 December 2006, 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 2007.

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.

AASB110.13 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 101 'Presentation of Financial Statements'.

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 of the company, registered scheme or disclosing entity, and over unissued shares or interests of any company, registered scheme or disclosing entity within the consolidated entity, during or since the end of the financial year, to any directors or to 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 person to whom the option is granted; and
(c) the number and class of shares or interests over which the option is granted.

Source reference

s.300(1)(d), s.300(5)

During and since the end of the financial year an aggregate 128,370 share options were granted to the following directors and executives of the company as part of their remuneration:

Directors and executives	Number of options granted	Issuing entity	Number of ordinary shares under option
P.H. Taylor	88,000	DTT Group Limited	88,000
T.L. Smith	32,036	DTT Group Limited	32,036
C.P. Daniels	4,167	DTT Group Limited	4,167
N.W. Wright	4,167	DTT Group Limited	4,167

Shares under option or issued on exercise of options

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 an option over unissued shares or interests; 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.

Details of unissued shares or interests under option as at the date of this report 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 Group Limited	136,000	Ordinary	$1.00	30 March 2007
DTT Group Limited	60,000	Ordinary	$1.00[(a)]	28 September 2007

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

The holders of these 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 or since the end of 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 Group Limited	314,000	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. Grey, 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, except to the extent permitted by law, 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.

Source reference

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, except to the extent permitted by law, 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, 4 audit committee meetings and 4 risk management committee meetings were held.

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

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' meetings 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	Share options	Convertible notes
C.J. Chambers	5,000	-	3,000
P.H. Taylor	50,000	88,000	15,000
A.K. Black	1,000	-	-

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(11) 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

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

Remuneration report [listed companies only]

This model annual report does not include illustrative disclosures for entities which have elected to take advantage of such relief. Information about the ability of listed companies to transfer information about key management personnel compensation into the remuneration report is detailed at the end of the remuneration report (refer page D14).

Defined terms

s.300A(1B)(a) A company executive is a secretary or senior manager of the company.

s.300A(1B)(b) A relevant group executive of the company is a group executive of the consolidated entity who is not also a director of the company.

s.9 Senior manager: in relation to a corporation – means a person (other than a director or secretary of the corporation) who:

i. makes, or participates in making, decisions that affect the whole, or a substantial part, of the business of the corporation; or

ii. has the capacity to affect significantly the corporation's financial standing; and

The term 'senior manager is also defined in the Corporations Act 2001 in relation to partnerships, trusts and joint ventures.

s.9 Group executives for a consolidated entity means:

the directors of the companies or bodies within the consolidated entity; and
the secretaries of the companies or bodies within the consolidated entity; and
the senior managers of any corporation within the consolidated entity; and
the partners, and senior managers, of any partnership within the consolidated entity; and
the trustees, and senior managers, of any trusts within the consolidated entity; and
the senior managers of any joint venture within the consolidated entity.

Persons who are both company executives and group executives

s.300A(1) If a person is both a company executive and group executive, and details of the person's remuneration are included in the directors' report as one of the 5 named company executives who receive the highest remuneration for the year, details of the person's remuneration do not need to be included in the report as one of the 5 named relevant group executives who receive the highest remuneration for the year.

Remuneration from each entity

s.300A(4) If consolidated financial statements are required; and a person is a group executive who is a group executive of 2 or more entities within the consolidated entity, the person's remuneration is taken to include all of the person's remuneration from those entities (regardless of the capacity in which the person received the remuneration).

s.300A(1)(c), Reg2M.3.03(1)(a)-(c), (3)

Director and executive details

The following persons acted as directors of the company during or since the end of the financial year:
Mr C.J. Chambers (Chairman)
Mr P.H. Taylor (Chief Executive Officer)
Ms F.R. Ridley
Mr B.M. Stavrinidis
Mr W.K. Flinders (resigned 20 January 2006)
Ms S.M. Saunders (appointed 1 February 2006, resigned 30 January 2007)
Mr A.K. Black (appointed 20 January 2007)

The highest remunerated company executives for the 2006 financial year were:
C.P. Daniels (Chief Operations Officer), resigned 3 January 2007
N.W. Wright (General Manager – Widgets division), resigned 29 December 2006
T.L. Smith (General Manager – Construction division), appointed 2 January 2006
A.B. Grey (Company Secretary)

The five highest remunerated group executives for the 2006 financial year were:
W.L. Lee (Chief Financial Officer)
L.J. Jackson (Chief Marketing Officer)
C.P. Daniels (Chief Operations Officer), resigned 3 January 2007
N.W. Wright (General Manager – Widgets division), resigned 29 December 2006
T.L. Smith (General Manager – Construction division), appointed 2 January 2006

Entities should be aware that the s.300A persons identified are not necessarily also a key management person of the company or the consolidated entity.

Source reference

Remuneration policy for directors and executives

The directors' report must include:

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

<u>Discussion of company performance</u>

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:

i. the company's earnings; and

ii. 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:

i. dividends paid by the company to its shareholders during that year; and

ii. changes in the price at which shares in the company are traded between the beginning and the end of that year; and

iii. any return of capital by the company to its shareholders during that year that involves:

(A) the cancellation of shares in the company; and

(B) 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

iv. any other relevant matter.

s.300A(1)(ba) (c) 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:

i. a detailed summary of the performance condition; and

ii. an explanation of why the performance condition was chosen; and

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

iv. if the performance condition involves a comparison with factors external to the company:

(A) a summary of the factors to be used in making the comparison; and

(B) 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.

The following details concerning each director of the company, each of the 5 named company executives who receive the highest remuneration for that year, and (where consolidated financial statements are required) each of the 5 named relevant group executives who receive the highest remuneration for that year, shall also be disclosed:

s.300A(1)(e)(i) (a) 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

s.300A(1)(d) (b) if an element of the person's remuneration 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; and

s.300A(1)(e)(vii) (c) 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.

Source reference

s.300A(1)(c)

Director and executive remuneration

The directors and the five identified company executives and group executives received the following amounts as compensation for their services as directors and executives of the company and/or the Group during the year:

The table below does not illustrate all the components of compensation specified by AASB 124.Aus25.4 that shall be disclosed, if present. A more complete table illustrating the various components of compensation is included in the model annual report (refer Section B, note 48).

There is no requirement to separately identify executive and non-executive officers; however, entities may wish to do so to distinguish between the amounts of compensation paid to executive directors compared to non-executive directors.

Reg2M.3.03(1)(d), s.300A(1)(e)(vi)

	Short-term employee benefits				Post-employment benefits	Other long-term employee benefits	Share-based payment		%
2006	Salary & fees $	Bonus $	Non-monetary $	Other $	Super-annuation $	$	Options & rights $	Total $	consist-ing of options $
Non-executive directors									
C.J. Chambers	76,000	-	28,050	1,250	-	-	-	105,300	-
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	65,000	-	15,159	689	-	-	-	80,848	-
Executive officers									
P.H. Taylor (i)	261,600	-	66,280	1,240	30,000	5,400	105,600	470,120	22.5%
W.L. Lee (i), (ii)	183,712	10,000	6,796	-	17,937	8,788	7,500	234,733	3.2%
L.J. Jackson (i)	187,928	-	16,481	-	20,000	4,572	7,500	236,481	3.2%
C.P. Daniels (i)	185,500	-	14,805	-	20,000	-	5,000	225,305	2.2%
N.W. Wright (i)	184,000	-	12,761	-	17,708	-	5,000	219,469	2.3%
T.L. Smith (iii)	180,000	-	4,734	-	16,716	1,000	8,663	211,113	4.1%
A.B. Grey	150,000	-	11,450	-	15,000	2,354	-	178,804	-

Reg2M3.03(2)(a), (2)(c)(i)-(ii)

(i) Mr P.H. Taylor and other executives were granted fully vested share options under the employee share option plan on 31 March 2006. During the financial year, Mr P.H. Taylor received 60% of his variable compensation entitlement for the period; the remaining 40% was forfeited on not achieving the associated performance criteria. The other executives received 100% of their variable compensation entitlement for the period.

Reg2M3.03(2)(a), (2)(c)(i)-(ii)

(ii) Mr W.L. Lee was granted a cash bonus of $10,000 (100% of bonus) on 12 December 2006. The bonus was given, on successful acquisition by the Group, for his identification of the distribution business of Minus Pty Limited as an advantageous investment opportunity earlier in the reporting period.

Reg2M3.03(2)(a), (2)(c)(i)-(iv)

(iii) Mr T. L. Smith was granted share options representing 100% of his variable compensation entitlement for the period on 29 September 2006. These options vest only when the share price of DTT Group Limited exceeds $4.00. At 31 December 2006, none of these options had vested. The options expire on 28 September 2007. The maximum possible total value of the grant not yet recognised is $24,975; the minimum possible total value of the grant is nil (only if T.L. Smith resigns before the share price exceeds $4.00).

Value of options issued to directors and executives

s.300A(1)(e)(ii)-(v)

The following table summarises the value of options granted, exercised or lapsed during the annual reporting period to the identified directors and executives:

	Value of options granted at the grant date (i) $	Value of options exercised at the exercise date (ii) $	Value of options lapsed at the date of lapse $	Total $
P.H. Taylor	105,600	87,500	-	168,100
W.L. Lee	7,500	15,625	-	15,625
L.J. Jackson	7,500	15,625	-	15,625
C.P. Daniels	5,000	10,417	-	10,417
N.W. Wright	5,000	10,417	-	10,417
T.L. Smith	33,638	-	-	33,638

(i) The value of options granted during the period is recognised in compensation over the vesting period of the grant, in accordance with Australian accounting standards.

(ii) Both options granted in the current financial year and in previous financial years were exercised during the financial year.

Source reference

s.300A(1)(c), Reg2M.3.03(2)(d)

Details of signing bonuses

In respect of each director, named company executive and named relevant group executive, the remuneration report shall include the name of the person (if any) and details of payments made to that person before the person took office as part of the consideration for that person agreeing to hold office, including the monetary value of the payment and the date of the payment.

s.300A(1)(c), Reg2M.3.03(2)(b)

Details of alterations of bonuses and grants

For each alteration of the terms or conditions of a grant of a cash bonus, performance-related bonus or share-based payment compensation benefit made to an identified director, company executive or relevant group executive since the grant date, whether part of a specific contract for services or not, the remuneration report shall disclose:

(a) the person's name; and

(b) the date, details and effect of each alteration; and

(c) where the terms of share-based payment transactions (including options and rights) granted as compensation have been altered or modified by the issuing entity during the reporting period, the following details for each such person:

- i. the date of each alteration of the terms;
- ii. the market price of the underlying equity instrument at the date of the alteration;
- iii. the terms of the grant immediately prior to alteration, including the number and class of the underlying equity instruments, exercise price, time remaining until expiry and each other condition in the terms affecting the vesting or exercise of the option of other right;
- iv. the new terms; and
- v. the difference between the total of the fair value of the options or other rights affected by the alteration immediately before the alteration and the total of the fair value of those options or other rights immediately after the alteration.

Transfer of information about key management personnel compensation into the remuneration report

Reg2M.6.04

Regulation 2M.6.04 (amended June 2006) permits listed companies to transfer information about the compensation of key management personnel, other than the aggregate compensation of key management personnel required by AASB 124 'Related Party Disclosures' paragraph 16, from the financial report to the remuneration report, provided certain conditions are met.

Listed companies are permitted to transfer the disclosures specified by AASB 124.Aus25.4 to Aus25.7.2, provided the following conditions are satisfied:

(a) the information is contained in the annual directors' report under the heading 'remuneration report';

(b) the information must relate to each person:

- (i) who, at any time during the financial year, held a position in the company as a director of the company or as one of the 5 named company executives or as one of the 5 named relevant group executives who receives the highest remuneration for that year; or
- (ii) to whom the definition of key management personnel in AASB 124 applied at any time during the financial year;

(c) the auditor who conducts an audit of the company's annual financial report under s.307 of the Corporations Act 2001 must form an opinion whether the information required by AASB 124 that is contained in the annual directors' report complies with AASB 124 and include a report of the opinion with the report on that audit under s.308 of the Corporations Act 2001;

(d) the information must include, in relation to each person mentioned in paragraph (b):

- (i) the person's name; and
- (ii) each position covered by paragraph (b) that was held by the person during the financial year; and
- (iii) for any position the person held for less than the whole financial year:
  - (A) the date on which the person started to hold the position; and
  - (B) the date on which the person ceased holding the position; and
- (iv) for each bonus or grant mentioned in paragraph Aus25.5 of AASB 124:
  - (A) the percentage of the bonus or grant that was paid to the person, or that vested in the person, in the financial year; and
  - (B) the percentage of the bonus or grant that was forfeited by the person in the financial year because the person did not meet the service and performance criteria for the bonus or grant; and
  - (C) the financial years, after the financial year to which the information 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

Source reference

(D) estimates of the maximum and minimum possible total value of the bonus or grant for financial years after the financial year to which the information relates, measured in accordance with applicable accounting standards; and

(v) for any position the person started to hold during the financial year – details of payments (if any) made to the person before the person started to hold the position, as part of the consideration for the person agreeing to hold the position, including the monetary value of the payment and the date of payment.

Registered schemes [registered schemes only]

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;
(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(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 50 in the full financial report.

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) The directors are of the opinion that the services as disclosed in note 50 to the full financial statements do not compromise the external auditor's independence, based on advice received from the Audit Committee, for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

s.300(11B)(c) Directors must include a statement of their 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(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.

Source reference

s.300(11E)

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.

Auditor's independence declaration

s.298(1)(c) The auditor's independence declaration is included on page D17 of the concise report.

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 of the Corporations Act 2001) 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 financial report or the directors' report.

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 directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

(Signature)
C.J. Chambers
Director
Melbourne, 16 March 2007

Source reference

Auditor's independence declaration to the members of DTT Group Limited

The Board of Directors
DTT Group Limited
167 Admin Ave
MELBOURNE VIC 3000

16 March 2007

Dear Sirs,

DTT Group Limited

s.298(1)(c), s.307C, ASIC-CO 98/2395

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of DTT Group Limited.

As lead audit partner for the audit of the financial statements of DTT Group Limited for the financial year ended 31 December 2006, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

DELOITTE TOUCHE TOHMATSU

T.L. Green
Partner
Chartered Accountants
Melbourne, 16 March 2007

Liability limited by a scheme approved under Professional Standards Legislation.

ASIC CO 05/910

ASIC Class Order 05/910 grants an exemption for an auditor from the requirement to make an independence declaration under s307C where the declaration would be required to set out details of any contraventions of s 324CE(2), 324CF(2) or 324CG(2) of the Corporations Act 2001, provided certain conditions are met.

ASIC CO 05/83

The auditor's independence declaration may be signed before the directors' report, provided that the directors' report is signed within 7 days after the declaration was given. The auditor must provide an update to the independence declaration by way of a statement in the auditor's report to the full financial report.

Source reference

Independent audit report
to the members of DTT Group Limited

Scope

The concise financial report and directors' responsibility

AUS702, AUASB Guidance Note 'Improving Communications between Auditors and Shareholders'

The concise financial report of DTT Group Limited comprises the balance sheet, income statement, cash flow statement, statement of changes in equity *[or statement of recognised income and expense, as appropriate]*, accompanying notes and the directors' declaration for the consolidated entity for the year ended 31 December 2006 as set out on pages D20 to D39. The consolidated entity comprises both DTT Group Limited (the company) and the entities it controlled at the year's end or from time to time during the financial year.

The directors of the company are responsible for the preparation and presentation of the concise financial report in accordance with Accounting Standard AASB 1039 'Concise Financial Reports'. This includes responsibility for the maintenance of adequate financial records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the concise financial report.

Audit approach

We have conducted an independent audit of the concise financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the concise financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We have also performed an independent audit of the full financial report of the company for the year ended 31 December 2006. Our audit report on the full financial report was signed on 16 March 2007, and was not subject to any qualification.

Our procedures in respect of the audit of the concise financial report included testing that the information in the concise financial report is consistent with the full financial report, and examination, on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures in the concise financial report that were not directly derived from the full financial report. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report is presented fairly in accordance with Accounting Standard AASB 1039 'Concise Financial Reports'.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the concise financial report of DTT Group Limited for the year ended 31 December 2006 complies with Accounting Standard AASB 1039 'Concise Financial Reports'.

DELOITTE TOUCHE TOHMATSU

T.L. Green
Partner
Chartered Accountants
Melbourne, 16 March 2007

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

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.

s.308(3B) If the financial report includes additional information under s.295(3)(c) (information included to give true and fair view of financial position and performance), the audit report must also include a statement of the auditor's opinion on whether the inclusion of that additional information was necessary to give the true and fair view required by s.297.

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.

Auditor's independence 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.

s.307C(1) Similar requirements apply to individual auditors, where an individual auditor is engaged to conduct an audit of a financial report.

Source reference

Directors' declaration

The directors declare that:

(a) in the directors' opinion, 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, 16 March 2007

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 2006

(Alt 1: example of expenses disclosed by function)

	Note	Consolidated 2006 $'000	Consolidated 2005 $'000
Continuing operations			
Revenue		140,918	151,840
Cost of sales		(87,899)	(91,840)
Gross profit		53,019	60,000
Other revenue		3,608	2,351
Other income		934	1,005
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)	(2,247)
Occupancy expenses		(2,128)	(2,201)
Administration expenses		(11,001)	(15,124)
Finance costs		(5,034)	(6,023)
Other expenses		(2,656)	(2,612)
Profit before tax		29,548	32,138
Income tax expense		(11,306)	(11,801)
Profit for the year from continuing operations	6	18,242	20,337
Discontinued operations			
Profit for the year from discontinued operations	6	8,310	9,995
Profit for the year		26,552	30,332
Attributable to:			
Equity holders of the parent		22,552	27,569
Minority interest		4,000	2,763
		26,552	30,332
Earnings per share			
From continuing and discontinued operations:			
Basic (cents per share)		105.2	129.9
Diluted (cents per share)		100.2	124.1
From continuing operations:			
Basic (cents per share)		66.4	82.8
Diluted (cents per share)		63.3	79.1

Notes to the financial statements are included on pages D33 to D39.

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 2006

(Alt 2: example of expenses disclosed by nature)

	Note	Consolidated 2006 $'000	Consolidated 2005 $'000
Continuing operations			
Revenue		144,526	154,191
Other income		934	1,005
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)	(13,878)
Finance costs		(5,034)	(6,023)
Impairment of non-current assets		(219)	-
Consulting expense		(3,120)	(1,926)
Other expenses		(9,214)	(7,877)
Profit before tax		29,548	32,138
Income tax expense		(11,306)	(11,801)
Profit for the year from continuing operations	6	18,242	20,337
Discontinued operations			
Profit for the year from discontinued operations	6	8,310	9,995
Profit for the year		26,552	30,332
Attributable to:			
Equity holders of the parent		22,552	27,569
Minority interest		4,000	2,763
		26,552	30,332
Earnings per share			
From continuing and discontinued operations:			
Basic (cents per share)		105.2	129.9
Diluted (cents per share)		100.2	124.1
From continuing operations:			
Basic (cents per share)		66.4	82.8
Diluted (cents per share)		63.3	79.1

Notes to the financial statements are included on pages D33 to D39.

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 2006

	Note	Consolidated 2006 $'000	Consolidated 2005 $'000
Current assets			
Cash and cash equivalents		20,199	19,778
Trade and other receivables		19,518	17,197
Other financial assets		8,757	6,949
Inventories		31,364	30,242
Current tax assets		85	60
Other		-	-
		79,923	74,226
Non-current assets classified as held for sale		22,336	-
Total current assets		102,259	74,226
Non-current assets			
Investments accounted for using the equity method		8,425	7,269
Other financial assets		10,411	9,656
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		160,154	186,903
Total assets		262,413	261,129
Current liabilities			
Trade and other payables		16,820	21,495
Borrowings		22,446	25,600
Other financial liabilities		104	18
Current tax liabilities		5,133	5,868
Provisions		3,416	3,247
Other		90	95
		48,009	56,323
Liabilities directly associated with non-current assets classified as held for sale		3,684	-
Total current liabilities		51,693	56,323
Non-current liabilities			
Borrowings		32,611	31,478
Other financial liabilities		-	-
Deferred tax liabilities		4,591	3,693
Provisions		2,298	2,326
Other		180	270
Total non-current liabilities		39,680	37,767
Total liabilities		91,373	94,090
Net assets		171,040	167,039
Equity			
Issued capital		32,777	48,672
Reserves		3,907	3,376
Retained earnings		110,351	94,986
		147,035	147,034
Amounts recognised directly in equity relating to non-current assets classified as held for sale		-	-
Equity attributable to equity holders of the parent		147,035	147,034
Minority interest		24,005	20,005
Total equity		171,040	167,039

Notes to the financial statements are included on pages D33 to D39.

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 2006

(Alt 1: Presentation of a statement of recognised income and expense)

	Note	Consolidated 2006 $'000	Consolidated 2005 $'000
Gain/(loss) on revaluation of property		-	1,643
Increase/(decrease) arising from a change in existing decommissioning, restoration or similar liabilities		-	-
Gain/(loss) on available-for-sale investments taken to equity		94	81
Gain/(loss) on cash flow hedges taken to equity		436	316
Exchange differences arising on translation of foreign operations		75	121
Actuarial gain/(loss) on defined benefit plans		-	-
Other [describe]		-	-
Income tax on items taken directly to equity		(181)	(648)
Net income/(expense) recognised directly in equity		424	1,513
Transfers (net of any related tax):			
Transfer to profit or loss on sale of available-for-sale investments		-	-
Transfer to profit or loss from equity on cash flow hedges		(86)	(60)
Transfer to initial carrying amount of non-financial hedged item on cash flow hedges		(180)	(141)
Transfer to profit or loss on disposal of foreign operation		(84)	-
Profit for the period		26,552	30,332
Total recognised income and expense for the period		26,626	31,644
Attributable to:			
Equity holders of the parent		22,626	28,881
Minority interests		4,000	2,763
		26,626	31,644
Effects of changes in accounting policy			
Attributable to equity holders of the parent:			
- increase/(decrease) in retained earnings at the beginning of the period	2	-	(21)
- [describe]	2	-	-
Attributable to minority interests		-	-
		-	(21)
Effects of corrections of errors			
Attributable to equity holders of the parent:			
- increase/(decrease) in retained earnings at the beginning of the period	4	-	-
Attributable to minority interests		-	-
		-	-

Notes to the financial statements are included on pages D33 to D39.

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

An alternative method of presentation, which also includes transactions with equity holders acting in their capacity as equity holders, is illustrated on page D28.

Note: Entities which recognise actuarial gains and losses directly in retained earnings must present a statement of recognised income and expense, and are not permitted to present a statement of changes in equity as illustrated in Alt 2.

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Consolidated statement of changes in equity
for the financial year ended 31 December 2006
(Alt 2: Presentation of a statement of changes in equity)

Consolidated

	Fully paid ordinary shares $'000	Partly paid ordinary shares $'000	Converting non-participating preference shares $'000	General reserve $'000	Asset revaluation reserve $'000
Balance at 1 January 2005	45,797	1,775	1,100	807	51
Effects of changes in accounting policies:					
Effect of changes in the accounting for financial guarantee contracts	-	-	-	-	-
As restated	45,797	1,775	1,100	807	51
Gain/(loss) on revaluation of property	-	-	-	-	1,643
Increase/(decrease) arising from a change in existing decommissioning, restoration or similar liabilities	-	-	-	-	-
Gain/(loss) on available-for-sale investments	-	-	-	-	-
Gain/(loss) on cash flow hedges	-	-	-	-	-
Exchange differences arising on translation of foreign operations	-	-	-	-	-
Related income tax	-	-	-	-	(493)
Net income recognised directly in equity	-	-	-	-	1,150
Transfers (net of any related tax):					
Transfer to profit or loss on cash flow hedges	-	-	-	-	-
Transfer to initial carrying amount of non-financial hedged item on cash flow hedges	-	-	-	-	-
Transfer to profit or loss on sale of available-for-sale investments	-	-	-	-	-
Profit for the period	-	-	-	-	-
Total recognised income and expense	-	-	-	-	1,150
Recognition of share-based payments	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-
Payment of dividends	-	-	-	-	-
Balance at 31 December 2005	45,797	1,775	1,100	807	1,201
Balance at 1 January 2006	45,797	1,775	1,100	807	1,201
Gain/(loss) on revaluation of property	-	-	-	-	-
Increase/(decrease) arising from a change in existing decommissioning, restoration or similar liabilities	-	-	-	-	-
Gain/(loss) on available-for-sale investments	-	-	-	-	-
Gain/(loss) on cash flow hedges	-	-	-	-	-
Exchange differences arising on translation of foreign operations	-	-	-	-	-
Related income tax	-	-	-	-	-
Net income recognised directly in equity	-	-	-	-	-
Transfers (net of any related tax):					
Transfer to profit or loss on cash flow hedges	-	-	-	-	-
Transfer to initial carrying amount of non-financial hedged item on cash flow hedges	-	-	-	-	-
Transfer to profit or loss on disposal of foreign operation	-	-	-	-	-
Profit for the period	-	-	-	-	-
Total recognised income and expense	-	-	-	-	-
Recognition of share-based payments	-	-	-	-	-
Transfer from equity-settled employee benefits reserve	338	-	-	-	-
Issue of shares under share option plan	314	-	-	-	-
Issue of shares for consulting services performed	8	-	-	-	-
Issue of converting non-participating preference shares	-	-	100	-	-
Issue of convertible notes	-	-	-	-	-
Share issue costs	-	-	(6)	-	-
Share buy-back	(16,456)	-	-	-	-
Share buy-back costs	(277)	-	-	-	-
Transfer to retained earnings	-	-	-	-	(3)
Payment of dividends	-	-	-	-	-
Related income tax	83	-	1	-	-
Balance at 31 December 2006	29,807	1,775	1,195	807	1,198

Notes to the financial statements are included on pages D33 to D39.

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

Investments revaluation reserve $'000	Equity-settled employee benefits reserve $'000	Hedging reserve $'000	Foreign currency translation reserve $'000	Option premium on convertible notes $'000	Tax consolidation reserve $'000	Retained earnings $'000	Attributable to equity holders of the parent $'000	Minority interest $'000	Total $'000
470	-	258	140	-	-	73,917	124,315	17,242	141,557
-	-	-	-	-	-	(21)	(21)	-	(21)
470	-	258	140	-	-	73,896	124,294	17,242	141,536
-	-	-	-	-	-	-	1,643	-	1,643
-	-	-	-	-	-	-	-	-	-
81	-	-	-	-	-	-	81	-	81
-	-	316	-	-	-	-	316	-	316
-	-	-	121	-	-	-	121	-	121
(24)	-	(95)	(36)	-	-	-	(648)	-	(648)
57	-	221	85	-	-	-	1,513	-	1,513
-	-	(60)	-	-	-	-	(60)	-	(60)
-	-	(141)	-	-	-	-	(141)	-	(141)
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	27,569	27,569	2,763	30,332
57	-	20	85	-	-	27,569	28,881	2,763	31,644
-	338	-	-	-	-	-	338	-	338
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	(6,479)	(6,479)	-	(6,479)
527	338	278	225	-	-	94,986	147,034	20,005	167,039
527	338	278	225	-	-	94,986	147,034	20,005	167,039
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
94	-	-	-	-	-	-	94	-	94
-	-	436	-	-	-	-	436	-	436
-	-	-	75	-	-	-	75	-	75
(28)	-	(131)	(22)	-	-	-	(181)	-	(181)
66	-	305	53	-	-	-	424	-	424
-	-	(86)	-	-	-	-	(86)	-	(86)
-	-	(180)	-	-	-	-	(180)	-	(180)
-	-	-	(84)	-	-	-	(84)	-	(84)
-	-	-	-	-	-	22,552	22,552	4,000	26,552
66	-	39	(31)	-	-	22,552	22,626	4,000	26,626
-	206	-	-	-	-	-	206	-	206
-	(338)	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	314	-	314
-	-	-	-	-	-	-	8	-	8
-	-	-	-	-	-	-	100	-	100
-	-	-	-	834	-	-	834	-	834
-	-	-	-	-	-	-	(6)	-	(6)
-	-	-	-	-	-	(555)	(17,011)	-	(17,011)
-	-	-	-	-	-	-	(277)	-	(277)
-	-	-	-	-	-	3	-	-	-
-	-	-	-	-	-	(6,635)	(6,635)	-	(6,635)
-	-	-	-	(242)	-	-	(158)	-	(158)
593	206	317	194	592	-	110,351	147,035	24,005	171,040

Source reference

Discussion and analysis of the consolidated statement of changes in equity
[or consolidated statement of recognised income and expense, as appropriate]
[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 2006

	Note	Consolidated 2006 $'000	Consolidated 2005 $'000
Cash flows from operating activities			
Receipts from customers		202,277	231,441
Payments to suppliers and employees		(154,567)	(170,848)
Interest and other costs of finance paid		(5,139)	(6,154)
Income taxes paid		(13,742)	(11,168)
Net cash provided by operating activities		28,829	43,271
Cash flows from investing activities			
Payment for investment securities		(5,393)	(3,762)
Proceeds on sale of investment securities		3,604	4,000
Interest received		2,315	1,304
Dividends received		186	179
Amounts advanced to related parties		(2,910)	(6,088)
Proceeds from repayment of related party loans		6,088	3,355
Payments for property, plant and equipment		(22,993)	(11,914)
Proceeds from sale of property, plant and equipment		9,872	22,295
Payments for intangible assets		(6)	(358)
Development costs paid		(502)	(440)
Proceeds from sale of businesses		7,566	-
Payment for businesses		(622)	-
Net cash (used in)/provided by investing activities		(2,795)	8,571
Cash flows from financing activities			
Proceeds from issues of equity securities		1,248	-
Payment for share issue costs		(6)	-
Payment for share buy-back to:			
- equity holders of the parent		(17,011)	-
- minority interests		-	-
Payment for share buy-back costs		(277)	-
Proceeds from issue of debt securities		21,616	-
Payment for debt issue costs		(595)	-
Proceeds from borrowings		17,181	12,177
Repayment of borrowings		(41,174)	(56,979)
Dividends paid to:			
- equity holders of the parent		(6,635)	(6,479)
- minority interests		-	-
Net cash used in financing activities		(25,653)	(51,281)
Net increase in cash and cash equivalents		381	561
Cash and cash equivalents at the beginning of the financial year		19,400	18,864
Effects of exchange rate changes on the balance of cash held in foreign currencies		55	(25)
Cash and cash equivalents at the end of the financial year		19,836	19,400

Notes to the financial statements are included on pages D33 to D39.
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 concise financial statements for the financial year ended 31 December 2006

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 Group Limited.

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

AASB1039.4.1.1 A full description of the accounting policies adopted by the Group is provided in the 2006 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.

2. Adoption of new and revised Accounting Standards

AASB1039.6.4(c), AASB108.28 In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2006. The adoption of these new and revised Standards and Interpretations has resulted in changes to the Group's accounting policies in the following areas that have affected the amounts reported for the current or prior years:

- investments as at fair value through profit or loss (AASB 2005-04 'Amendments to Australian Accounting Standards');
- financial guarantee contracts (AASB 2005-09 'Amendments to Australian Accounting Standards'); and
- rights to cash reimbursement for expenditure required to settle a provision (AASB 2005-5 'Amendments to Australian Accounting Standards).

The adoption of these new and revised Standards and Interpretations has also resulted in a change to the Group's accounting policies in relation to business combinations involving entities under common control.

The impact of these changes in accounting policies is in detail later in this note.

Although not specially required by AASB 1039 'Concise Financial Reports', Deloitte encourages the disclosure of Australian Accounting Standards on issue but not yet effective, and any known or reliably estimable information relevant to assessing their possible impact to the financial report in the period of initial application.

At the date of authorisation of the financial report, the following Standards and Interpretations were in issue but not yet effective:

• AASB 7 'Financial Instruments: Disclosures'	Effective for annual reporting periods beginning on or after 1 January 2007
• AASB 101 'Presentation of Financial Statements' – revised standard	Effective for annual reporting periods beginning on or after 1 January 2007
• AASB 2005-10 'Amendments to Australian Accounting Standards' – consequential amendments to other accounting standards resulting from the issue of AASB 7	Effective for annual reporting periods beginning on or after 1 January 2007
• Interpretation 7 'Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies'	Effective for annual reporting periods beginning on or after 1 March 2006
• Interpretation 8 'Scope of AASB 2'	Effective for annual reporting periods beginning on or after 1 May 2006
• Interpretation 9 'Reassessment of Embedded Derivatives'	Effective for annual reporting periods beginning on or after 1 June 2006
• Interpretation 10 'Interim Financial Reporting and Impairment'	Effective for annual reporting periods beginning on or after 1 November 2006

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the company or the Group, as the issue of Interpretation 7, Interpretation 8 and Interpretation 9 do not affect its present policies and operations. The Group has not reversed any impairment losses recognised in its reported half-year results, and accordingly, Interpretation 10, which prohibits the reversal of certain impairment losses, has no impact on the company or the Group's future financial statements.

Source reference

2. Adoption of new and revised Accounting Standards (cont'd)

The application of AASB 101 (revised), AASB 7 and AASB 2005-10 will not affect any of the amounts recognised in the financial statements, but will change the disclosures presently made in relation to the company and the Group's financial instruments and the objectives, policies and processes for managing capital.

These Standards and Interpretations will be first applied in the financial report of the Group that relates to the annual reporting period beginning after the effective date of each pronouncement, which in all cases will be the Company's annual reporting period beginning on 1 January 2007.

Limitation of ability to designate financial assets and financial liabilities through profit or loss

AASB1039.6.4(c), AASB108.28

The Australian Accounting Standards Board ('AASB') released AASB 2005-4 'Amendments to Australian Accounting Standards' in June 2005. AASB 2005-4 amends AASB 139 'Financial Instruments: Recognition and Measurement' by limiting the ability of entities to designate any financial asset or financial liability as 'at fair value through profit or loss'.

Financial assets that can no longer be designated as 'at fair value through profit or loss' shall be classified into either loans and receivables, held-to-maturity investments or available-for-sale investments, as appropriate, and measured at amortised cost or at fair value with changes in fair value recognised in equity, depending on classification. Financial liabilities that can no longer be designated as 'at fair value through profit or loss' shall be classified as 'other' financial liabilities and measured at amortised cost. Although ordinarily the designation of a financial asset as available-for-sale is made on initial recognition, the transitional provisions of the Standard allow such designation to be made on the date of de-designation (1 January 2005).

The changes introduced by AASB 2005-4 are applied by the Group with effect from the beginning of the comparative reporting period presented in this financial report (i.e., with effect from 1 January 2005). The amendments are made in accordance with the transitional provisions of AASB 2005-4 and results in listed shares held by the Group with a carrying value at 1 January 2005 (the date of de-designation) of $1,889 thousand that were previously designated as 'at fair value through profit or loss' being reclassified as available-for-sale investments. Fair value movements post 1 January 2005 are recognised directly in the investments revaluation reserve.

The impact of this reclassification is that, in the Group's financial statements, profit for the year ended 31 December 2005 decreased by $5 thousand (net of tax) and gains recognised in the investments revaluation reserve for the year ended 31 December 2005 increased by $5 thousand (net of tax) from that which was reported in the 2005 annual financial report. Profits for the 2006 financial year are $8 thousand lower than had the previous classification continued to apply.

Where an entity has previously designated financial assets or financial liabilities as 'at fair value through profit or loss' that would continue to qualify for such designation under the amended Standard, the entity may wish to highlight this fact. For example, the following wording may be adopted (amended as appropriate):

"The Australian Accounting Standards Board ('AASB') released AASB 2005-4 'Amendments to Australian Accounting Standards' in June 2005. AASB 2005-4 amends AASB 139 'Financial Instruments: Recognition and Measurement' by limiting the ability of entities to designate any financial asset or financial liability as 'at fair value through profit or loss'.

Financial assets that can no longer be designated as 'at fair value through profit or loss' shall be classified into either loans and receivables, held-to-maturity investments or available-for-sale investments, as appropriate, and measured at amortised cost or at fair value with changes in fair value recognised in equity, depending on classification. Financial liabilities that can no longer be designated as 'at fair value through profit or loss' shall be classified as 'other' financial liabilities and measured at amortised cost.

The changes introduced by AASB 2005-4 are applied by the Group with effect from the beginning of the comparative reporting period presented in this financial report (i.e., with effect from 1 January 2005). Financial assets and financial liabilities designated by the Group as 'at fair value through profit or loss' continue to meet the revised designation rules and, accordingly, the application of these amendments has no impact on the financial statements."

Accounting for financial guarantee contracts

AASB1039.6.4(c), AASB108.28

The AASB released AASB 2005-9 'Amendments to Australian Accounting Standards' in September 2005. AASB 2005-9 amends AASB 139 'Financial Instruments: Recognition and Measurement' to require certain financial guarantee contracts to be recognised in accordance with AASB 139 and measured initially at their fair values, and subsequently measured at the higher of the amount recognised as a provision and the amount initially recognised less cumulative amortisation in accordance with the Group's revenue recognition policies.

Source reference

2. Adoption of new and revised Accounting Standards (cont'd)

The changes introduced by AASB 2005-9 are applied by the Group with effect from the beginning of the comparative reporting period presented in this financial report (i.e., with effect from 1 January 2005). The Group is party to a financial guarantee contract where an entity in the Group has provided a financial guarantee to a bank in respect of an entity external to the DTT Group Limited group.

The application of these amendments results in such financial guarantee contracts now being recognised and measured at the higher of the best estimate of the expenditure required to settle the obligation and the amount initially recognised less, where appropriate, cumulative amortisation.

The impact of this change in accounting policy in the consolidated financial statements at the beginning of the comparative period is that a liability of $30 thousand and the associated deferred tax asset of $9 thousand was recognised for the financial guarantee contracts, adjusted against opening retained earnings. Profit for the year ended 31 December 2005 is $8 thousand higher under the new policy and financial liabilities as at 31 December 2005 higher by $18 thousand from that which was reported in the 2005 annual financial report. Profits for the year ended 31 December 2006 are $4 thousand lower under the new accounting policy as a result of movements in the fair value of the financial liabilities recognised.

Accounting for business combinations involving entities or businesses under common control

AASB1039.6.4(c), AASB108.28

The AASB released AASB 2005-6 'Amendments to Australian Accounting Standards' in June 2006. AASB 2005-6 amends AASB 3 'Business Combinations' by removing business combinations involving entities or business under common control from its scope. The effect of the scope amendment is that there is no longer any explicit guidance under Accounting Standards as to how to account for these types of business combinations.

Due to the requirements of AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' permitting the non-restatement of pre-transition business combinations, the amendment has no effect on the financial statements of the Company or Group for the current or prior reporting periods. However, future transactions involving entities under common control will be affected.

The Group has determined that such future intra-group transactions ('common control transactions') will be generally accounted for, in the separate financial statements of the Company, by reference to the existing (consolidated) book value of the items. Where the transaction value of common control transactions differ from their consolidated book value, the difference is recognised as a contribution by or distribution to equity participants by the transacting entities.

Accounting for rights to reimbursement

Where an entity has received a right to reimbursement for expenditure required to settle a present or former provision in the form of cash and has presently accounted for such right in accordance with AASB 139, the following wording may be adopted (amended as appropriate):

AASB1039.6.4(c), AASB108.28

The AASB released AASB 2005-5 'Amendments to Australian Accounting Standards' in June 2005. The amendment arose in the context of rights to receive reimbursement subject to Interpretation 5 'Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds' and amends AASB 139 'Financial Instruments: Recognition and Measurement' to exclude rights to reimbursement for expenditure required to settle a present or former provision recognised in accordance with AASB 137 'Provisions, Contingent Liabilities and Contingent Assets'. The effect of the scope amendment is that a contractual right to receive such reimbursement in the form of cash will be accounted for in the same manner as other forms of rights to such reimbursements (i.e., non-cash rights), rather than as an available-for-sale financial asset.

The changes introduced by AASB 2005-5 are applied by the Group with effect from the beginning of the comparative reporting period presented in this financial report (i.e., with effect from 1 January 2005). The application of these amendments results in such rights to reimbursements that were previously classified by the Group as available-for-sale financial assets (measured at fair value with changes in fair value recognised directly in equity) being now accounted for in accordance with the requirements of AASB 137 (measured at the best estimate of expenditure required to settle the obligation with changes in the carrying amount recognised in profit or loss for the period).

The impact of this change in accounting policy is that retained earnings as at 1 January 2005 increased/decreased by $x thousand, the investments revaluation reserve as at 1 January 2005 increased/decreased by $x thousand, profit for the year ended 31 December 2005 increased/decreased by $x thousand and gains/losses recognised in the investments revaluation reserve for the year ended 31 December 2005 increased/decreased by $x thousand from that which was reported in the 2005 annual financial report. Profits for the year ended 31 December 2006 are $x thousand higher/lower than had the previous accounting policy continued to apply.

Source reference

2. Adoption of new and revised Accounting Standards (cont'd)

Impact on earnings per share

AASB1039.6.4(c), AASB108.28(f)(ii)

To the extent that the changes described above have had an impact on results reported for 2006 and 2005, they have had an impact on the amounts reported for earnings per share.

The following table summarises that impact on both basic and diluted earnings per share:

	Impact on basic earnings per share		Impact on diluted earnings per share	
	2006 Cents per share	2005 Cents per share	2006 Cents per share	2005 Cents per share
Limitation of ability to designate financial assets and financial liabilities as at 'fair value through profit or loss'	(0.04)	(0.02)	(0.04)	(0.02)
Recognition of financial guarantee contracts	(0.02)	0.04	(0.02)	0.04
Other [describe]	-	-	-	-
Total impact of changes in accounting policies	(0.06)	0.02	(0.06)	0.02

Note: The impact on earnings per share of changes in accounting policies have been rounded to the nearest one hundredths of one cent for illustrative purposes only.

3. Revision of accounting estimates

Useful lives of property, plant and equipment

AASB1039.6.4(c), AASB108.39

The Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. During the financial year the directors determined that the useful life of certain items of equipment should be shortened, due to developments in technology.

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 3 years, by the following amounts:

	$'000
2006	9
2007	7
2008	4
2009	2

Further guidance concerning the disclosure of revisions in accounting estimates is contained in AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', or refer to Section B of this publication.

4. Errors

AASB1039.6.4(c), AASB108.49

An entity shall disclose the following in respect of material prior period errors identified:

(a) the nature of the prior period error;

(b) for each prior period presented, to the extent practicable, the amount of the correction:
   i. for each financial statement line item affected; and
   ii. if AASB 133 'Earnings per Share' applies to the entity, for basic and diluted earnings per share;

(c) the amount of the correction at the beginning of the earliest prior period presented; and

(d) if retrospective restatement is impracticable for a particular prior period, the circumstances that led to the existence of that condition and a description of how and from when the error has been corrected.

Financial reports of subsequent periods need not repeat these disclosures.

Source reference

5. Business segments

This illustrative example of the disclosure of 'primary' segment information has been presented on the basis that DTT Group 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	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000	2006 $'000	2005 $'000	2006 $'000	2005 $'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	69,542	988	650	-	-	64,261	70,192
Other	2,275	2,831	-	-	-	-	2,275	2,831
Total of all segments							209,405	232,633
Eliminations							(3,503)	(2,522)
Unallocated							3,029	1,923
Consolidated revenue							208,931	232,034

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

Segment revenue does not include:

(a) interest and dividend income, including interest earned on advances or loans to other segments, unless the segment's operations are primarily of a financial nature

(b) gains on sales of investments or extinguishment of debt, unless the segment's operations are primarily of a financial nature.

(c) an entity's share of profits or losses of associates, joint ventures, or other investments accounted for under the equity method, unless those items are included in consolidated or total entity revenue.

In measuring and disclosing segment revenues from transactions with other segments, inter-segment transfers shall be measured on the basis that the entity used to price those transfers.

AASB1039.6.2(b)

Segment result

	2006 $'000	2005 $'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 tax	29,548	32,138
Income tax expense	(11,306)	(11,801)
Profit for the year from continuing operations	18,242	20,337
Discontinued operations		
Bicycles	5,454	9,636
Construction	4,206	3,481
	9,660	13,117
Eliminations	-	-
Unallocated	1,810	(124)
Profit before tax	11,470	12,993
Income tax expense	(3,160)	(2,998)
Profit for the year from discontinued operations	8,310	9,995
Profit for the year	26,552	30,332

Source reference

5. Business segments (cont'd)

AASB1039.6.2(c), (d)

Segment assets and liabilities

	Assets		Liabilities	
	2006 $'000	**2005 $'000**	**2006 $'000**	**2005 $'000**
Widgets	116,149	108,034	10,003	11,662
Bicycles	-	10,012	-	955
Construction	18,494	20,012	3,104	2,552
Toys	72,513	70,658	7,135	6,105
Other	8,346	7,970	220	214
Total of all segments	215,502	216,686	20,462	21,488
Eliminations	-	-	-	-
Unallocated	46,911	44,443	70,911	72,602
Consolidated	262,413	261,129	91,373	94,090

6. Sales revenue

AASB1039.6.3(a)

Profit from operations includes the following amounts of sales revenue:

	Consolidated	
	2006 $'000	**2005 $'000**
Continuing operations:		
Revenue from the sale of goods	102,469	102,035
Revenue from the rendering of services	38,449	49,805
	140,918	151,840
Discontinued operations:		
Revenue from the sale of goods	64,087	77,661
Construction contract revenue	318	182
	64,405	77,843
	205,323	229,683

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.

7. Dividends

	2006		2005	
	Cents per share	**Total $'000**	**Cents per share**	**Total $'000**
Recognised amounts (AASB1039.6.3(b)(i), (c))				
Fully paid ordinary shares				
Interim dividend fully franked at a 30% tax rate paid on 5 September 2006 (Prior year: paid on 6 September 2005)	17.85	2,618	12.71	2,559
Final dividend fully franked at a 30% tax rate paid on 12 April 2006 (Prior year: paid on 6 April 2005)	19.36	3,897	18.93	3,810
	37.21	6,515	31.64	6,369
Converting non-participating preference shares				
Final dividend fully franked at a 30% tax rate paid on 22 December 2006 (Prior year: paid on 20 December 2005)	10.00	120	10.00	110
		6,635		6,479
Unrecognised amounts (AASB1039.6.3(b)(ii), (c))				
Fully paid ordinary shares				
Final dividend fully franked at a 30% tax rate to be paid on 4 April 2007 (Prior year: paid on 12 April 2006)	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.

Source reference

8. 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.

9. 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 shall be consistent with the full financial report of the entity and 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.

Our Signals

Recruit and retain the best – our people are talented, enthusiastic, self-starters, team players who are bursting with potential. They are people with whom we have a lifetime association.

Talk straight – when we talk, it's open, regular, honest, constructive two-way communication between our people and our clients.

Empower and trust – we encourage a sense of ownership and pride by giving responsibility and delegating authority.

Continuously grow and improve – we have an environment that respects the individual, rewards achievements, welcomes change and encourages a lifetime of learning – with ourselves and our clients.

Aim to be famous – we aim to reach for the stars – and beyond. To be thought leaders, showcasing our clients and our team's talent and expertise.

Play to win-think globally – winning is our stated objective. It is also our state of mind.

Have fun and celebrate – there is never a wrong time to celebrate and have fun – recognising, appreciating, acknowledging and learning from the experiences and success shared between our client and Deloitte teams.

Our culture – our essence

Culture at Deloitte does not just happen – we work at it.

It's the sum total of the actions of our people, it's the way we treat others – it's the way we behave. Our seven Signals embody these values. Our passion for teamwork and exceptional client service is our point of difference.

At Deloitte, we live and breathe our culture.

Our internationally experienced professionals strive to deliver seamless, consistent services wherever our clients operate. Our mission is to help our clients and our people excel.

Recent awards and achievements

- 'Accounting Services Firm of the Year' – CFO Awards (Sept 2006)
- Employer of Choice for Women citation for the fifth year in a row by the EOWA (Equal Opportunity for Women in the Workplace Agency) Business Achievement Awards (Feb 2006)
- voted the World's 'Best Securitisation Accounting Firm' for the eighth year running in the international Securitisation Report' (Jan 2006)
- named number one non-investment banking firm for global corporate reorganisation by 'The Deal' (Dec 2005)
- rated as a 'Leader' in ERM Consulting achieving the highest overall score in the evaluation. (Oct 2005) *
  * Enterprise Risk Management – Oct 2005
- EOWA Business Achievement Awards (Sept 2005)
  Deloitte CEO, Giam Swiegers: winner of 'Leading CEO for the Advancement of Women' in the Australian Government's EOWA Business Achievement Awards
- winner of the 'Most Innovative Firm' in BRW–St George Client Choice Awards (Mar 2005)
- Accounting Services Special Award, CFO Magazine Awards (Aug 2004)
- voted #1 globally as the top transfer pricing network in the world by Euromoney's 2004 edition of the 'Expert Guide to the World's Leading Transfer Pricing Advisers' (Feb 2004)
- ranked #1 by Asia Insurance Review in recognition of Trowbridge Deloitte's outstanding standard of services. 'Service Provider of the Year' (Oct 2003)
- ranked #2 in annual list of 'Top 100 accounting firms', by BRW (July 2003)
- voted #1 in Euromoney's 'World's Leading Tax Advisers' Guide (2002)

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