Rules 4.3A

Appendix 4E

Preliminary final report

Name of entity

AdultShop.com Limited

ABN or equivalent company reference	Financial year ended ('current period')
92 009 147 924	30 June 2005

For announcement to the market

				$A'000
Revenues from ordinary activities	Down	5.6%	to	38,371
(Loss) / profit from ordinary activities after tax attributable to members				(2,186)
Net (loss) / profit for the period attributable to members				(2,186)

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend Interim dividend	None	- ¢
Previous corresponding period	None	- ¢

+Record date for determining entitlements to the dividend, (in the case of a trust, distribution)	N/A

The above results should be read in conjunction with the notes and commentary contained in this report.

Management Discussion and Analysis

Overview

The net loss after tax of the consolidated entity for the year ended 30 June 2005 was $2.2 million (2004: net profit of $2.8 million).

The loss per share for the year was 0.7 cents (2004: profit per share 0.9 cents).

Summarised operating profit results are as follows:

Business Segment	Revenues	Operating profit/ (loss) prior to depreciation and amortisation of intangibles	Depreciation	Amortisation of intangibles	Operating profit / (loss) before income tax
	$'000	$'000	$'000	$'000	$'000
Online	11,294	331	(30)	(21)	280
Retail/Wholesale	24,845	2,776	(826)	(1,783)	167
Phone services	1,556	19	(2)	-	17
Unallocated	676	(2,595)	(154)	-	(2,749)
Total	38,371	531	(1,012)	(1,804)	(2,285)

The operating profits / (losses) before income tax of the segments can be apportioned between the two halves of the financial year as follows:

Business Segment	Half year ended 31 December 2004	Half year ended 30 June 2005	Year ended 30 June 2005
	$'000	$'000	$'000
Online	(808)	1,088	280
Retail / Wholesale / Party Plan	306	(139)	167
Phone services	(12)	29	17
Unallocated	(1,331)	(1,418)	(2,749)
Total operating loss before tax	(1,845)	(440)	(2,285)

Significant Items

Included in the operating loss of the online segment for the year, is an amount of $2,310,000 relating to the settlement of the claim brought against the company by a United States based credit card processor, being $1,924,000 in settlement of the claim and $386,000 in legal fees. This amount was expensed in the first half of the 2005 financial year.

The online segment's operating profit before tax for the 2004 financial year included a once off increase in operating profit of $1,011,000, resulting from the reversal of a provision for disputed credit card transactions.

Online

The online business segment's revenues for the year were 27% down on the 2004 financial year with the majority of this decline occurring in the first half of the year.

The decrease in revenues is largely attributable to the decrease in the revenues of the online entertainment division, which now appear to have stabilised, and to a lesser extent the German online retail operations which have been affected by poor retail trading conditions in Germany. The Australian online retail operations have, however, continued to show positive growth with a 28% increase in revenues for the year.

Online operating profit before tax for the year was negatively impacted by the reduced entertainment revenues, and the once off significant expense of $2,310,000 relating to the settlement of the claim by the United States based credit card processor. The profitability of the Australian online retail division has, however, increased significantly with the increased revenues.

There are no known claims outstanding from credit card processors.

Retail / Wholesale / Party Plan

The retail/wholesale/party plan segment revenues increased by 15% in the 2005 financial year. Wholesale revenues increased strongly in the first half of the financial year before stabilising in the second half. Retail revenues were static, party plan sales increased significantly although this was from a low base in 2004, and mail order revenues continued to decline.

Total segment operating profit before tax decreased in comparison to the prior year, in spite of the increase in revenues. This decrease was a result of increased operating losses incurred in the party plan and DVD rental divisions, both of which are new divisions and as a result incurred initial once off start up costs.

The mail order division continues to remain profitable despite the decreasing revenues.

Phone Services

Revenues from the adult premium phone and SMS based chat and dating services divisions decreased 42% on the prior year as a result of a reduction in the marketing of these services.

The division did, however, record a small operating profit before tax of $17,000, after a loss in the prior financial year of $69,000.

No significant revenues or profits are expected from the division in the 2006 financial year.

Likely Developments and Expected Results

After decreasing at a reducing rate in the 2005 financial year, online entertainment monthly revenues and operating profits appear to have stabilised at year end and are expected to continue at these year end levels in 2006 financial year.

The German online retail division's revenues and operating profits are expected to remain at current levels, whilst the positive growth in the Australian online retail sector is expected to continue.

The Australian retail, wholesale and party plan divisions' revenues are expected to continue to grow, although the wholesale division's revenue is expected to grow at a slower rate than in 2005 financial year. After initially incurring losses during their start up phases, both the party plan and DVD rental divisions are expected to make positive contributions to operating profit in the 2006 financial year.

The New Zealand operation of Video Wholesalers, which was acquired with effect from 26 May 2005, is expected to have a positive impact on both revenues and operating profit.

The mail order division is expected to continue to remain profitable despite the expectation that revenues will continue to decrease.

A net operating profit before tax, and before taking into account the impact of any changes in accounting policy as a result of the adoption of Australian equivalents to International Financial reporting standards, of approximately $1,000,000 is forecast for the group for the 2006 financial year.

Contingencies

As previously disclosed, during the financial year ended 30 June 2003, the Company's wholly owned subsidiary, Today's Success Pty Ltd, was served with a summons to appear before the Supreme Court of Queensland by one of its former suppliers of Internet traffic, Pageseeker.com Pty Ltd, a subsidiary of ASX listed company, Dark Blue Sea Limited. Pageseeker.com Pty Ltd is seeking to recover an amount of US$69,304 for the supply of Internet traffic.

Today's Success Pty Ltd has lodged a Defence and Counterclaim for amounts overpaid to the supplier as a result of a discount previously agreed by both parties and not allowed for in the invoices issued by the supplier. The amount of the Counterclaim is US$747,395, though this is expected to increase.

This Counterclaim is a contingent asset of AdultShop.com Limited, dependent upon successful legal action for recovery and there is no guarantee of success.

Consolidated Statement of Financial Performance

	30/06/05 $A'000	30/06/04 $A'000
Revenues from ordinary activities	38,371	40,650
Expenses from ordinary activities	(40,649)	(36,893)
Borrowing costs	(7)	(10)
(Loss) / profit from ordinary activities before tax	**(2,285)**	**3,747**
Income tax credit /(expense) on ordinary activities *(see Note 3)*	99	(927)
(Loss) / profit from ordinary activities after tax	**(2,186)**	**2,820**
Net (loss) / profit	**(2,186)**	**2,820**
Net (loss) / profit for the period attributable to members	**(2,186)**	**2,820**

Earnings per security (EPS)	**30/06/05**	**30/06/04**
Basic (loss per share) / earnings per share	(0.7) cents	0.9 cents
Diluted (loss per share) / earnings per share	(0.7) cents	0.9 cents

Revenue and expenses from ordinary

	30/06/05 $A'000	30/06/04 $A'000
Sales revenue	37,310	39,443
Interest revenue	563	641
Other relevant revenue	498	566
Details of relevant expenses		
Cost of Goods sold and services rendered	16,640	17,339
Distribution expenses	681	248
Marketing expenses	3,203	3,375
Occupancy expenses	1,954	1,950
Administrative expenses (see significant items below)	13,552	9,832
Borrowing costs expense	7	10
Other expenses from ordinary activities	1,803	1,655
Amortisation of intangibles	1,804	1,516
Depreciation	1,012	978
Significant Items		
Administrative expenses for the year ended 30 June 2005 includes a once off amount of $2,310,000, being $1,924,000 (US$1,500,000) payable in settlement of a claim by a United States based credit card processor and $386,000 in related legal fees.		
Capitalised outlays		
Outlays capitalised in intangibles (unless arising from an +acquisition of a business) (see Note 1)	1,635	1,126

Consolidated accumulated losses

	30/06/05 $A'000	30/06/04 $A'000
Accumulated losses at the beginning of the financial period	(48,136)	(50,956)
Net loss profit attributable to members	(2,186)	2,820
Accumulated losses at end of financial period	**(50,322)**	**(48,136)**

Intangible and extraordinary items

	Consolidated - current period			
	Before tax $A'000 (a)	**Related tax $A'000** (b)	**Related outside +equity interests $A'000** (c)	**Amount (after tax) attributable to members $A'000** (d)
Amortisation of goodwill	563	-	-	563
Amortisation of other intangibles	1,241	-	-	1,241
Total amortisation of intangibles	1,804	-	-	1,804

+ See chapter 19 for defined terms

Consolidated Statement of Financial Position

	30/06/05 $A'000	30/06/04 $A'000
Current assets		
Cash	6,505	14,662
Receivables	3,969	3,632
Inventories	7,246	5,324
Tax receivable	74	-
Other financial assets	530	-
Other - Prepayments	755	652
Total current assets	**19,079**	**24,270**
Non-current assets		
Property, plant and equipment (net)	4,397	4,023
Intangible assets (see Note 1)	2,734	1,826
Total non-current assets	**7,131**	**5,849**
Total assets	**26,210**	**30,119**
Current liabilities		
Payables	3,282	3,623
Interest-bearing liabilities	14	16
Tax liabilities	-	1,301
Provisions	499	527
Total current liabilities	**3,795**	**5,467**
Non-current liabilities		
Interest-bearing liabilities	77	93
Provisions	143	180
Total non-current liabilities	**220**	**273**
Total liabilities	**4,015**	**5,740**
Net assets	**22,195**	**24,379**
Equity		
Contributed equity	72,402	72,400
Reserves	115	115
Accumulated losses	(50,322)	(48,136)
Total equity	**22,195**	**24,379**

Consolidated Statement of Cash Flows

	30/06/05 $A'000	30/06/04 $A'000
Cash flows related to operating activities		
Receipts from customers	39,317	41,018
Payments to suppliers and employees	(39,610)	(35,459)
Interest received	550	632
Interest paid	(1)	(6)
Income taxes paid	(1,117)	(365)
Settlement of legal claim	(1,934)	-
Net operating cash flows	**(2,795)**	**5,820**
Cash flows related to investing activities		
Payment for purchases of property, plant and equipment	(1,326)	(2,152)
Proceeds from sale of property, plant and equipment	-	145
Cash security deposits reclassified as sundry debtors	-	(405)
Payment for purchases of business and operations	(1,966)	-
Payment for purchase of equity investment	(546)	-
Proceeds from disposal of businesses	-	106
Proceeds from disposal of investment in associate	35	-
Advances repaid by associate	17	24
Other - Payment for Copyright and Domain Names	(1,438)	(1,244)
Net investing cash flows	**(5,226)**	**(3,526)**
Cash flows related to financing activities		
Proceeds from issue of ordinary shares	2	4
Finance Lease principal payments	(81)	(60)
Net financing cash flows	**(79)**	**(56)**
Net increase (decrease) in cash held	**(8,100)**	**2,238**
Cash at beginning of period *(see Reconciliation of cash)*	14,662	12,465
Exchange rate adjustments	(57)	(41)
Cash at end of period *(see Reconciliation of cash)*	**6,505**	**14,662**

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows:	**30/06/05 $A'000**	**30/06/04 $A'000**
Cash on hand and at bank	2,561	1,398
Deposits at call	3,944	13,264
Total cash at end of period	**6,505**	**14,662**

Non-cash financing and investing activities

During the financial year the consolidated entity acquired plant and equipment with an aggregate value of $nil (2004: $72,425) by means of finance leases.

NTA backing

	30/06/05 $A'000	**30/06/04 $A'000**
Net tangible asset backing per +ordinary security	6.37 cents	7.39 cents

Issued and quoted securities at end of current period

(Description must include rate of interest and any redemption or conversion rights together with prices and dates)

Category of +securities	Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
+Ordinary securities	305,365,924	305,365,924		
Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks	15,590	15,590	10	10
Options *(description and conversion factor)*			***Exercise price***	***Expiry date (if any)***
Listed Options (ASCO)	152,615,958	152,615,958	$0.10	30/6/06
Employee Options	464,000	-	$0.16	11/02 to 10/06
Employee Options	464,000	-	$0.20	11/03 to 10/06
Employee Options	464,000	-	$0.24	11/03 to 10/06
Director & Officers Options	3,480,000	-	$0.20	4/12/06
Director & Officers Options	1,110,000	-	$0.24	4/12/06
Director & Officers Options	1,110,000	-	$0.28	4/12/06
TOTAL	159,707,958	152,615,958		
Issued during current period	-	-	-	-
Exercised during current period	15,590	15,590	$0.10	30/6/06
Expired and forfeited during current period				
	133,334	-	$1.10	28/02/05
Unlisted Options	133,334	-	$1.30	28/02/05
Unlisted Options	133,332	-	$1.55	28/02/05
Unlisted Options	43,333	-	$1.10	17/04/05
Unlisted Options	43,333	-	$1.30	17/04/05
Unlisted Options	43,333	-	$1.55	17/04/05
Unlisted Options	141,000	-	$0.16	31/10/06
Unlisted Options	141,000	-	$0.20	31/10/06
Unlisted Options	141,000	-	$0.24	31/10/06
Unlisted Options				
	953,000	-		

Segment reporting

See Note 2.

Annual meeting

(Preliminary final report only)

The annual meeting will be held as follows:

Place	Parmelia Hilton, 14 Mill Street, Perth
Date	8 November 2005
Time	11 am
Approximate date the +annual report will be available	7 October 2005

Compliance statement

1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX.

2 This report, and the +accounts upon which the report is based (if separate), use the same accounting policies.

3 This report does give a true and fair view of the matters disclosed.

4 This report is based on +accounts to which one of the following applies.
(Tick one)

☐	The +accounts have been audited.	☐	The +accounts have been subject to review.
√	The +accounts are in the process of being audited or subject to review.	☐	The +accounts have *not* yet been audited or reviewed.

Sign here: . (Director)   Date: 13 September 2005

Print name: Malcolm Day

NOTE 1: RECONCILIATION OF INTANGIBLES

	2005 $'000	2004 $'000
Carrying amount at beginning of the year	1,826	2,217
Additions – copyright, mail order lists and domain names	1,635	1,125
Additions through acquisition of business	1,077	-
Amortisation expense	(1,804)	(1,516)
Carrying amount at end of the year	**2,734**	**1,826**

NOTE 2: SEGMENT INFORMATION

Segment products and locations

The consolidated entity's operating divisions are organised and managed separately according to the nature of the products and services they provide, with each segment offering different products and serving different markets.

The online segment provides online erotic entertainment services and the retailing of erotic products to internet users. The Retail/Wholesale segment is comprised a chain of adult retail stores in Australia, a newly acquired chain of adults stores in New Zealand, a direct selling division selling adult products through "Party Plans", a mail order business selling adult videos and DVDs to consumers, a DVD rental business, and a wholesale business which sells products to adult retail outlets. The phone services division operates telephone dating and chat services.

Geographically, the majority of the group revenues originate in Australia. A significant portion of the group's remaining revenue however consists of entertainment revenue which is produced on the worldwide web and therefore it is not possible to determine with any accuracy the country of origin of that revenue. The group is aware that a significant portion of this revenue attributed to the online segment originates from North America.

Segment accounting policies

The group generally accounts for inter-segment sales and transfers as if the sale or transfers were to third parties at current market prices.

NOTE 2: SEGMENT INFORMATION (continued)
Primary Segment

Business segments	Online		Retail/Wholesale		Phone Services		Eliminations		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Revenue	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Sales to customers outside the consolidated entity	11,286	15,572	24,483	21,222	1,541	2,649	-	-	37,310	39,443
Other revenues	8	2	362	458	15	31	-	-	385	491
Intersegment revenues	-	-	1,617	1,108	-	26	(1,617)	(1,134)	-	-
Total segment revenue	**11,294**	**15,574**	**26,462**	**22,788**	**1,556**	**2,706**	**(1,617)**	**(1,134)**	**37,695**	**39,934**
Unallocated revenue									676	716
Total consolidated revenue									**38,371**	**40,650**

	Online		Retail/Wholesale		Phone Services		Eliminations		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Results	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Earnings before tax, depreciation, amortisation and write-offs	331	5,719	2,776	2,512	19	(67)	-	-	3,126	8,164
Depreciation	(30)	(45)	(826)	(764)	(2)	(2)	-	-	(858)	(811)
Amortisation	(21)	(138)	(1,783)	(1,378)	-	-	-	-	(1,804)	(1,516)
Write-offs on Intangibles	-	-	-	-	-	-	-	-	-	-
Segment result	**280**	**5,536**	**167**	**370**	**17**	**(69)**	**-**	**-**	**464**	**5,837**
Unallocated corporate expenses									(2,749)	(2,090)
Consolidated entity (loss) / profit from ordinary activities before income tax									**(2,285)**	**3,747**
Income tax credit / (expense)									99	(927)
Net (loss) / profit									**(2,186)**	**2,820**

NOTE 2: SEGMENT INFORMATION
Primary Segment (continued)

Business segments	Online		Retail/Wholesale		Phone Services		Eliminations		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets										
Segment Assets	**2,063**	1,743	**18,822**	15,241	**176**	228	**-**	-	**21,061**	17,212
Unallocated assets									5,149	12,907
Total assets									**26,210**	30,119
Liabilities										
Segment liabilities	**294**	270	**3,011**	3,326	**59**	70	**-**	-	**3,364**	3,666
Unallocated liabilities									651	2,074
Total liabilities									**4,015**	5,740
Other segment information:										
Acquisition of plant and equipment intangible assets and other non-current assets	21	38	4,134	3,327	-	-	-	-	**4,155**	3,365
Non-cash expense other than depreciation and amortisation	(47)	190	268	175	-	-	-	-	**221**	365

NOTE 2: SEGMENT INFORMATION (continued)

Secondary Segment

Geographic	Australia		Germany		New Zealand		Other		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Segment Revenue										
Allocated revenue	**29,158**	26,879	**2,210**	2,427	**226**	-	**27**	117	**31,621**	29,423
Unallocated revenue									6,750	11,227
Total revenue									**38,371**	40,650
Segment Assets	**23,748**	29,782	**296**	304	**2,134**	-	**32**	33	**26,210**	30,119
Other segment information:										
Acquisition of plant and equipment, intangible assets and other non-current assets	**2,723**	3,361	**4**	4	**1,428**	-	**-**	-	**4,155**	3,365

Unallocated revenue
The unallocated revenue is comprised of entertainment revenue which is produced on the worldwide web and therefore it is not possible to determine with any accuracy the country of origin for that revenue. The group is aware that a significant portion of this revenue originates from North America.

NOTE 3: INCOME TAX

	2005 $'000	2004 $'000
(a) The prima facie tax (benefit) / expense at 30% (2004: 30%) on operating (loss) / profit is reconciled to the income tax provided in the accounts as follows:		
Operating (loss) / profit	**(2,285)**	**3,747**
Prima facie income tax (benefit) / expense	**(685)**	**1,124**
Tax effect of permanent differences		
Capital profits	(32)	-
Amortisation of goodwill	169	164
Other non-deductible items	23	3
Prior period adjustments	(99)	(385)
Net future income tax benefits not booked	525	21
Income tax (credit) / expense attributable to operating profit	**(99)**	**927**

NOTE 4: IMPACT OF ADOPTING AASB EQUIVALENTS TO IASB STANDARDS

AdultShop.com Limited is in the process of transitioning its accounting policies and financial reporting from current Australian Standards to Australian equivalents of International Financial Reporting Standards (AIFRS) which will be applicable for the financial year ended 30 June 2006. The Company allocated internal resources to identify key areas that will be impacted by AIFRS and quantify the effects thereof. Priority has been given to considering the preparation of an opening balance sheet in accordance with AASB equivalents to AIFRS as at 1 July 2004, AdultShop.com Limited's transition date to AIFRS. This will form the basis of accounting for Australian equivalents of AIFRS in the future, and is required when AdultShop.com Limited prepare its first fully AIFRS compliant financial report for the year ended 30 June 2006.

Set out below are the key areas where accounting policies are expected to change on adoption of AIFRS and our best estimate of the quantitative impact of the changes on total equity as at the date of transition and 30 June 2005 and on net profit for the year ended 30 June 2005.

NOTE 4: IMPACT OF ADOPTING AASB EQUIVALENTS TO IASB STANDARDS (continued)

The figures disclosed are management's best estimate of the quantitative impact of the changes as at the date of preparing the 30 June 2005 financial report. The actual effects of transition to AIFRS may differ from the estimates disclosed due to (a) ongoing work being undertaken; (b) potential amendments to AIFRS and Interpretations thereof being issued by the standard-setters and IFRIC; and (c) emerging accepted practice in the interpretation and application of AIFRS and UIG interpretations.

Goodwill

Under AASB 3 Business Combinations, goodwill would not be permitted to be amortised but instead is subject to impairment testing on an annual basis or upon the occurrence of triggers which may indicate a potential impairment. Currently, the group amortises goodwill over its useful life but not exceeding 5 years. The group has not elected to apply AASB 3 retrospectively and hence, prior year amortisation would not be written back as at the date of transition. The Company has assessed the impairment triggers and the facts and circumstances relevant to AdultShop.com Limited and the consolidated entity at transition date and 30 June 2005 and has made a preliminary assessment that goodwill is not impaired. The impact of adopting this policy on the net profit for the year ended 30 June 2005 would therefore be a reduction in the goodwill amortisation expense for the year of $553,000.

Property, Plant and Equipment

Under ASSB 116 Property, Plant and Equipment, the group would be required to include as part of the cost of its leasehold improvements, an estimate of the costs to remove those improvements at the end of the lease term where such an obligation exists to the lessor. A corresponding liability would also be recognised under AIFRS in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets. These costs are not recognised under AGAAP. Following an assessment by the Company, it is expected that decommissioning costs of $282,000 will be capitalised as leasehold improvements at transition date and a further $87,000 capitalised at 30 June 2005, and a corresponding liability raised.

These leasehold improvements would be amortised over the period of the lease resulting in a charge to the income statement. This would result in an estimated increase of $277,000 in the accumulated amortisation of leasehold improvements at transition, and an increase of $5,000 in the amortisation expense for the year ended 30 June 2005.

Impairment of Assets

Under AASB 136 Impairment of Assets, the recoverable amount of an asset is determined as the higher of its net selling price and value in use. The group's current accounting policy is to determine the recoverable amount of an asset on the basis of discounted cash flows. The group's assets were tested for impairment on transition and 30 June 2005 as part of the cash generating unit to which they belong. The preliminary assessment is that no impairment losses would be required to be recognised under AIFRS at these dates.

Financial Instruments – Recognition and Measurement

Under AASB 139, Financial Instruments – Recognition and Measurement, investments (other than long term investments held to maturity) are initially measured at transaction cost and subsequent to initial recognition remeasured to fair value with gains and losses to be recognised through an adjustment to equity. The increase in value of investments is currently not recognised until realised. The impact of adopting this standard would be nil at the transition date but would increase the value of short term investments and equity at 30 June 2005 by $242,000.

NOTE 4: IMPACT OF ADOPTING AASB EQUIVALENTS TO IASB STANDARDS

Share Based Payments

Under AASB 2 Share Based Payments, the Company will be required to determine the fair value of options issued to employees as remuneration and recognise an expense in the Statement of Financial Performance. This standard is not limited to options and also extends to other forms of equity based remuneration. It applies to all share-based payments issued after 7 November 2002 which had not vested as at 1 January 2005. All of the company's options issued to employees had vested before 1 January 2005 and the company has therefore elected to apply the exemption under AASB 1 First Time Adoption of International Financial Reporting Standards and not expense these options.

Income Taxes

Under AASB 112 Income Taxes, the Company will be required to use a balance sheet liability method which focuses on the tax effects of transactions and other events that affect amounts recognised in either the Statement of Financial Position or a tax-based balance sheet. The company is now in the process of assessing the differences, however, it is not expected that there will be any material impact on the adoption of this standard.

Financial Instruments – Presentation and Disclosures

Management has decided to apply the exemptions provided in AASB 1 First Time Adoption of Australian Equivalents to International Financial Reporting Standards which permits entities not to apply the requirement of AASB 132 Financial Instruments: Presentation and Disclosures. The standard will be applied from 1 July 2005 and the impact that adopting the standard would have on the financial statements of the group is currently being assessed.