CONCEPT SPORTS LIMITED
A.B.N. 41 108 042 593
AND CONTROLLED ENTITIES

FINANCIAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2005
PROVIDED TO THE ASX UNDER LISTING RULE 4.3A

Rule 4.3A

Appendix 4E **Preliminary Final Report**

Name of entity

CONCEPT SPORTS LTD

ABN or equivalent company reference:	41 108 042 593

1. Reporting period

Report for the financial year ended	30 JUNE 2005
Previous corresponding period is the period from 1 January to 30 June 2004.	30 JUNE 2004

2. Results for announcement to the market

Revenues from ordinary activities *(item 2.1)*	up	46.7%	to	20,124,911
Loss from ordinary activities after tax attributable to members (*item 2.2*)	up	n/a	to	(16,524,738)
Loss for the period attributable to members *(item 2.3)*	up	n/a	to	(16,524,738)

Dividends *(item 2.4)*	Amount per security	Franked amount per security
Interim dividend	Nil	Nil
Final dividend	Nil	Nil
Record date for determining entitlements to the dividend *(item 2.5)*	Not Applicable	

Brief explanation of any of the figures reported above necessary to enable the figures to be understood *(item 2.6)*:

Refer attached Financial Report for the Year ended 30 June 2005

3. **Statement of Financial Performance** *(item 3)*

Refer attached Financial Report for the Year ended 30 June 2005

4. **Statement of Financial Position** *(item 4)*

Refer attached Financial Report for the Year ended 30 June 2005

5. **Statement of Cash Flows** *(item 5)*

Refer attached Financial Report for the Year ended 30 June 2005

6. **Dividends** *(item 6)*

	Date of payment	**Total amount of dividend**
Interim dividend – year ended 30 June 2005	Not Applicable	Not Applicable
Final dividend – year ended 30 June 2005	Not Applicable	Not Applicable

Amount per security

	Amount per security	Franked amount per security at % tax	Amount per security of foreign sourced dividend
Total dividend: Current year	0¢	0¢	0¢
Previous year	0¢	0¢	0¢

Total dividend on all securities

	Current period $A'000	Previous corresponding Period - $A'000
Ordinary securities *(each class separately)*	N/A	N/A
Preference securities *(each class separately)*	N/A	N/A
Other equity instruments *(each class separately)*	N/A	N/A
Total	N/A	N/A

7. Details of dividend or distribution reinvestment plans in operation are described below *(item 7)*:

There is no dividend reinvestment plan in place	
The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan	N/A

8. Statement of retained earnings *(item 8)*

	Consolidated Entity		Parent Entity	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Balance at the beginning of year	(2,971,252)		(38,355)	
Net loss attributable to members of the parent entity	(16,524,738)	(2,971,252)	(16,415,994)	(38,355)
Total available for appropriation	(19,495,990)	(2,971,252)	(16,454,349)	(38,355)
Dividends paid				
Balance at end of year	(19,495,990)	(2,971,252)	(16,454,349)	(38,355)

9. Net tangible assets per security *(item 9)*

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	$0.009	$0.095

10. Details of entities over which control has been gained or lost during the period: *(item 10)*

Control gained over entities

Name of entities *(item 10.1)*	Refer attached
Date(s) of gain of control *(item 10.2)*	
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities since the date(s) in the current period on which control was acquired *(item 10.3)*	
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period *(item 4.3)*	

Loss of control of entities

Name of entities *(item 10.1)*	Refer attached
Date(s) of loss of control *(item 10.2)*	
Contribution to consolidated (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was lost *(item 10.3)*.	
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period *(item 4.3)*	

11. Details of associates and joint venture entities *(item 11)*

Name of associate or joint venture entity *(item 11.1)*	**%Securities held** *(item 11.2)*
Global Merchandise Management Ltd	50%

Aggregate share of losses of associates and joint venture entities *(item 11.3)*

Group's share of associates' and joint venture entities':	2005 $	2004 $
Loss from ordinary activities before tax	$490,661	nil
Income tax on ordinary activities	$0	
Net loss from ordinary activities after tax	$490,661	nil
Adjustments	$0	
Share of net loss of associates and joint venture entities	$490,661	nil

12. Significant information relating to the entity's financial performance and financial position.

Refer attached Annual Financial Report

13. The financial information provided in the Appendix 4E is based on the annual financial report (attached), which has been prepared in accordance with Australian accounting standards *(item 13)*.

14. Commentary on the results for the period.

Refer attached Annual financial report

15. Audit of the financial report *(item 15)*

☐ The financial report has been audited

16. The audit has been completed.

Refer attached Annual financial report

Concept Sports Limited

ACN. 108 042 593

CONCEPT SPORTS LIMITED

ABN 41 108 042 593

ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED

30 JUNE 2005

CONCEPT SPORTS LIMITED (ABN 41 108 042 593)
AND CONTROLLED ENTITIES

CORPORATE DIRECTORY

Directors
Gary March
Jeff Taylor
Stephen Rolton

Company Secretary
Jeff Taylor

Registered Office
Unit 11
331 Ingles Street
Port Melbourne Vic 3207

Auditors
Pitcher Partners
Level 19
15 William Street
Melbourne Victoria 3000

Website
www.conceptsports.com.au

Share Registry
Computershare Investor Services Pty Ltd
452 Johnston Street
Abbotsford Victoria 3067

CONCEPT SPORTS LIMITED (ABN 41 108 042 593)
AND CONTROLLED ENTITIES

TABLE OF CONTENTS

CONCEPT SPORTS LIMITED (ABN 41 108 042 593)
AND CONTROLLED ENTITIES
DIRECTORS' REPORT

In accordance with a resolution of the Directors of Concept Sports Limited and its controlled entities ("Concept Sports" or the "Company"), the Director's present their report, the financial statements and the auditor's report of Concept Sports for the year ended 30 June 2005.

Directors

The names of directors in office at any time during or since the end of the year are:

Gary March (Executive Chairman and Managing Director)
Jeffrey Taylor
Leon Daphne (resigned 15/12/2004)
Stephen Rolton (resigned 13/12/2004, reappointed 24/12/2004)
David Carter (resigned 24/12/2004)
John Moore (resigned 28/09/2004)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The principal activities of the economic entity during the financial year were:

- wholesale of licensed products ;
- event retailing for annual and recurring sporting events;
- event retailing for major international sporting events;

There were no significant changes in the nature of the principal activities occurred during the financial period.

Operating Results

The consolidated loss after income tax for the year ended 30 June 2005 was $16.5 million.

Dividends Paid or Recommended

No dividends were paid or declared for payment during the year ended 30 June 2005 or since the end of that year.

Review of Operations

During the first half of the year, the Company completed its obligations to provide on-site event merchandising at the European Football Championships held in Portugal and the Athens Olympic Games 2004 (through a joint venture company, Venue Retailing S.A.). As announced on 24 December 2004, the Company has disposed of its share in Venue Retailing S.A..

In its Half Yearly Accounts, the Company announced a consolidated loss after tax of $14.8 million after a goodwill write down of $10 million, a further loss from operations at Euro 2004 of $0.8 million, a provision against funds advanced in respect of the Athens Olympic Games of $1.6million and a loss on normal operations of $2.5million. The decision to write down the goodwill was taken after giving consideration to the collaborative evidence associated with the impairment test under the pending International Accounting Standards, and reflected a conservative approach to the outlook for the Company's business plan following the poor results achieved since listing.

In December, the Company, its directors and its former directors who were directors at the time of listing were served with a statement of claim issued out of the Federal Court of Australia. The statement of claim seeks unspecified damages in relation to the financial forecasts, amongst other things, contained in the replacement prospectus dated 18 May 2004 and other matters. All claims made under the statement of claim against the Company are being defended.

During this period the company was successful in securing the rights to conduct the on site merchandising for the 2006 Turin Winter Olympic Games and the 2007 Americas Cup.

In the second half of the year the Company secured the rights to the 2006 FIFA World Cup and exercised its option to extend its contract for the 2007 America's Cup (in Valencia, Spain) to become the exclusive merchandiser for the event. The Company also entered into a funding agreement with the Westminster Communications Group. The agreement provides Westminster with the exclusive right to participate alongside Concept Sports in those events where Concept Sports is appointed as the licensee. To date, Westminster have agreed participate in the 2006 Turin Winter Olympics and the 2007 Americas Cup. Domestically, Concept Sports was appointed as the Australian and New Zealand distributor of the Hummel brand of sportswear for the next 3 years.

The financial accounts to 30 June 2005 show an operational loss for the second six months of $1.7 million dollars ($2.5 million for the first six months). The result reflects the impact of steps taken to improve future profitability as recommended by the independent review of the company's financial position conducted by Deloittes in September 2004. This included a significant reduction and consolidation of inventory holdings, primarily within our American Sport Licenses at a cost of approximately $0.3 million. Additional costs were incurred in relation to the action in the Federal Court and additional provisions for bad debts incurred.

The business has now completed the majority of its restructuring of operations including a reduction in its fixed overheads and inventory holdings. The outlook to 2005/06 is positive with substantial forward orders already confirmed in the Australian wholesale business, the German subsidiary having paid all outstanding stock creditors since 30 June (some $1.2 million), and the performance of the 2006 Turin Winter Olympics operations and 2007 America's Cup projects currently tracking favourably against their respective budgets.

Significant Changes in State of Affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Company that occurred during the period other than as disclosed in this report.

After Balance Date Events

All events of material significance have been reported. There has been no other event, item or transaction between the end of the year and the date of this report of a material and unusual nature which is likely, in the opinion of the Directors, to have significant effect on the Company's operations, results or outcomes in subsequent years.

CONCEPT SPORTS LIMITED (ABN 41 108 042 593)
AND CONTROLLED ENTITIES
DIRECTORS' REPORT

Future Developments, Prospects and Business Strategies

The Company, through associated entities, will continue to operate in its three principal areas as set out in this report and to pursue new opportunities subject to the continued review of its operations by the Board of Directors.

The Company will continue its merchandising activities associated with the Turin Winter Olympics and the Americas Cup and will put in place operating structures for the 2006 FIFA World Cup.

Environmental Issues

The consolidated entity's operations are not regulated by any significant environmental regulations under a law of Commonwealth or of State or Territory.

Information on Directors

Gary March	—	Chairman and Managing Director
Experience	—	Board member since 2004 Founding director of Concept Sports International Pty Ltd
Interest in Shares and Options	—	11,873,664 Ordinary Shares in Concept Sports Limited. Beverley March, the wife of Gary March also holds 8,905,248 ordinary shares in Concept Sports Limited.
Jeffrey Taylor	—	General Manager and Company Secretary
Qualifications	—	Ba App Sci (EDP)
Experience	—	Board member since 2004 Director of Concept Sports International Pty Ltd since 1999.
Interest in Shares and Options	—	8,905,248 Ordinary Shares in Concept Sports Limited held by Jelor Software Pty Ltd a company controlled by Jeff Taylor.
Stephen Rolton	—	Director (Non-executive) resigned 13 December 2004 and reappointed 24 December 2004
Experience	—	Board member since 04 March 2004. Founding director of Steve Rolton Agencies Pty Ltd, a wholly owned subsidiary of Concept Sports Ltd.
Interest in Shares and Options	—	4,047,840 Ordinary Shares in Concept Sports Limited. Jennielou Rolton, the wife of Stephen Rolton also holds 4,047,840 ordinary shares in Concept Sports Limited

Remuneration Report

Total remuneration to non-executive directors has been fixed by shareholders at $250,000. This amount is divided amongst the directors as they determine. That determination is based on a recommendation of the remuneration and nomination committee.

Non-Executive directors may elect to take their director fees by way of shares pursuant to the Non-Executive director Share Plan. The price of shares issued under that Plan is the five day weighted average of the price at which shares in the Company were traded on the ASX up to the day of allocation.

Remuneration Policy and Performance Criteria

The remuneration policy, setting terms and conditions for directors and executives was developed by the Remuneration Committee and approved by the Board. All directors and executives receive a base salary (based on experience and qualifications), superannuation, fringe benefits and options. Remuneration is reviewed annually by reference to the entities performance, individual performance and comparable information from companies in similar industries.

Details of the nature and amount of each major element of the emoluments of each director of the Company and each of the named officers of the Company and the consolidated entity receiving the highest emoluments are:

Directors

	Salary & Fees	Superannuation Contribution	Non-Cash Benefits	Total
Gary March (Executive Chairman and Managing Director)	191,131	17,202	-	208,333
Jeffrey Taylor	137,615	12,385	-	150,000
Leon Daphne (resigned 15/12/2004) *	25,000	-	-	25,000
Stephen Rolton (resigned 13/12/2004, reappointed 24/12/2004)	91,743	8,257	-	100,000
David Carter (resigned 24/12/2004) *	15,000	-	-	15,000
John Moore (resigned 28/09/2004) *	7,500	-	-	7,500
	467,989	37,844		505,833

* These amounts are outstanding at the date of this report.

Officers

	Salary & Fees	Superannuation Contribution	Non-Cash Benefits	Total
David Fulford (Secretary and CFO, resigned 20/10/2004)	29,655	2,669	-	32,324
Scott Munro (Secretary, appointed 29/9/04, resigned 20/12/04)	19,462	-	13,005	32,467
	49,117	2,669	-	64,791

Specified Executives	Salary & Fees	Superannuation Contribution	Non-Cash Benefits	Total
Anita Chandler	25,150	2,264	3,450	27,414
Hiran Weereratne (appointed 4/4/2005)	34,102	3,069	79	37,171
	59,252	5,333	3,529	64,585

Meetings of Directors

The number of Board meetings and Board committee meetings held during the period and each Director's attendance at those meetings is as follows:

	Directors' Meetings		Committee Meetings			
			Audit Committee		Nominating Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Gary March (Executive Chairman and Managing Director)	11	11	-	-	-	-
Jeffrey Taylor	11	11	-	-	-	-
Stephen Rolton Rolton (resigned 13 December 2004, re-appointed 24 December 2004)	10	8	-	-	-	-
Leon Daphne (resigned 15 December 2004)	8	8	5	5	1	1
David Carter (resigned 24 December 2004)	8	8	5	5	1	1
John Moore (resigned 28 September 2004)	3	3	3	3	-	-

Audit Committee

The Audit Committee comprised Mr Carter (Chairman), Mr Daphne and Mr Moore prior to their resignations. The role of the Committee has been absorbed by the Board until such time as new independent directors can be appointed. The Audit and Risk Management Charter providing terms of reference was approved on 8 April 2004. Under that Charter, the Committee is to meet four times per year, and as otherwise considered necessary, to review the Company's financial information to ensure its accuracy and timeliness.

Renumeration and Nomination Committee

The Remuneration and Nomination Committee comprised Mr Daphne (Chairman), Mr Carter and Mr Moore prior to their resignations. The role of the Committee has been absorbed by the Board until such time as new independent directors can be appointed. The Committee is to meet twice per year, and as otherwise considered necessary, to review the Company's remuneration structure and the performance of directors and executives. The Remuneration and Nomination Charter providing terms of reference was approved on 8 April 2004.

Company Secretary

David Fulford CPA, AIMM

Mr Fulford became Company Secretary in March 2004 and resigned as Company Secretary on 29 September 2004.

Scott Munro B.Ec., LLB, Grad Dip. (CSP), ACIS, Grad Dip. (REL)

Mr Munro became Company Secretary on 29 September 2004 and resigned as Company Secretary on 20 December 2004.

Jeff Taylor Ba App Sci (EDP)

Mr Taylor became Company Secretary on 20 December 2004.

Options

At the date of this report, the unissued ordinary shares of Concept Sports Ltd under option are as follows:

Grant date	Date of expiry	Exercise price	Number under option
15 April 2004	16 April 2008	$0.50	150,000
4 April 2005	6 April 2009	$0.05	100,000
6 May 2005	30 April 2010	$0.05	4,198,000
6 May 2005	30 April 2010	$0.05	5,000,000
			9,448,000

Indemnifying Officers or Auditor

During the financial year the Company paid a premium in respect of a contract insuring all the Directors, Secretary and executive officers against certain liabilities that may arise from their positions as officers of the Company. The contract prohibits disclosure of the nature of the liabilities insured, the premium and sum insured. The contract expired on 20 December 2004 and was unable to be renewed.

Proceedings on Behalf of Company

In December, the Company, its directors and its former directors who were directors at the time of listing were served with a statement of claim issued out of the Federal Court of Australia. The statement of claim seeks unspecified damages in relation to the financial forecasts, amongst other things, contained in the replacement prospectus dated 18 May 2004 and other matters. All claims made under the statement of claim against the Company are being defended.

Non-audit Services

The provision of non-audit services by the external auditors is pre-approved by the Audit Committee and subject to final approval by the Board. Non-audit services provided by the auditors of the consolidated entity during the year, Pitcher Partners, are detailed below. The directors are satisfied that the provision of the non-audit services during the year by the auditor is compatible with requirements relating to auditor independence as imposed by the Corporations Act 2001.

Amounts paid or payable to an auditor for non-audit services provided during the year by the auditor to any entity that is part of the economic entity are:

	$
Taxation services	16,440
Other	1,800

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2005 has been received and can be found on page 5 following the Directors Report.

Signed in accordance with a resolution of the Board of Directors.

Gary March
Director

Melbourne
9 September 2005

Jeff Taylor
Director

CONCEPT SPORTS LIMITED (ABN 41 108 042 593)
AND CONTROLLED ENTITIES
AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Concept Sports Limited

In relation to the independent audit for the year ended 30 June 2005, to the best of my knowledge and belief there

(i) No contraventions of the auditor independence requirements of the Corporations Act 2001.

(ii) No contraventions of any applicable code of professional conduct.

PITCHER PARTNERS

M W PRINGLE
Partner

Dated at Melbourne on 9 September 2005

CONCEPT SPORTS LIMITED (ABN 41 108 042 593)
AND CONTROLLED ENTITIES
STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Board of Concept Sports is dedicated to achieving the highest standards of ethical behaviour and corporate governance. To meet this aim, Concept Sports has adopted the majority of the corporate governance policies and practices based upon the ten principles set out in the ASX Corporate Governance Council's "Principles of Good Corporate Governance and Best Practice Recommendations".

This statement sets out the main corporate governance practices that the Company had in place during the reporting period.

Principle 1: Laying solid foundations for management and oversight

The role of the Board is to provide strategic guidance for Concept Sport, to oversee the Company's management and to regularly review performance. The directors' focus is to act in the best interests of shareholders and other stakeholders.

The Board operates in accordance with Concept Sports' Constitution and Board Charter which describe the Board's composition, functions and responsibilities and identifies authority reserved to the Board and that which is delegated to management. A copy of Concept Sports' Board Charter can be obtained from the Company's website at www.conceptsports.com.au.

Principle 2: Structuring the Board to add value

Board Composition

The Board at the date of this report comprises 3 directors:

Gary March	(Chairman and Managing Director);
Jeff Taylor	(Executive Director); and
Steve Rolton	(Non-Executive Director).

Under the Company's Constitution, there must be a minimum of 3 Directors and a maximum of 12. In addition, a Director (other than the Managing Director) may not retain office for more than 3 years without submitting to re-election. In effect, one third of Directors in office (with the exclusion of the Managing Director) retire by rotation at the Annual General Meeting. Those retiring Directors must seek re-election by the shareholders.

The Shareholders may, by resolution in general meeting, remove and replace a Director.

Independence of Directors

The independence of directors is assessed pursuant to the Company's policy on independence of directors which is based upon the Australian Stock Exchange Corporate Governance Council Best Practice Recommendations. In relation to director independence, materiality is determined on both a qualitative and quantitative basis.

Based on the assessment of independence of Directors conducted by the board, none of the current directors are independent. Therefore the Company does not satisfy the ASX Recommendation as the majority of Directors are not independent. The Company is seeking to remedy this situation.

Independent advice

Directors may, with the reasonable approval of the Chairman, obtain independent professional advice at the Company's cost in carrying out their duties.

Nomination and Remuneration Committee

The Board has created the Nomination and Remuneration Committee. The Nomination and Remuneration Committee comprised Mr Carter, Mr Moore and Mr Daphne as Chairman prior to their resignations. It is a policy of the Board that members of the Nomination and Remuneration Committee be non-executive Directors. The Committee operates within a Charter which can be found in the Corporate Governance section of the Company website at www.conceptsports.com.au.

The Committee is responsible for assisting in identifying potential directors and to assist current directors understand the duties, responsibilities and the criteria that the Board considers appropriate for selection of directors. The Committee also assists the Board in evaluating the performance of executives, directors and members of Board Committees.

The role of the Committee has been absorbed by the Board until such time as new independent directors can be appointed.

Principle 3: Promotion of Ethical and Responsible Decision-making

Concept Sports is committed to the principles of efficiency, honesty and fairness in undertaking its activities and seeks to maintain the highest standard of integrity.

Concept Sports has adopted a Directors' Code of Conduct to guide Directors and officers in relation to the standards that are expected of them. In addition, the Board has adopted a Share Trading Policy that regulates dealing by officers and employees in shares and other securities issued by Concept Sports. The policy seeks to ensure that officers and employees are aware of the legal restrictions on trading in Company shares while in possession of unpublished price-sensitive information and establishes a procedure for trading by officers and employees which ensures integrity and market confidence.

Copies of both the Directors' Code of Conduct and the Share Trading Policy can be found in the Corporate Governance section of the Company website at www.conceptsports.com.au

Conflict of interest

Directors must keep the board apprised of any potential conflicts of interest they may have with the interests of the Company.

Principle 4: Safeguarding Integrity in Financial Reporting

The Board has created the Audit Committee to oversee the Company's financial reporting processes and ensure it meets its reporting obligations. The Chairman of this committee is an independent non executive who is not Chairman of the Board. The Committee operates within a Charter which can be found in the Corporate Governance section of the Company website at www.conceptsports.com.au.

The Audit Committee comprised Mr Carter as Chairman, Mr Moore and Mr Daphne prior to their resignations. It is a policy of the Board that members of the Audit Committee be non-executive Directors and that the majority be independent.

The Audit Committee reviews the Company's financial information to ensure its accuracy and timeliness. The Committee's functions include reviewing the Company's accounting policies, assessing the effectiveness and independence of the external audit and considering risk management and compliance issues.

The role of the Committee has been absorbed by the Board until such time as new independent directors can be appointed.

The Company also obtained CEO and CFO declarations as to the integrity of financial systems and controls.

Principle 5: Timely and Balanced Disclosure

Concept Sports is committed to open, prompt and regular communications with the market.

Under the ASX Listing Rules, the Company has an obligation to inform the market of information that may have a material affect on the price or value of the Company's securities. To meet these obligations, the Board has adopted a Continuous Disclosure Policy which contains policies and procedures designed to ensure accountability at the senior management level for compliance with disclosure obligations.

A disclosure sub-committee of the Board has also been established which comprises the Managing Director, the Company Secretary and one other non-executive director as determined by the Board. The role of the Disclosure Committee is to ensure that Concept Sports fulfils its disclosure requirements and to ensure that information is communicated to the market in a timely fashion.

The Continuous Disclosure Policy can be found in the Corporate Governance section of the Company website at www.conceptsports.com.au.

Principle 6: Respecting the Rights of Shareholders

The Board of Directors has a primary responsibility to its Shareholders and the maintenance of active channels of communication with Shareholders forms an integral part of this responsibility.

The Board aims to ensure that Shareholders are informed of all major developments affecting Concept Sports in a timely fashion via the Announcements section of Concept Sports' website at www.conceptsports.com.au

In addition, information is communicated via the distribution of the Annual Report, the lodging of a half yearly report with ASIC and the ASX and the distribution of notices to all Shareholders informing them of Shareholder meetings.

Principle 7: Recognising and Managing Risk

Concept Sports understands the need for an effective system of risk oversight, management and internal control. The Board is responsible for the overall control framework of the Company. The organisational structure has clearly drawn lines of accountability and adherence to the Code of Conduct is required at all times.

Concept Sports' internal control system is based on procedures, policies and guidelines and appropriate division of responsibility criteria. The Board Code of Conduct and the Audit Committee help recognise and manage risk.

Concept Sports is finalising a written risk management strategy which will be posted to the Company's internet website when it is approved by the Board.

Principle 8: Encouraging Enhanced Performance

The Nomination and Remuneration Committee is responsible for ensuring performance evaluation of the Board and key executives and for the implementation of induction procedures for new Board members.

The Committee's duties and responsibilities is set out in its Charter which can be found in the Corporate Governance section of the Company website at www.conceptsports.com.au.

Principle 9: Fair and Responsible Remuneration

Concept Sports is aware that fair remuneration is essential for attracting and holding onto talented and motivated directors and employees that will enhance the Company's performance. The Company is also aware that remuneration should be responsible and that there should be a clear relationship between performance and remuneration.

Executive Remuneration is fixed by the Board and may comprise salary or commission on or participation in profits of the Company.

Non-executive Remuneration comprises fixed remuneration, including superannuation, which is set at a level that reflects the marketplace. The fees payable to Directors must not be increased without the prior approval of Members at a general meeting.

Further information on remuneration can be found in the Nomination and Remuneration Committee Charter on the Company website at www.conceptsports.com.au, and in the Constitution of Concept Sports, a copy of which can be obtained from the Company on request.

Principle 10: Recognising Legitimate Interests of Stakeholders

Concept Sports recognises that it has a responsibility to employees, clients and the community as a whole and is committed to corporate practices that reflect these responsibilities. The Company requires that the Directors and staff of the Company act in a manner that reflects the highest standards of behaviour and professionalism. It emphasises the need for honesty and integrity in all areas and in particular, in relation to legal compliance, record keeping, conflicts of interest and confidentiality.

Concept Sports has adopted a Directors' Code of Conduct to guide Directors and officers in relation to the standards expected of them by the Company. The Directors' Code of Conduct can be found in the Corporate Governance section of the Company website at www.conceptsports.com.au.

CONCEPT SPORTS LIMITED (ABN 41 108 042 593)
AND CONTROLLED ENTITIES
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2005

	Note	Economic Entity 2005	Economic Entity 2004	Parent Entity 2005	Parent Entity 2004
Revenues from ordinary activities	2	20,124,911	13,904,563	7	6,988
Changes in inventories of finished goods		(3,339,240)	4,026,185	-	-
Raw materials and consumables used		(8,068,210)	(11,316,785)	-	-
Royalty expense		(3,014,427)	(3,004,921)		
Employee benefits expense		(3,991,095)	(1,999,796)	-	(39,195)
Occupancy expense		(616,108)	(388,389)		
Event expenses		(730,136)	(780,428)		
Advertising expenses		(224,205)	(111,078)		
Freight expense		(873,259)	(83,540)		
Travel expense		(300,120)	(91,140)		
Depreciation and amortisation expense	3	(11,334,498)	(609,944)	-	-
Borrowing costs expense	3	(191,813)	(164,897)	-	-
Write off of related party loan	4	(1,511,249)	-	-	-
Provision for writedown of related party loan	3	-	-	(5,884,099)	-
Provision for writedown in value of investment in subsidiary	3	-	-	(10,000,000)	-
Other expenses from ordinary activities		(2,455,289)	(1,557,571)	(531,902)	(6,148)
Write down of carrying value of associates accounted for using the equity method	15a	-	(30,614)	-	-
Loss from ordinary activities before income tax expense		(16,524,738)	(2,208,355)	(16,415,994)	(38,355)
Income tax expense relating to ordinary activities	5	-	(861,126)	-	-
Loss from ordinary activities after related income tax expense		(16,524,738)	(3,069,481)	(16,415,994)	(38,355)
Net Loss attributable to outside equity interests		-	98,229	-	-
Total changes in equity other than those resulting from transactions with owners as owners		(16,524,738)	(2,971,252)	(16,415,994)	(38,355)
Basic earnings per share (cents per share)	8	(26.2) cents	(7.5) cents		

The accompanying notes form part of these financial statements.

CONCEPT SPORTS LIMITED (ABN 41 108 042 593)
AND CONTROLLED ENTITIES
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2005

	Note	Economic Entity		Parent Entity	
		2005	2004	2005	2004
		$000	$000	$000	$000
CURRENT ASSETS					
Cash assets	9	3,155,475	9,918,826	5,152	3,530
Receivables	10	2,115,718	2,529,923	4,020,896	10,552,704
Inventories	11	2,821,988	6,161,228	-	-
Other	12	85,534	243,330	-	-
TOTAL CURRENT ASSETS		8,178,715	18,853,307	4,026,048	10,556,234
NON-CURRENT ASSETS					
Other financial assets	13	117	-	8,889,920	18,889,920
Property, plant and equipment	16	1,391,974	1,178,413	-	-
Intangible assets	17	9,175,465	20,122,110	-	-
TOTAL NON-CURRENT ASSETS		10,567,556	21,300,523	8,889,920	18,889,920
TOTAL ASSETS		18,746,271	40,153,830	12,915,968	29,446,154
CURRENT LIABILITIES					
Payables	18	6,955,130	11,286,051	128,541	287,084
Interest-bearing liabilities	19	1,745,714	2,266,011	-	-
Current tax liabilities	20	-	6,112	-	-
Provisions	21	235,715	265,781	-	-
TOTAL CURRENT LIABILITIES		8,936,559	13,823,955	128,541	287,084
NON-CURRENT LIABILITIES					
Interest-bearing liabilities	19	15,941	134,981	-	-
Provisions	21	47,985	56,321	-	-
TOTAL NON-CURRENT LIABILITIES		63,926	191,302	-	-
TOTAL LIABILITIES		9,000,485	14,015,257	128,541	287,084
NET ASSETS		9,745,786	26,138,573	12,787,427	29,159,070
EQUITY					
Contributed equity	22	29,241,776	29,197,425	29,241,776	29,197,425
Retained losses	23	(19,495,990)	(2,971,252)	(16,454,349)	(38,355)
Parent entity interest		9,745,786	26,226,173	12,787,427	29,159,070
Outside equity interest	24	-	(87,600)	-	-
TOTAL EQUITY		9,745,786	26,138,573	12,787,427	29,159,070

The accompanying notes form part of these financial statements.

CONCEPT SPORTS LIMITED (ABN 41 108 042 593)
AND CONTROLLED ENTITIES
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2005

		Economic Entity		Parent Entity	
	Note	2005	2004	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		22,225,278	14,453,369	-	-
Payments to suppliers and employees		(27,830,444)	(15,214,592)	(567,185)	(6,148)
Interest received	2	218,266	35,836	7	6,988
Borrowing costs	3	(191,813)	(164,897)	-	-
Income tax paid		-	(3,389)		(3,389)
Net cash used in operating activities	28a	(5,578,713)	(893,673)	(567,178)	(2,549)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of plant and equipment	2	77,272	-	-	-
Cash inflow on acquisition of subsidiary	28b	-	435,430	-	-
Purchase of plant and equipment		(572,744)	(471,039)	-	-
Purchase of investments		(10,745)	-	-	-
Net cash used in investing activities		(506,217)	(35,609)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		-	10,479,874	-	10,479,874
Proceeds from borrowings		595,922	356,891	-	-
Advances to controlled entities		-	-	-	(10,473,795)
Repayments from controlled entities		-	-	568,800	-
Advances to associate entities		(845,180)	(178,150)	-	-
Repayment of advances to associates		210,175	50,000	-	-
Repayment of borrowings		(471,000)	-	-	-
Repayment of finance liabilities		(128,092)	(87,892)	-	-
Net cash provided by/(used in) financing activities		(638,175)	10,620,723	568,800	6,079
Net increase in cash held		(6,723,106)	9,691,441	1,622	3,530
Cash at 1 July 2004		9,691,441	-	3,530	-
Cash at 30 June 2005	9	2,968,335	9,691,441	5,152	3,530

The accompanying notes form part of these financial statements.

CONCEPT SPORTS LIMITED (ABN 41 108 042 593)
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

Note 1 Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the economic entity of Concept Sports Limited and controlled entities, and Concept Sports Limited as an individual parent entity. Concept Sports Limited is a listed public company, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a. **Principles of Consolidation**

A controlled entity is any entity controlled by Concept Sports Limited. Control exists where Concept Sports Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Concept Sports Limited to achieve the objectives of Concept Sports Limited. A list of controlled entities is contained in Note 14 to the financial statements.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

Outside interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

b. **Income Tax**

The economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

The parent entity company and its wholly owned subsidiaries have implemented the tax consolidation legislation and have formed a tax-consolidated group from 4 March 2004. The parent entity and subsidiaries in the tax-consolidated group have entered into a tax funding agreement such that each entity in the tax-consolidated group recognises the assets, liabilities, expenses and revenues in relation to its own transactions, events and balances only. All entities in the tax-consolidated group have adopted UIG 52 to account for the effects of the tax funding agreement under the tax consolidation system. This means that:

— the parent entity recognises all current and deferred tax amounts relating to its own transactions, events and balances only;

— the subsidiaries recognise current or deferred tax amounts arising in respect of their own transactions, events and balances;

— all expenses and revenues arising under the tax funding agreement are recognised as a component of income tax expense or income tax revenue by each individual entity;

— all assets and liabilities arising under the tax funding agreement are recognised as intercompany tax related amounts receivable from or payable to other entities in the group, rather than as tax assets or tax liabilities;

— the economic entity recognises current and deferred tax amounts in respect of the transaction, events and balances of the entities in the economic entity.

— This policy will be impacted by AIFRS in 2005, refer to note 33 for further details.

c. **Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads.

d. **Plant and Equipment**

Each class of plant and equipment is carried at cost less any accumulated depreciation.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including capitalised lease assets is depreciated on a straight line or diminishing value basis over their useful lives to the economic entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Motor vehicles	10 - 22.5%
Plant and equipment	5 - 40%

Note 1 Statement of Significant Accounting Policies (continued)

e. **Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the economic entity are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

f. **Investments**

Non-current investments are measured on the cost basis. The carrying amount of non-current investments is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the underlying net assets for non-listed investments.

The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

This policy wil be impacted by AIFRS. Refer to note 33 for further details.

g. **Investments in Associates**

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting.

h. **Intangible Assets**

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net tangible assets at date of acquisition. Both purchased goodwill and goodwill on consolidation are amortised on a straight line basis over the period of 20 years. The balances are reviewed annually and any balance representing future benefits for which the realisation is considered to be no longer probable are written off.

This policy wil be impacted by AIFRS. Refer to note 33 for further details.

i. **Foreign Currency Transactions and Balances**

Foreign currency transactions during the year are converted to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are converted at the rates of exchange ruling at that date.

The gains and losses from conversion of assets and liabilities, whether realised or unrealised, are included in profit/loss from ordinary activities as they arise.

For overseas controlled entities, which are integrated with the operations of the parent entity, the period end assets, liabilities and results are translated on the following basis:

- monetary items are translated at the spot rate at the reporting date;
- non-monetary and equity balances are translated at exchange rates current at the transaction dates;
- revenue and expense items are translated at the exchange rates current at the applicable transaction dates; and
- gains and losses arising on translation are taken directly to the statement of financial performance.

This policy wil be impacted by AIFRS. Refer to note 33 for further details.

j. **Employee Entitlements**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries and annual leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the economic entity to employee superannuation funds and are charged as expenses when incurred.

The company operates an ownership-based remuneration scheme through the employee option plan and the employee share scheme, details of which are provided in Note 30 to the financial statements.

k. **Cash**

For the purpose of the statement of cash flows, cash includes:

— cash on hand and at call deposits with banks or financial institutions;

— investments in money market instruments; and

— term deposits that support finance facilities, as identified at Note 19.

l. **Revenue**

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

m. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

n. **Comparative Figures**

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

The comparative figures are for the period 1 January 2004 to 30 June 2004.

Note 1 Statement of Significant Accounting Policies (continued)

o. **Impact of Adoption of Australian Equivalents to International Financial Reporting Standards**

The company is preparing and managing the transition to Australian Equivalents to International Financial Reporting Standards (AIFRS) effective for the financial years commencing from 1 January 2005. The adoption of AIFRS will be reflected in the economic entity's financial statements for the year ending 30 June 2006. On first time adoption of AIFRS, comparatives for the financial year ended 30 June 2005 are required to be restated. AIFRS transitional adjustments will also be made retrospectively against retained earnings at 1 July 2004

The economic entity's management has assessed the significance of the expected changes and is preparing for their implementation. The impact of the alternative treatments and elections under AASB 1: First Time Adoption of Australian Equivalents to International Financial Reporting Standards has been considered where applicable.

The directors are of the opinion that the key material differences in the economic entity's accounting policies on conversion to AIFRS and the financial effect of these differences, where known, are as outlined in Note 33. Users of the financial statements should note, however, that the amounts disclosed could change if there are any amendments by standard-setters to the current AIFRS or interpretation of the AIFRS requirements changes from the continuing work of the company.

p. **Going concern policy note**

Concept Sports Ltd and controlled entities incurred a significant loss for the year ended 30 June 2005 of $16,524,738. Also, as at 30 June 2005 the company's financing agreement with its primary financier, being trade finance and overdraft facilities (Note 19) and bank guarantees and standby letters of credit (Note 29) are supported by security cash deposits held by the financier equal to the facilities extended. The ability of the company to secure further financing, if existing facilities were to cease or circumstances were such that additional facilities were required, can not be assessed with any degree of certainty.

The financial report has been prepared on a going concern basis, which assumes the continued support of the entity's financiers, the ability to source alternative finance, if required, and the company's ability to generate sufficient positive cash flows from major events retailing and wholesaling of licensed products. This basis assumes that the entity will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The going concern basis may not be appropriate if existing financiers do not continue to provide facilities on standard commercial terms, alternative sources of finance, if required, can not be obtained or future trading performance fails to generate sufficient positive cash flows to meet the company's financial obligations. If the going concern basis is found to no longer be appropriate the recoverable amounts of the assets shown in the Statement of Financial Position are likely to be significantly less than the amounts disclosed.

	Note	Economic Entity 2005	Economic Entity 2004	Parent Entity 2005	Parent Entity 2004
Note 2 Revenue					
Operating activities					
— sale of goods		19,829,373	13,837,727	-	-
— interest received	2a	218,266	35,836	7	6,988
		20,047,639	13,873,563	7	6,988
Non-operating activities					
— proceeds on disposal of property, plant and equipment		77,272	31,000	-	-
		77,272	31,000	-	-
Total Revenue		20,124,911	13,904,563	7	6,988
a. **Interest revenue from:**					
— other persons		218,266	35,836	7	6,988
Total interest revenue		218,266	35,836	7	6,988

Note 3 Loss from Ordinary Activities

	Economic Entity 2005	Economic Entity 2004	Parent Entity 2005	Parent Entity 2004
Loss from ordinary activities before income tax has been determined after:				
a. **Expenses:**				
Cost of sales	11,407,450	7,290,600	-	-
Borrowing costs:				
— other persons	191,813	164,897	-	-
Depreciation of non-current assets:				
— Plant and equipment	255,689	60,148	-	-
— Motor vehicles	20,863	16,669	-	-
Total depreciation	276,552	76,817	-	-
Amortisation of non-current assets:				
— Goodwill	11,044,874	517,204	-	-
Leased motor vehicles	836	9,839	-	-
— Leased plant and equipment	12,236	6,084	-	-
Total amortisation	11,057,946	533,127	-	-
Foreign currency translation losses	6,440	34,570	-	-
Net expense from movements in provisions:				
— Movement in provision for doubtful debts	29,451	14,533	-	-
— Movement in employee entitlement	(38,402)	29,259	-	-
Movement in stock provision	(170,000)	82,356	-	-
— Provision for writedown of investment in subsidiary	-	-	10,000,000	-
— Provision for writedown of related party loan	-	-	5,884,099	-
Total net expense from movements in provisions:	(178,951)	126,148	15,884,099	-
Rental expense on operating leases				
— minimum lease payments	616,108	388,388	-	-
b. **Revenue and Net Gains**				
Net (gain)/loss on disposal of non-current assets:				
— plant and equipment	(7,713)	139	-	-

Note 4 Significant events

a. Athens 2004 Olympic Games

On 22 December 2004, the Company made a payment of $2,070,000 under a bond provided to the Athens Olympics Organising Committee relating to guaranteed royalties of Venue Retailing S.A.. This amount is in addition to further amounts totalling $156,000 advanced to Venue Retailing S.A.. Up to 30 June 2005 only $210,175 of this amount had been repaid to the Company, this is in addition to $320,000 of plant and equipment at depreciated value that the shareholders of Venue Retailing S.A. agreed to release to the Company (shown in the plant and equipment at 30 June 2005). The Board of Concept Sports Limited believe that a further $96,825 will be recovered from Venue Retailing S.A.. The balance of advanced amounts have been written off.

b. Write off of Goodwill on Consolidation

The Board of Concept Sports Limited determined to write down the carrying value of the goodwill as at 31 December 2004 by $10,000,000 (after goodwill amortisation for the year end 30 June 2005 of $1,044,874). This decision was been taken after giving consideration to the collaborative evidence associated with the impairment test under the pending International Financial Reporting Standards, and reflects a conservative approach to the outlook for the Company's business plan following the poor results achieved since listing.

	Note	Economic Entity 2005	Economic Entity 2004	Parent Entity 2005	Parent Entity 2004
Note 5 Income Tax Expense					
a. The prima facie tax on loss from ordinary activities before tax is reconciled to the income tax as follows:					
Prima facie tax payable on loss from ordinary activities before tax income tax at 30% (2004:30%)					
— Economic entity		(4,957,421)	(662,507)		
— Parent entity				(4,924,798)	(11,507)
Add:					
Tax effect of:					
— non-deductible depreciation and amortisation		3,313,462	155,161	-	-
— other non-allowable items		-	50,021	79,130	-
— Provision for writedown to recoverable amounts		558,917	-	4,765,230	-
Foreign withholding tax credit not carried forward		85,800	81,762	-	-
Future income tax benefit written off		-	779,364	-	-
Future income tax benefit not brought to account		1,123,292	581,375	204,488	135,557
		124,050	985,176	124,050	124,050
Less:					
Tax effect of:					
Capital raising costs		124,050	124,050	124,050	124,050
Income tax expense attributable to loss from ordinary activities before income tax		-	861,126	-	-
c. The deferred tax assets not brought to account are					
— timing differences		150,566	199,514	10,560	11,760
— carry forward losses		2,063,906	940,614	317,726	123,797
		2,214,472	1,140,128	328,286	135,557
Dividend franking account					
The balance of the franking account at period end that could be distributed as Franking credits (measured on a tax paid basis)		269,817	269,817	269,817	269,817

Note 6 Directors' and Executives' Remuneration

a. Names and positions held of Parent Entity Directors and Specified Executives in office at any time during the financial year are:

Parent Entity Directors

Gary March	Chairman and Managing Director
Jeffrey Taylor	Director-Executive
Stephen Rolton (resigned 13/12/2004, reappointed 24/12/2004)	Director-Non-executive
Leon Daphne (resigned 15/12/2004)	Chaiman-Non-executive
David Carter (resigned 24/12/2004)	Director-Non-executive
John Moore (resigned 28/09/2004)	Director-Non-executive

Specified Executives

David Fulford (resigned 20/10/2004)	Chief Financial Officer
Hiran Weereratne (appointed 4/4/2005)	Chief Financial Officer
Anita Chandler	Licencing Manager

b. **Parent Entity Directors' Remuneration**

2005

	Primary		Total
	Salary, Fees & Commissions	Superannuation Contribution	
Gary March	191,131	17,202	208,333
Jeffrey Taylor	137,615	12,385	150,000
Stephen Rolton (resigned 13/12/2004, reappointed 24/12/2004)	91,743	8,257	100,000
Leon Daphne (resigned 15/12/2004) *	25,000	-	25,000
David Carter (resigned 24/12/2004) *	15,000	-	15,000
John Moore (resigned 28/09/2004) *	7,500	-	7,500
	467,989	37,844	505,833

* These amounts are outstanding at the date of this report.

2004

	Primary				
	Salary, Fees & Commissions	Superannuation Contribution	Non-Cash Benefits	Equity Options (1)	Total
Gary March	50,000	4,500	6,911	-	61,411
Jeffrey Taylor	37,180	3,346	-	-	40,526
Stephen Rolton (resigned 13/12/2004, reappointed 24/12/2004)	50,000	4,500	6,247	-	60,747
Leon Daphne (resigned 15/12/2004)	15,822	1,424	-	101,725	118,971
David Carter (resigned 24/12/2004)	11,507	1,036	-	50,863	63,406
John Moore (resigned 28/09/2004)	8,630	777	-	50,000	59,407
	173,139	15,583	13,158	202,588	404,468

The service and performance criteria set to determine remuneration are included per note (f) below.

Note 6 Directors' and Executives' Remuneration (continued)

c. **Specified Executives' Remuneration**

2005

	Primary			
	Salary & Fees	Superannuation Contribution	Equity Options (1)	**Total**
David Fulford (resigned 20/10/2004)	29,655	2,669	-	32,324
Anita Chandler	25,150	2,264	3,450	30,864
Hiran Weeneratne (appointed 4 April 2005)	34,102	3,069	79	37,250
	88,907	8,002	3,529	100,438

The service and performance criteria set to determine remuneration are included per Note (f).

2004

	Primary				
	Salary & Fees	Superannuation Contribution	Non-Cash Benefits	Equity Options (1)	**Total**
David Fulford (resigned 20/10/2004)	42,660	3,789	1,955	863	49,267
Anita Chandler	30,180	2,716	-	10,863	43,759
	72,840	6,505	1,955	11,726	93,026

(1) Options granted as part of remuneration have been valued using the Black-Scholes option pricing model, which takes account of factors such as the option exercise price, the current level and volatility of the underlying share price and the time to maturity of the option.

The service and performance criteria set to determine remuneration are included per Note (f).

d. **Options and Rights Holdings**

Number of Options held by Specified Directors & Executives

	Balance 1 July 2004	Granted as Remuneration	Options Exercised	Net Change Other*	Balance 30 June 2005	Total Vested 30 June 2005	Total Exercisable 30 June 2005	Total Unexercisable 30 June 2005
Directors								
Leon Daphne	200,000	-	-	(200,000)	-	-	-	-
David Carter	100,000	-	-	(100,000)	-	-	-	-
John Moore	100,000	-	-	(100,000)	-	-	-	-
Specified Executives		-	-	-	-	-	-	-
David Fulford	100,000	-	-	(100,000)	-	-	-	-
Anita Chandler	100,000	-	-	-	100,000	25,000	25,000	75,000
Hiran Weereratne	-	100,000	-	-	100,000	-	-	100,000
Total	600,000	100,000	-	(500,000)	200,000	25,000	25,000	175,000

* Net change other refers to options forfeited upon termination of employment.

Note 6 Directors' and Executives' Remuneration (continued)

e. **Shareholdings**
Number of Shares held by Parent Entity Directors and Specified Executives

	Balance 1 July 2004	Received as Remuneration	Balance 30 June 2005
Parent Entity Directors			
Gary March (1)	20,778,912	-	20,778,912
Jeffrey Taylor (2)	8,905,248	-	8,905,248
Stephen Rolton (resigned 13/12/04, reappointed 24/12/04) (3)	8,095,680	-	8,095,680
Leon Daphne (resigned 15/12/2004)	200,000	-	200,000
David Carter (resigned 24/12/2004)	100,000	100,940	200,940
John Moore (resigned 28/09/2004)	100,000	-	100,000
Specified Executives			
Anita Chandler	20,000	-	20,000
Total	38,199,840	100,940	38,300,780

(1) Includes 8,905,248 shares held by Beverley March, wife of Gary March.
(2) Jelor Software Pty Ltd, a company controlled by Jeffrey Taylor, is the beneficial holder of the shares.
(3) Includes 4,047,840 shares held by Jennielou Rolton, wife of Stephen Rolton

f. **Remuneration Practices**

The company's policy for determining the nature and amount of emoluments of board members and senior executives of the company is as follows: Executive Remuneration is fixed by the Board and may comprise salary or commission on or participation in profits of the Company. Non-executive Remuneration comprises fixed remuneration, including superannuation, which is set at a level that reflects the marketplace. The fees payable to Directors must not be increased without the prior approval of Members at a general meeting. The Company is also aware that remuneration should be responsible and that there should be a clear relationship between performance and remuneration.

		Economic Entity 2005	Economic Entity 2004	Parent Entity 2005	Parent Entity 2004

Note 7 Auditors' Remuneration

		Economic Entity 2005	Economic Entity 2004	Parent Entity 2005	Parent Entity 2004
Remuneration of the auditor of the parent entity for:					
— auditing or reviewing the financial report		155,110	40,000	-	-
— other services		18,240	138,629	-	-
Remuneration of other auditors of subsidiaries for:					
— auditing or reviewing the financial report of subsidiaries		20,363	26,287	-	-

Note 8 Earnings per Share

		Economic Entity 2005	Economic Entity 2004
Basic loss per share		(26.2) cents	(7.5) cents
a. **Reconciliation of Earnings to Net Loss**			
Net loss		(16,524,738)	(3,069,481)
Net profit attributable to outside equity interest		-	98,229
Earnings used in the calculation of basic and dilutive EPS		(16,524,738)	(2,971,252)
b. Weighted average number of ordinary shares outstanding during the year used in calculation of basic and dilutive EPS		63,129,295	39,716,763
c. Dilutive EPS are consistent with the measurement of basic EPS			

Note 9 Cash Assets

		Economic Entity 2005	Economic Entity 2004	Parent Entity 2005	Parent Entity 2004
Cash on hand		2,078	56,545	-	-
Cash at bank		846,575	2,862,281	5,152	3,530
Deposits at call		2,306,822	7,000,000	-	-
		3,155,475	9,918,826	5,152	3,530
a. Reconciliation of Cash					
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:					
Cash	1k	3,155,475	9,918,826	5,152	3,530
Bank overdrafts	19	(187,140)	(227,385)	-	-
		2,968,335	9,691,441	5,152	3,530

	Note	Economic Entity 2005	Economic Entity 2004	Parent Entity 2005	Parent Entity 2004

Note 10 Receivables

	Note	Economic Entity 2005	Economic Entity 2004	Parent Entity 2005	Parent Entity 2004
CURRENT					
Trade debtors		1,320,932	1,666,906	-	-
Provision for doubtful debts		(129,451)	(100,000)	-	-
		1,191,481	1,566,906	-	-
Other debtors		111,082	784,867	-	78,909
Amounts receivable from:					
— wholly-owned subsidiaries		-	-	9,904,995	10,473,795
— less provision for writedown of loan to subsidiary		-	-	(5,884,099)	-
— associated companies		813,155	178,150	-	-
		2,115,718	2,529,923	4,020,896	10,552,704

Note 11 Inventories

	Note	Economic Entity 2005	Economic Entity 2004	Parent Entity 2005	Parent Entity 2004
CURRENT					
Finished goods at lower of cost and net realisable value		2,868,988	6,378,228	-	-
Provision for obsolescence		(47,000)	(217,000)	-	-
		2,821,988	6,161,228	-	-

Note 12 Other Assets

	Note	Economic Entity 2005	Economic Entity 2004	Parent Entity 2005	Parent Entity 2004
CURRENT					
Prepayments		85,534	241,840	-	-
Other		-	1,490	-	-
		85,534	243,330	-	-

Note 13 Other Financial Assets

	Note	Economic Entity 2005	Economic Entity 2004	Parent Entity 2005	Parent Entity 2004
NON-CURRENT					
Unlisted investments, at cost					
— shares in controlled entities	14	-	-	18,889,920	18,889,920
— provision for diminution in value of investments	13a	-	-	(10,000,000)	-
— shares in associates	15	117	-	-	-
		117	-	8,889,920	18,889,920

a. Provision for write down in value of investment in Concept Sports International Pty Ltd

Note 14 Controlled Entities

a. **Controlled Entities**

		Country of Incorporation	Percentage Owned (%) 2005	Percentage Owned (%) 2004
Parent Entity				
Concept Sports Limited				
Subsidiaries of Concept Sports Limited				
Concept Sports International Pty Ltd		Australia	100	100
Steve Rolton Agencies Pty Ltd		Australia	100	100
Concept Sports International Pty Lda		Portugal	100	100
Concept Sports International (Germany) Gmbh	24a	Germany	100	75
Concept Sports International AG		Switzerland	100	-
Concept Sports International SAS		France	100	-

b. **Controlled Entities Acquired/Established**

Concept Sports International A.G. (Switzerland) was incorporated on 16 July 2004

Concept Sports International SAS (France) was incorporated on 14 September 2004

Concept Sports International Spain S.L was incorporated on 5 October 2004 and disposed of to a related entity on 13 June 2005.

Concept Sports International SRL (Italy) was incorporated on 22 October 2004 and disposed of to a related entity on 13 June 2005.

c. **Controlled Entity Disposed of**

On 13 June 2005, Concept Sports International AG (Switzerland) transferred 100% of Concept Sports International Spain S.L and 100% of Concept Sports International SRL (Italy) to Global Merchandise Management Ltd, a 50% owned, but not controlled, company incorporated in the United Kingdom.

Note 15 Associated Companies

Interests are held in the following associated companies

Name	Principal Activities		Ownership Interest 2005 %	Ownership Interest 2004 %	Carrying Amount of Investment 2005 $0	Carrying Amount of Investment 2004 $0
Unlisted:						
Venue Retailing S.A.	Event retailing	Ord	-	29.90	-	-
Global Merchandise Management Ltd	Event retailing	Ord	50		117	-
					117	-

	Note	Economic Entity 2005	Economic Entity 2004	Parent Entity 2005	Parent Entity 2004
a. **Movements During the Year in Equity Accounted Investment in Associated Companies**					
Balance at beginning of the financial year		-	-	-	-
New investments during the year		117	30,614	-	-
Write down carrying value of investment		-	(30,614)	-	-
Balance at end of the financial year		117	-	-	-
b. **Summarised Presentation of Aggregate Assets, Liabilities and Performance of Associates**					
Current Assets		2,041,021	31,725,172		
Non-Current Assets		681,869	1,167,724		
Total Assets		2,722,890	32,892,896	-	-
Current Liabilities		3,236,817	34,903,417		
Non-Current Liabilities		-	85,512		
Total Liabilities		3,236,817	34,988,929	-	-
Net Assets		(513,927)	(2,096,033)	-	-
Net loss from ordinary activities after income tax of associates		(981,322)	(2,201,205)	-	-

c. During the year ended 30 June 2005 Concept Sports Limited disposed of its 29.9% interest in Venue Retailing S.A..

d. On 13 June 2005, Concept Sports International AG (Switzerland) transferred its 100% ownership of Concept Sports International Spain S.L and Concept Sports International SRL (Italy) to Global Merchandise Management Ltd, a 50% owned, but not controlled, company incorporated in the United Kingdom. These former subsidiaries have been equity accounted for at 30 June 2005.

Note 16 Plant and Equipment

	Economic Entity 2005	Economic Entity 2004	Parent Entity 2005	Parent Entity 2004
PLANT AND EQUIPMENT				
Motor vehicles				
At cost	178,647	150,162	-	-
Accumulated depreciation	(95,706)	(74,843)	-	-
	82,941	75,319	-	-
Under lease	-	94,817	-	-
Accumulated amortisation	-	(26,906)	-	-
	-	67,911	-	-
Total motor vehicles	82,941	143,230	-	-
Plant and equipment				
At cost	1,820,688	1,280,066	-	-
Accumulated depreciation	(652,122)	(397,586)	-	-
	1,168,566	882,480	-	-
Leased plant and equipment	163,145	163,145	-	-
Accumulated depreciation	(22,678)	(10,442)	-	-
	140,467	152,703	-	-
Total plant and equipment	1,309,033	1,035,183	-	-
Total Plant and Equipment	1,391,974	1,178,413	-	-

a. **Movements in Carrying Amounts**

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year

	Motor vehicles	Plant and equipment	Total
Economic Entity:			
Balance at the beginning of year	143,230	1,035,183	1,178,413
Additions	28,485	544,259	572,744
Disposals	(67,075)	(2,484)	(69,559)
Depreciation and amortisation expense	(21,699)	(267,925)	(289,624)
Carrying amount at the end of year	82,941	1,309,033	1,391,974

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	Note	Economic Entity 2005	Economic Entity 2004	Parent Entity 2005	Parent Entity 2004
Note 17 Intangible Assets					
Goodwill at cost		20,786,393	20,688,164	-	-
Accumulated amortisation		(11,610,928)	(566,054)	-	-
		9,175,465	20,122,110	-	-
Note 18 Payables					
CURRENT					
Unsecured liabilities					
Trade creditors		4,554,267	8,335,744	-	37,500
Sundry creditors and accrued expenses		1,631,372	2,776,738	128,541	249,584
Amounts payable to:					
— directors	31d	612,439	125,597	-	-
— associates		157,052	47,972	-	-
		6,955,130	11,286,051	128,541	287,084
Note 19 Interest Bearing Liabilities					
CURRENT					
Secured Liabilities					
Bank overdrafts	19a	187,140	227,385	-	-
Bank loans	19a	1,500,000	1,971,000	-	-
Hire purchase liability	25	-	2,382	-	-
Lease liability	25	58,574	65,244	-	-
		1,745,714	2,266,011	-	-
NON-CURRENT					
Secured liabilities					
Lease liability	25	15,941	134,981	-	-
		15,941	134,981	-	-

a. The facilities are secured by a registered mortgage debenture over all assets of Concepts Sports International Pty Ltd, Concept Sports Ltd and Steve Rolton Agencies Pty Ltd. Facilities are also supported by a term deposit Letter of Set Off.

	Note	Economic Entity 2005	Economic Entity 2004	Parent Entity 2005	Parent Entity 2004
Note 20 Tax Liabilities					
CURRENT					
Income tax		-	6,112	-	-
Note 21 Provisions					
CURRENT					
Employee entitlements	21a	235,715	265,781	-	-
		235,715	265,781	-	-
NON-CURRENT					
Employee entitlements	21a	47,985	56,321	-	-
		47,985	56,321	-	-
a. **Aggregate Employee Benefits Liability**		283,700	322,102		
		No.	No.	No.	No.
b. **Number of Employees at Year-end**		39	48	1	6

Note 22 Contributed Equity

	Note	Economic Entity 2005	Economic Entity 2004	Parent Entity 2005	Parent Entity 2004
63,185,780 (2004: 62,959,840) fully paid ordinary shares	22a	29,241,776	29,197,425	29,241,776	29,197,425
		29,241,776	29,197,425	29,241,776	29,197,425
a. **Ordinary shares**					
At the beginning of the reporting period		29,197,425	-	29,197,425	-
Shares issued during the year					
— 37,779,840 on 4 March 2004		-	18,889,920	-	18,889,920
— 750,000 on 16 June 2004		-	375,000	-	375,000
— 430,000 on 16 June 2004		-	-	-	-
— 24,000,000 on 16 June 2004		-	12,000,000	-	12,000,000
— 225,940 on 14 October 2004		23,507	-	23,507	-
Transaction costs relating to share issues	22b	20,844	(2,067,495)	20,844	(2,067,495)
		44,351	29,197,425	44,351	29,197,425
At reporting date		29,241,776	29,197,425	29,241,776	29,197,425
At the beginning of reporting period		62,959,840		62,959,840	
Shares issued during year					
— 4 March 2004		-	37,779,840	-	37,779,840
— 16 June 2004		-	750,000	-	750,000
— 16 June 2004		-	430,000	-	430,000
— 16 June 2004		-	24,000,000	-	24,000,000
— 14 October 2004		225,940	-	225,940	-
At reporting date		63,185,780	62,959,840	63,185,780	62,959,840

On 14 October 2004 a total of 225,940 ordinary shares were issued. 100,490 shares were issued to a director in lieu of director's fees owing for the year ending 30 June 2004 and 125,000 shares were issued to the company secretary in lieu of payment for the provision of certain company secretarial services provided to the company.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

b. The movement in transaction costs for the 2005 year relates to an over accrual of the costs relating to the initial public offer float in the prior period.

c. **Options**

i. For information relating to the Concept Sports Limited employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end, refer to Note 30.

ii. At 30 June 2005 there were 9,448,000 unissued ordinary shares for which options were outstanding. 9,235,500 of these have vested as at 30 June 2005.

iii. On 6 May 2005 4,198,000 options were issued to Westminster Communications at an exercise price of $0.05. These options had vested as at 30 June 2005 and are exercisable on or before 30 April 2010. These options were issued in association with this company agreeing to participate alongside the economic entity in the merchandising of licenced products at specific international events and providing the financial support necessary to secure the associated minimum royalty guarantee. An additional 2,099,000 options may be granted subject to Westminster Communications agreeing to become a partner in the FIFA 2006 World Cup.

iv. On 6 May 2005 5,000,000 options were issued to Mr Tim Stewart at an exercise price of $0.05. These options had vested as at 30 June 2005 and are exercisable on or before 30 April 2010. These options were issued in relation to the completion of the agreement with Westminster Communication. An additional 1,500,000 options may be granted subject to Westminster Communictions agreeing to become a partner in the FIFA 2006 World Cup.

v. During the year 100,000 share options were granted to employees under the Concept Sports Limited employee option plan to take up ordinary shares at an exercise price of $0.05 each. The options were issued free of charge. One quarter of the issued options vest annually subject to the employees continued employment with the company. The options expire on 6 April 2009.

Note 23 Retained Losses

	Economic Entity 2005	Economic Entity 2004	Parent Entity 2005	Parent Entity 2004
Retained losses at the beginning of the financial year	(2,971,252)	-	(38,355)	-
Net loss attributable to the members of the parent entity	(16,524,738)	(2,971,252)	(16,415,994)	(38,355)
Retained losses at the end of the financial year	(19,495,990)	(2,971,252)	(16,454,349)	(38,355)

		Economic Entity		Parent Entity	
		2005	2004	2005	2004

Note 24 Outside Equity Interests in Controlled Entities

Outside equity interest comprises:					
Share capital		-	10,629	-	-
Retained losses		-	(98,229)	-	-
		-	(87,600)	-	-

a. During the year the remaining 25% of Concept Sports International (Germany) Gmbh was obtained at a cost of $10,745.

Note 25 Capital and Leasing Commitments

a. **Finance Lease Commitments**

Payable					
— not later than 1 year		66,253	89,354		
— later than 1 year but not later than 5 years		16,151	147,540		
Minimum lease payments		82,404	236,894	-	-
Less future finance charges		(7,889)	(36,669)		
Total Lease Liability	19	74,515	200,225	-	-

Hire Purchase Commitments

Payable					
— not later than 1 year	19	-	2,422	-	-
Minimum hire purchase payments		-	2,422	-	-
Less future finance charges		-	40	-	-
Total Lease Liability		-	2,382	-	-

b. **Operating Lease Commitments**

Non-cancellable operating leases contracted for but not capitalised in the financial statements					
Payable					
— not later than 1 year		157,873	254,600		
— later than 1 year but not later than 5 years		42,162	89,985		
		200,035	344,585	-	-

Operating lease commitments relate to business premises

Note 26 Contingent Liabilities and Contingent Assets

Estimates of the potential financial effect of amounts, that may become payable:

Contingent Liabilities

Bank Guarantees

A controlled entity has provided guarantees to third parties in relation to the performance and obligations of that entity in respect of its licensed products business and property lease rentals. The guarantees are for the terms of the licenses and leases. The periods covered by the guarantees range from 1 to 3 years.		348,735	4,654,541	-	-

Minimum Guarantees

A controlled entity has provided a guarantee to a third party in relation to the performance and obligations of that entity in respect of its licensed products business. The guarantees are for the terms of the licence. It is expected this amount will be finance by event cash flows.		$1,000,000USD	-	-	-

Associated Entities

Concept Sports Ltd, through its investment in Global Merchandise Management Ltd, is party to commitments associated with financial performance at future sporting events. In accord with the shareholders agreement the economic entity must contribute 50% of the working capital requirements of associated entities. In this regard it is noted that Concept Sports International SA (Spain) and Concept Sports International SRL (Italy), wholly owned subsidiaries of Global Merchandise Management Ltd, are parties to licence agreements for associated sporting events that include minimum guarantees for the settlement of licence payments. It is expected that these amounts will be financed by event cash flows. The minimum guarantees are Euro 1,000,000 and Euro 2,500,000 respectively.

Class Action

The company, its directors and its former directors who were directors at the time of listing have been served with a statement of claim issued out of the Federal Court of Australia. The statement of claim seeks unspecified damages in relation to the financial forecasts, amongst other things, contained in the replacement prospectus dated 18 May 2004 and other matters. The company is in the process of reviewing the statement of claim. All claims made under the statement of claim against the Company will be defended. No provisions have been recorded in respect of this claim.

Note 27 Segment Reporting

Geographical segments

	Segment Revenues from External Customers		Segment Results		Carrying Amount of Segment Assets	
	2005	2004	2005	2004	2005	2004
Geographical location:						
Australia	14,640,316	9,171,540	(20,617,286)	(1,016,746)	22,878,659	32,617,273
Germany	4,394,003	637,612	(346,097)	(392,118)	2,546,449	3,328,546
Portugal	1,090,592	4,095,411	(618,422)	(300,524)	102,028	4,150,652
Switzerland	-	-	(96,928)	-	290,438	57,359
France	-	-	-	-	419,780	-
Elimination entries	-	-	5,153,995	(498,967)	(7,491,083)	-
	20,124,911	13,904,563	(16,524,738)	(2,208,355)	16,746,271	40,153,830

	Carrying amount of segment liabilities		Acquisitions of Non-current Segment Assets		Depreciation and Amortisation	
	2005	2004	2005	2004	2005	2004
Geographical location:						
Australia	15,975,329	5,834,333	461,714	398,200	(11,257,409)	(605,997)
Germany	3,063,715	3,738,020	57,143	72,839	(77,089)	(3,947)
Portugal	1,012,575	4,442,904	-	-	-	-
Switzerland	330,007	-	-	-	-	-
France	443,911	-	53,887	-	-	-
Elimination entries	(11,825,052)	-	-	-		-
	9,000,485	14,015,257	572,744	471,039	(11,334,498)	(609,944)

	Non cash segment revenues/(expenses)	
	2005	2004
Geographical location:		
Australia	178,954	(74,406)
Germany	(93,875)	(82,356)
Portugal	101,365	-
Switzerland	9,108	-
France	(23,038)	-
	172,514	(156,762)

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists.

Business Segments

The economic entity's principal activities are within one business segment, being the sale of sports merchandise. No segment information is disclosed for this activity as it is the total financial information disclosed in this report.

CONCEPT SPORTS LIMITED (ABN 41 108 042 593)
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	Economic Entity 2005	Economic Entity 2004	Parent Entity 2005	Parent Entity 2004
Note 28 Cash Flow Information				
a. **Reconciliation of Cash Flow from Operations with Loss from ordinary activities after income Tax**				
Loss from ordinary activities after income tax	(16,524,738)	(3,069,481)	(16,415,994)	(38,355)
Cash flows excluded from loss from ordinary activities attributable to operating activities				
Non-cash flows in loss from ordinary activities				
Amortisation	11,057,946	533,127	-	-
Depreciation	276,552	76,817	-	-
Net gain on disposal of plant and equipment	(7,713)	139	-	-
Provision for writedown of carrying value of associated companies		30,614		
Provision for write down of carrying value of subsidiaries	-	-	10,000,000	-
Write down of related party loan	-	-	5,864,099	-
Non-cash flows from financing activities				
Non cash transaction associated with issue of share capital	44,351	-	44,351	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries				
(Increase)/decrease in trade and term debtors	375,425	(615,242)	-	(78,909)
Decrease in other debtors	673,785	75,520	78,909	75,520
(Increase)/decrease in prepayments	157,796	(115,300)	-	-
(Increase)/decrease in inventories	3,339,240	(3,809,185)	-	-
Increase/(decrease) in trade creditors and accruals	(4,926,843)	5,432,472	(158,543)	287,084
(Increase)/decrease in payables reclassified as financing activities	-	(247,889)	-	(247,889)
Increase/(decrease) in income taxes payable	(6,112)	6,112	-	-
Decrease in deferred taxes payable	-	779,364	-	-
Increase/(decrease) in provisions	(38,402)	29,259	-	-
Cash flows used by operations	(5,578,713)	(893,673)	(567,178)	(2,549)

b. **Acquisition of Entities**

During the period ended 30 June 2004 100% of the controlled entity Concept Sports International Pty Ltd was acquired. Details of this transaction are:

	Economic Entity 2005	Economic Entity 2004	Parent Entity 2005	Parent Entity 2004
Purchase consideration	-	18,889,920	-	-
Cash consideration		-		
Shares issued as consideration	-	18,889,920	-	-
Assets and liabilities held at acquisition date:				
Cash assets	-	435,430	-	-
Receivables	-	1,736,531	-	-
Inventories	-	2,352,043	-	-
Other assets	-	128,030	-	-
Plant and equipment	-	831,253	-	-
Investments	-	30,614	-	-
Deferred tax assets	-	779,364	-	-
Intangibles	-	1,905,177	-	-
Payables	-	(5,800,308)	-	-
Borrowings	-	(1,949,508)	-	-
Provisions	-	(292,843)	-	-
	-	155,783	-	-
Goodwill on consolidation		18,734,137		
	-	18,889,920	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

Note 29 Financing Arrangements

The consolidated entity has access to the following lines of credit:

		Economic Entity 2005	2004
Total facilities available			
Bank overdraft		250,000	250,000
Trade finance		1,500,000	2,000,000
Standby letter of credit	29a	234,725	-
Bank guarantee		250,000	-
Payroll facility		150,000	154,000
Director's Loans		612,439	125,597
Other miscellaneous		94,515	10,000
		3,091,679	2,539,597
Facilities utilised at balance date			
Bank overdraft		187,140	227,385
Trade finance		1,500,000	1,971,000
Standby letter of credit		234,725	-
Bank guarantee		114,000	-
Payroll facility		-	-
Director's Loans		612,439	125,597
Other miscellaneous		79,556	3,017
		2,727,860	2,326,999
Facilities not utilised at balance date			
Bank overdraft		62,860	22,615
Trade finance		-	29,000
Standby letter of credit		-	-
Bank guarantee		136,000	-
Payroll facility		150,000	154,000
Director's Loans		-	-
Other miscellaneous		14,959	6,983
		363,819	212,598

a. The standby letter of credit shown above is in the amount of $178,750USD.

b. **Security and conditions**

The facilities are secured by a registered mortgage debenture over all assets of Concepts Sports International Pty Ltd, Concept Sports Ltd and Steve Rolton Agencies Pty Ltd including goodwill and uncalled capital and called but unpaid capital together with a relative insurance policy assigned to its financier.

A guarantee and indemnity for $2,034,000 and $178,750USD has been given by Concept Sports Limited and Steve Rolton Agencies Pty Ltd supported by a term deposit Letter of Set Off.

Note 30 Employee Benefits

Employee Share Option Arrangement

i. On 15 April 2004, 300,000 share options were granted to specified employees under the Concept Sports Limited employee option plan to take up ordinary shares at an exercise price of $0.50 each. The options were issued free of charge. One quarter of the issued options vest annually subject to the employees continued employment with the company. The options expire on 16 April 2008.

Each option entitles the holder to subscribe for one fully paid ordinary share. The shares allotted upon exercise of the options will rank equally with all other issued shares of the Company. The Company will apply for official quotation on the ASX of those shares after they are issued. An option holder will not be entitled to participate in new share issues of shares or other securities made by the company to holders of its shares unless the options are exercised before the record date for determining entitlements to the issue.

ii. On 15 April 2004, 400,000 share options were granted to non-executive directors under the Concept Sports Limited employee option plan to take up ordinary shares at an exercise price of $0.50 each. The options were issued free of charge. One quarter of the issued options vest annually subject to the directors continued employment with the company. These options have been forfeited during the year ended 30 June 2005 as all of the non-executive directors have terminated their employment with the Company.

iii. On 4 April 2005, 100,000 share options were granted to employees under the Concept Sports Limited employee option plan to take up ordinary shares at an exercise price of $0.05 each. The options were issued free of charge and expire on 6 April 2009.

Each option entitles the holder to subscribe for one fully paid ordinary share. The shares allotted upon exercise of the options will rank equally with all other issued shares of the Company. The Company will apply for official quotation on the ASX of those shares after they are issued. An option holder will not be entitled to participate in new share issues of shares or other securities made by the company to holders of its shares unless the options are exercised before the record date for determining entitlements to the issue.

The closing share market price of an ordinary share Concept Sport Limited on the Australian Stock Exchange at 30 June 2005 was $0.03 (2004: $0.59).

			Economic Entity		Parent Entity	
			2005	2004	2005	2004
			No.	No.	No.	No.
a. **Movement in the number of share options held by employees are as follows:**						
Opening balance			700,000	-	700,000	-
Granted during the year			100,000	700,000	100,000	700,000
Exercised during the year			-	-	-	-
Lapsed during the year			(550,000)	-	(550,000)	-
Closing Balance			250,000	700,000	250,000	700,000
b. **Details of share options exercised during the year:**						
No share options were exercised during the period.						
c. **Details of share options outstanding as at end of year:**						
Grant Date	Expiry and	Exercise				
15 April 2004	16 April 2008	$0.50	150,000	700,000	150,000	700,000
4 April 2005	6 April 2009	$0.05	100,000	-	100,000	-
			250,000	700,000	250,000	700,000

Note 31 Related Party Transactions

(a) Directors

The names of each person holding the position of Director during the period are:

Gary March

Jeffrey Taylor

Stephen Rolton (resigned 13/12/2004, reappointed 24/12/2004)

Leon Daphne (resigned 15/12/2004) *

David Carter (resigned 24/12/2004) *

John Moore (resigned 28/09/2004) *

(b) Directors' holding of shares

For relevant interests of directors of the entity and their director related entities in the Shares of the company at year end refer to note 6.

(c) Directors' holding of options

For relevant interests of directors of the entity and their director related entities in options of the company at period end and terms and conditions of those options, refer note 6.

(d) Other matters

Gary March is a Director of Richmond Football Club, a customer of Concept Sports International Pty Ltd. The terms of trade with Richmond Football Club are commercial and are on an arms length basis.

David Carter (resigned as director 24/12/04) was a consultant to Baker & McKenzie, a legal practice that provided services to Concept Sports Ltd. The terms of trade with Baker & McKenzie were commercial and are on an arms length basis.

At balance date Concept Sports International Pty Ltd owed advances made by directors or director related entities of $612,439 (2004: $125,597). These advances are interest free.

Note 32 Financial Instruments

a. **Interest Rate Risk**

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average		Floating Interest Rate		Fixed Interest Rate Maturing: Within Year		Fixed Interest Rate Maturing: 1 to 5 Years	
	2005	2004	2005	2004	2005	2004	2005	2004
Financial Assets								
Cash	4%	5%	846,575	2,862,281	2,306,822	7,000,000	-	-
Total Financial Assets			846,575	2,862,281	2,306,822	7,000,000	-	-
Financial Liabilities								
Bank loans and overdrafts	10.60%	10.35%	187,140	227,385	-	-	-	-
Trade finance facilities	8.32%	8.13%	1,500,000	1,971,000	-	-	-	-
Lease and hire purchase liabilities	17.00%	13.22%	-	-	58,574	67,626	15,941	134,981
Total Financial Liabilities			1,687,140	2,198,385	58,574	67,626	15,941	134,981

	Non-interest bearing		Total	
	2005	2004	2005	2004
Financial Assets				
Cash	2,078	56,545	3,155,475	9,918,826
Receivables	2,115,718	2,529,923	2,115,718	2,529,923
Total Financial Assets	2,117,796	2,586,468	5,271,193	12,448,749
Financial Liabilities				
Bank loans and overdrafts	-	-	187,140	227,395
Trade finance facilities	-	-	1,500,000	1,971,000
Trade and sundry creditors	6,185,639	11,286,051	6,185,639	11,286,051
Lease and hire purchase liabilities	-	-	74,515	202,607
Total Financial Liabilities	6,185,639	11,286,051	7,947,294	13,687,043

c. **Credit Risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The economic entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the economic entity.

d. **Net Fair Values**

The net fair values of financial assets and financial liabilities approximates their carrying values as disclosed in the statement of financial position and notes to the financial statements.

d. **Foreign Exchange Risk**

As at 30 June 2005 the economic entity had the following unhedged foreign currency balances:

	Economic Entity 2005	Economic Entity 2004
Receivable:		
Amounts due in:		
Euro	60,952	288,494
Payable:		
Amounts payable in:		
Euro	1,656,619	7,530,833
US dollars	175,000	-

Note 33 Impact of Adopting Australian Equivalents of International Financial Reporting Standards (AIFRS)

The entity has evaluated the key differences in accounting policies that are expected to arise from adopting AIFRSs and the key differences in accounting policies that are expected to arise from adopting AIFRS are detailed below. The transition date for first-time adoption of AIFRS is 1 July 2004. Details of estimated adjustments to opening balances at 1 July 2004, together with restated results under AIFRSs for the financial year to 30 June 2005, are provided below.

(i) Share based payments
Under AASB 2 Share-based Payment, the company will be required to determine the fair value of equity settled transactions and recognise an expense in the Statement of Financial Performance. Share-based payments to directors and other employees (such as the grant of options under an Employee Share Option Plan) will also be expensed under AIFRS.

On first-time adoption of AIFRSs, retained earnings at 1 July 2004 and reported results for the financial year to 30 June 2005 will be adjusted for all share-based payments granted after 7 November 2002, which do not vest prior to 1 January 2005. An estimate of the financial impact is provided in the reconciliation below.

(ii) Goodwill
Goodwill on consolidation will be recalculated to derecognise intangible assets acquired in business combinations that do not meet the identifiability criteria under AIFRS, and to recognize deferred tax liabilities at the acquisition date under the balance-sheet method.

Amortisation of goodwill will cease on first-time adoption of AIFRS. Therefore on adoption of AIFRSs, reported results for the financial year to 30 June 2005 will be adjusted for amortisation charges from 1 July 2004. However, amortisation charges prior to 30 June 2004 may *not* be reversed under the first-time adoption provisions.

Under AIFRS, goodwill will be subject to annual impairment testing.

(iii) Impairment of Assets
The recoverable amount test under Australian GAAP will be replaced by impairment testing whereby the recoverable amount is determined as the higher of fair value less costs to sell and value in use. Value in use incorporates the use of discounted cash flows.

(iv) Income taxes
Under AIFRS a balance sheet approach will be adopted under which temporary differences are identified for each asset and liability rather than accounting for the effect of timing and permanent differences between taxable and accounting profit. In addition, a future income tax benefit must be recognized for tax losses where their realization is considered probable. Under current Australian accounting standards tax losses may only be recognized where realization is considered to be virtually certain.

On first-time adoption of AIFRSs, adjustments to the provision for deferred tax will be required for initial asset revaluations, foreign currency exchange provisions and tax losses.

(v) The Effects of Changes in Foreign Exchange Rates
The parent entity has subsidiaries, they were previously considered to be integrated with the parent entity. On first-time adoption of AIFRSs new rules apply for translation of the foreign subsidiaries results to be included in the consolidated financial statements.

In accordance with the exemption available on first-time adoption of AIFRSs the cumulative translation differences of all foreign operations are deemed to be zero. On first-time adoption of AIFRS translation differences for the financial year to 30 June 2005 will be calculated in accordance with the new rules and any translation difference will be included as a separate component of equity. An estimate of the financial impact is provided in the reconciliation below.

No material change to the balance of equity at 1 July 2004 is expected upon the adoption of AIFRS.

		Economic Entity 2005	Parent Entity 2005
Reconciliation of Net Loss for the year ended 30 June 2005			
Net loss reported under Australian Accounting Standards		(16,524,738)	(16,415,994)
Key transitional adjustments:			
—	Share based payments	(5,502)	(5,502)
—	Reversal of amortization of goodwill	11,044,874	-
—	Reversal of provision for writedown of loan to subsidiary	-	10,000,000
—	Recognition of impairment loss	(11,044,874)	(10,000,000)
—	Effects of changes in foreign exchange rates	6,440	-
Total transitional adjustments		938	(5,502)
Net loss under AIFRS		(16,523,800)	(16,421,496)
Reconciliation of Total Equity at 30 June 2005			
Total equity reported under Australian Accounting		9,745,786	12,787,427
Adjustments to operating loss for the year described above			
—	Share based payments	(5,502)	(5,502)
—	Reversal of amortization of goodwill	11,044,874	-
—	Reversal of provision for writedown of loan to subsidiary	-	10,000,000
—	Recognition of impairment loss	(11,044,874)	(10,000,000)
—	Effects of changes in foreign exchange rates	6,440	-
Total equity under AIFRS		9,746,724	12,781,925

Note 34 Company Details

The registered office of the company is:
Concept Sports Limited
Unit 11 331 Ingles Street
Port Melbourne Victoria

The principal place of business is:
Concept Sports Limited
Unit 11 331 Ingles Street
Port Melbourne Victoria

CONCEPT SPORTS LIMITED (ABN 41 108 042 593)
AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 9 to 29, are in accordance with the Corporations Act 2001:
   a. comply with Accounting Standards and the Corporations Regulations 2001; and
   b. give a true and fair view of the financial position as at 30 June 2005 and of the performance for the year ended on that date of the company and economic entity.
2. The Chief Executive Officer and Chief Finance Officer have each declared that:

   (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

   (b) the financial statements and notes for the financial year comply with the Accounting Standards; and

   (c) the financial statements and notes for the financial year give a true and fair view.
3. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Gary March
Director

Jeffrey Taylor
Director

Melbourne
9 September 2005

PITCHER PARTNERS

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF

CONCEPT SPORTS LIMITED

Scope

We have audited the financial report of Concept Sports Limited and controlled entities for the financial year ended 30 June 2005 comprising the Directors' Declaration, Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and notes to the financial statements.

The company's directors are responsible for the financial report. We have conducted an independent audit of this 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 financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and Corporations Act 2001 so as to present a view which is consistent with our understanding of the company's financial position and performance as represented by the results of their operations and their cash flows.

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

Independence

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditor's independence declaration set out on page 5 of the financial report has not changed as at the date of providing our audit opinion.

Audit Opinion

In our opinion, the financial report of Concept Sports Limited is in accordance with:

a. the Corporations Act 2001, including:
    i. giving a true and fair view of the company's and consolidated entities' financial position as at 30 June 2005 and of their performance for the year ended on that date; and
    ii. complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
b. other mandatory professional reporting requirements in Australia

Inherent uncertainty regarding going concern basis of accounting

Without qualification to the opinion expressed above, attention is drawn to the following matter. As described in Note 1 to the financial statement Concept Sports Ltd and controlled entities incurred a significant loss for the year ended 30 June 2005 of $16,524,738. Also, as at 30 June 2005 the company's financing agreement with its primary financier, being trade finance and overdraft facilities (Note 19) and bank guarantees and standby letters of credit (Note 29) are supported by security cash deposits held by the financier equal to the facilities extended. The ability of the company to secure further financing, if existing facilities were to cease or circumstances were such that additional facilities were required, can not be assessed with any degree of certainty.

The report has been prepared on a going concern basis, which assumes the continued support of the entity's financiers and the company's ability to generate sufficient positive cash flows from major events, retailing and wholesaling of licensed products. As a result of the matters described in Note 1, there is significant uncertainty whether Concept Sports Limited will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Date at Melbourne on 9 September 2005

PITCHER PARTNERS

M W PRINGLE
Partner

CONCEPT SPORTS LIMITED

ASX Additional Information

The following additional information is required by the Australian Stock Exchange and was the status on 31 August 2005.

Distribution of ordinary shareholders and option holders

Category (Size of Holding)	Number of Ordinary Shareholders	Number of Employee Option Holders	Number of Other Option Holders
1 - 1000	4		
1,001 – 5,000	58		
5,001 – 10,000	68		
10,001 – 100,000	172	3	
100,001 and over	58		
Options on Issue		250,000	9,198,000

Share capital

The ordinary share capital of Concept Sports Limited as at 31 August 2005 comprises 63, 185,780 fully paid shares.

Less than marketable parcels

The number of shareholders holding less than marketable parcels is 133, and those holders held a total of 827,021 ordinary shares.

Top 20 shareholders

The 20 largest shareholders – fully paid ordinary shares – are as follows:

Shareholders	Number of Ordinary Shares	% of Issued Ordinary Shares
Gary March (1)	11,873,664	18.79
Jelor Software Pty Ltd (1)	8,905,248	14.09
Beverley March (1)	8,905,248	14.09
Jennielou Rolton (1)	4,047,840	6.40
Stephen Rolton (1)	4,047,840	6.40
Mustafa Shail & Nuriye Shail	3,150,000	4.98
Holdex Nominees Pty Ltd	1,850,000	2.93
Alkamye Pty Ltd 402/17	1,405,000	2.22
Kelfield Investments Pty Ltd	875,000	1.38
Joshua Goldhirsch	750,490	1.19
National Nominees Limited	660,000	0.95
Paul Lappin	600,000	0.94
Airene Pty Ltd	504,832	0.80
Expo Paints Pty Ltd	500,000	0.79
Peter John Klasen	407,000	0.64
Peter John Hugo	369,000	0.58
Steven H Dunn Investments Pty Ltd	334,800	0.53
Comsec Nominees Pty Limited	284,189	0.45
Sophie Vickers-Willis	268,750	0.43
Top Cat Promotions Pty Ltd	240,000	0.38

(1) Shareholdings are restricted securities