CONCEPT SPORTS LIMITED AND CONTROLLED ENTITIES

ABN: 41 108 042 593

Annual Financial Report For The Year Ended 30 June 2006

CONCEPT SPORTS LIMITED
AND CONTROLLED ENTITIES

30 June 2006

ABN: 41 108 042 593 & CONTROLLED ENTITIES

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

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2006.

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

Gary March
Jeffrey Taylor
Stephen Rolton (resigned 1/09/06)
Darrold Cordes (appointed 18/09/06)

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

Company Secretary

The following person held the position of company secretary at the end of the financial year: Jeffrey Taylor

Principal Activities

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

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

Operating Results

The consolidated loss of the economic entity after providing for income tax amounted to $11,271,573.

Dividends Paid or Recommended

No dividends were paid, declared or recommended since the start of the financial year.

Review of Operations

During the first half of the year, the Company completed its obligations to provide on-site merchandising activities at the Confederations Cup held in Germany. In addition, the Company conducted on-site merchandising activities at Americas Cup regattas held in Malmo, Italy and Valencia, Spain (through its joint venture company Global Merchandising Management Ltd.).

In its Half Yearly Accounts, the Company announced a consolidated loss after tax of $1,817,000. The result comprised of a loss in the Australian operations of $744,000, which, was a significantly improved from the corresponding half year in 2004. A loss of $310,000 was recorded in Concept Sports Ltd as a result of cost relating to defending the class action against the Company. Our German entity incurred significant additional costs relating to trackside fees that resulted in a loss of $762,000 to that subsidiary.

During this period the Company was successful in securing the rights to conduct the on-site merchandising for the 2007 Rugby World Cup to be held in France.

In January the Company announced that it had mutually agreed with Karstardt Quelle, Germany's largest retailer, to rescind the agreement to sell merchandise at event venues and superstores at the FIFA World Cup 2006 as it had been unable to reach a satisfactory agreement on the commercial terms of supply that would provide a level of return commensurate with the investment required and the risks associated with an event of this kind, particularly given the experiences at the Confederations Cup.

In the second half of the year, the Company completed its obligations to provide on-site merchandising activities at the 2006 Turin Winter Olympics. As previously announced, the overall result for the project was below expectations due mainly to unforeseen statutory labour costs in Italy from which the Company believed it was exempt. The net return from the project did not exceed the contracted return to our partners Westminster Communications, and therefore the Company did not receive a dividend from the project. The Company was however refunded its total working capital contribution.

The financial accounts to 30 June 2006 show a consolidated loss for the group for the year ended 30 June 2006 of $11,272,000 after a goodwill write down of $6,800,000 as a result of impairment testing of the carrying value of goodwill under IFRS requirements. The operational loss for the second six months of $2,654,000 reflects the poor contributions from the Australian Grand Prix, Tennis and AFL licenses, the re-scheduling of the U2 concerts to November 2006, the slower than expected establishment of the Hummel brand, costs in relation to defending the class action against the Company and the additional losses incurred by our German entity. In light of the above, the Company will not be continuing with its AFL licenses in 2007 and has decided to discontinue with the Mercedes license when the contract concludes on 31 December 2006.

In September, the Company announced a subscription agreement with HT International. Under the agreement, the Company will raise $1million for working capital, HT International will provide a credit facility for the purposes of securing the contractual commitments of the Company for its major projects and allow the projects to be operated in the Company's own right under more favourable conditions than those previously existing under the partnership agreement with Westminster Communications. Furthermore, the directors have committed to provide indemnification to the Company in respect of the action in the Federal Court. These agreements will be a significant boost to the Company's future prospects.

The successful completion of the agreement with HT International is fundamental to the Company's ability to continue to fund its on-going operations, domestically and internationally.

Significant Changes in State of Affairs

There have been no significant changes in the consolidated entity's state of affairs during the financial year.

Adoption of Australian Equivalents to IFRS

As a result of the introduction of Australian equivalents to International Financial Reporting Standards (AIFRS), the company's financial report has been prepared in accordance with those Standards. A reconciliation of adjustments arising on the transition to AIFRS is included in the Notes to this report.

After Balance Date Events

On 4 September 2006 the company announced that it had entered into a subscription and funding agreement with HT International Pty Ltd. As part of the Agreement:
a) The Company undertoook to issue 9,000,000 new shares at 2c, raising $180,000,
b) The Directors have indemnified the Company and shareholders against any settlement or award that may be granted against the company arising out of the claim lodged in the Federal Court,
c) The Company is to undertake a renounceable rights issue on the basis of 2 new shares for each 3 currently held, underwritten by HT International Pty Ltd for the amount of $820,000,
d) HT International Pty Ltd is to provide $2,500,000 credit facilities to support the Company's contract committments (replacing credit facilities previously provided by Westminster Communication Group),
e) As consideration for the credit facility the Company will issue to HT International Pty Ltd 10,000,000 options exercisable at 2c on or before 1 September 2008 as well as 10,000,000 performance shares convertible to fully paid shares at various share price milestones and for varying consideration.

No other matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Future Developments, Prospects and Business Strategies

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

Environmental Issues

The consolidated entity's operations are not subject to any significant environmental Commonwealth, State or Territory regulations or laws.

Information on Directors

Gary March	—	Executive 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 Jeffrey Taylor.
Stephen Rolton	—	Director (Non-executive)
Experience	—	Board member since 2004. Founding director of Steve Rolton Agencies Pty Ltd, a wholly owned subsidiary of Concept Sports Ltd. Resigned 1 September 2006.
Interest in Shares and Options	—	3,237,840 Ordinary Shares in Concept Sports Limited.
Darrold Cordes	—	Director (Non-executive)
Qualifications	—	BA Tech (Electronics), Grad Dpl (Mathematics)
Experience	—	Board member since 18 September 2006.
Interest in Shares and Options	—	Nil

REMUNERATION REPORT

This report details the nature and amount of remuneration for each director of Concept Sports Limited, and for the executives receiving the highest remuneration.

Remuneration policy

The board policy for determining the nature and amount of remuneration of directors and executives is agreed by the board of directors as a whole. The board obtains professional advice where necessary to ensure that the company attracts and retains talented and motivated directors and employees who can enhance company performance through their contributions and leadership.

For directors and executives, the company provides a remuneration package that incorporates both cash-based remuneration and share-based remuneration. The contracts for service between the company and directors and executives are on a continuing basis the terms of which are not expected to change in the immediate future. Share-based remuneration is conditional upon continuing employment thereby aligning director and shareholder interests. The remuneration policy is not directly related to company performance. The board considers a remuneration policy based on short-term returns may not be beneficial to the long-term creation of wealth by the company for shareholders.

Non-executive directors receive fees and do not receive options or bonus payments.

The company determines the maximum amount for remuneration, including thresholds for share-based remuneration, for directors by resolution.

The names and positions of each person who held the position of director at any time during the financial year is provided above. The named executives in the consolidated group who received the highest remuneration for the financial year are:

	Salary, Fees and Commissions $	Superannuation Contribution $	Options $	Total remuneration represented by Options %	Total $
Directors					
Gary March	183,426	16,514	-	-	199,940
Jeffrey Taylor	137,615	12,835	-	-	150,450
Stephen Rolton	7,000	-	-	-	7,000
	328,041	29,349	-		357,390
Executives					
Hiran Weereratne - Chief Financial Officer	140,000	12,600	750	0.54%	153,350
	140,000	12,600	750		153,350

During the financial year, meetings of directors (including committees of directors) were held.
Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Gary March	11	11
Jeffrey Taylor	11	11
Stephen Rolton	11	7

Audit Committee

The role of the Audit 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 the Charter, the Committee is to meet four times per year and as considered necessary, to review the Company's financial information to ensure its accuracy and timeliness.

Remuneration and Nomination Committee

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 considered necessary, to review the Company's remuneration structure and the performance of directors and executives. The Remuneration and Nominations Charter providing terms of reference was approved on 8 April 2004.

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

Indemnifying Officers or Auditor

During or since the end of the financial year the company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The company has entered into an agreement to indemnify Hiran Weereratne, CFO, against any liability arising from a claim brought by a third party against the company. The agreement provides for the company to pay all damages and costs which may be awarded against Hiran Weereratne.

Proceedings on Behalf of Company

In December 2004, 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 sought unspecified damages in relation to the financial forecasts, amongst other things, contained in the replacement prospectus dated 18 May 2004 and other matters.

Non-audit Services

Non-audit services are approved by resolution of the audit committee and approval is provided in writing to the board of directors. 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 the general standard of independence for auditors imposed by the Corporations Act 2001.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2006:

	$
Taxation services	2,455

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2006 has been received and can be found on page 4 of the directors' report.

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

Director

Gary March

Date at Melbourne on 29 September 2006

PITCHER PARTNERS

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF CONCEPT SPORTS LIMITED
(ABN: 41 108 042 593)
AND CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2006 there have been:

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

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

Pitcher Partners
Pitcher Partners

M Harri
M J HARRISON
Partner

Date at Melbourne on 29 September 2006

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 "Proncipies of Good Corporate Governance and Best Practive 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 on request.

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
Darrold Cordes	(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. 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, a copy of which can be obtained from the Company on request.

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 obtained from the Company on request.

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 obtained from the Company on request.

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 obtained from the Company on request.

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 ASX.

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 be obtained from the Company on request.

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 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 obtained from the Company on request.

CONCEPT SPORTS LIMITED (ABN: 41 108 042 593)
AND CONTROLLED ENTITIES
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006

	Note	Economic Entity 2006	Economic Entity 2005	Parent Entity 2006	Parent Entity 2005
Revenue	3	19,051,749	20,055,352	-	7
Changes in inventories of finished goods and work in progress		(935,138)	(3,339,240)	-	-
Raw materials and consumables used		(9,854,909)	(8,068,210)	-	-
Royalty Expense		(3,055,555)	(3,014,427)	-	-
Employee benefits expense		(3,503,105)	(3,996,597)	(12,925)	(5,502)
Occupancy Expenses		(421,290)	(616,108)	-	-
Event Expenses		(2,284,481)	(730,136)	-	-
Advertising Expense		(370,464)	(224,205)	-	-
Freight Expense		(357,936)	(873,259)	-	-
Travel Expense		(202,273)	(300,120)	-	-
Depreciation and amortisation expense	4	(281,916)	(289,624)	-	-
Other expenses		(1,747,826)	(2,385,730)	(656,563)	(531,902)
Finance costs	4	(284,961)	(191,813)	(75,000)	-
Write off of related party loan	4	(223,468)	(1,511,249)	-	-
Impairment of goodwill	4	(6,800,000)	(11,044,874)	-	-
Writedown in value of investment in subsidiary	4	-	-	(6,800,000)	(10,000,000)
Provision for writedown of related party loan	4	-	-	(3,288,634)	(5,884,099)
Loss before income tax	4	(11,271,573)	(16,530,240)	(10,833,122)	(16,421,496)
Income tax expense	5	-	-	-	-
Loss from continuing operations		(11,271,573)	(16,530,240)	(10,833,122)	(16,421,496)
Loss attributable to members of the parent entity		(11,271,573)	(16,530,240)	(10,833,122)	(16,421,496)
Overall Operations					
Basic & dilutive earnings/(loss) per share (cents per share)	8	(17.8)	(26.2)		

The accompanying notes form part of these financial statements.

CONCEPT SPORTS LIMITED (ABN: 41 108 042 593)
AND CONTROLLED ENTITIES
BALANCE SHEET
AS AT 30 JUNE 2006

	Note	Economic Entity 2006	Economic Entity 2005	Parent Entity 2006	Parent Entity 2005
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	9	890,096	3,155,475	-	5,152
Trade and other receivables	10	1,027,155	2,115,717	-	4,020,896
Inventories	11	1,886,850	2,821,988	-	-
Other current assets	12	211,460	85,534	-	-
TOTAL CURRENT ASSETS		4,015,561	8,178,714	-	4,026,048
NON-CURRENT ASSETS					
Financial assets	13	117	117	2,089,920	8,889,920
Property, plant and equipment	16	1,188,297	1,391,974	-	-
Intangible assets	17	2,375,465	9,175,465	-	-
TOTAL NON-CURRENT ASSETS		3,563,879	10,567,556	2,089,920	8,889,920
TOTAL ASSETS		7,579,440	18,746,270	2,089,920	12,915,968
CURRENT LIABILITIES					
Trade and other payables	18	8,301,172	6,955,129	54,939	128,541
Short-term borrowings	19	494,629	1,745,714	-	-
Short-term provisions	20	283,748	235,715	-	-
TOTAL CURRENT LIABILITIES		9,079,549	8,936,558	54,939	128,541
NON-CURRENT LIABILITIES					
Long-term borrowings	19	-	15,941	-	-
Other long-term provisions	20	53,685	47,985	-	-
TOTAL NON-CURRENT LIABILITIES		53,685	63,926	-	-
TOTAL LIABILITIES		9,133,234	9,000,484	54,939	128,541
NET ASSETS		(1,553,794)	9,745,786	2,034,981	12,787,427
EQUITY					
Issued capital	21	29,241,776	29,241,776	29,241,776	29,241,776
Reserves	22	(22,505)	5,502	86,178	5,502
Accumulated losses	23	(30,773,065)	(19,501,492)	(27,292,973)	(16,459,851)
TOTAL EQUITY		(1,553,794)	9,745,786	2,034,981	12,787,427

The accompanying notes form part of these financial statements.

CONCEPT SPORTS LIMITED (ABN: 41 108 042 593)
AND CONTROLLED ENTITIES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2006

	Note	Economic Entity 2006	Economic Entity 2005	Parent Entity 2006	Parent Entity 2005
Total equity at beginning of year		9,745,786	26,138,573	12,787,427	29,159,070
Reversal of outside equity interest		-	87,600	-	-
Exchange differences on translation of foreign operations		(108,683)	-		-
Share option reserve		80,676	5,502	80,676	5,502
Loss attributable for the year		(11,271,573)	(16,530,240)	(10,833,122)	(16,421,496)
Total recognised income and expense for the year		(11,299,580)	(16,437,138)	(10,752,446)	(16,415,994)
Transactions with equity holders					
- Issue of shares		-	44,351	-	44,351
Total equity at end of year		(1,553,794)	9,745,786	2,034,981	12,787,427

The accompanying notes form part of these financial statements.

CONCEPT SPORTS LIMITED (ABN: 41 108 042 593)
AND CONTROLLED ENTITIES
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006

	Note	Economic Entity 2006	Economic Entity 2005	Parent Entity 2006	Parent Entity 2005
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		19,128,872	22,225,278	-	-
Payments to suppliers and employees		(20,333,904)	(27,830,444)	(737,414)	(567,185)
Interest received		111,094	218,266	-	7
Finance costs		(209,961)	(191,813)	-	-
Net cash used in operating activities	27a	(1,303,899)	(5,578,713)	(737,414)	(567,178)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of plant and equipment		32,600	77,272	-	-
Purchase of plant and equipment		(89,368)	(572,744)	-	-
Purchase of investments		-	(10,745)	-	-
Net cash provided by (used in) investing activities		(56,768)	(506,217)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		-	595,922	-	-
Repayments from controlled entities		-	-	732,262	568,800
Repayment of borrowings		(1,208,452)	(471,000)	-	-
Advances (to)/from associate entities		430,004	(635,005)	-	-
Repayment of finance liabilities		(58,574)	(128,093)	-	-
Net cash provided by (used in) financing activities		(837,022)	(638,176)	732,262	568,800
Net increase in cash held		(2,197,689)	(6,723,106)	(5,152)	1,622
Cash at beginning of financial year		2,968,335	9,691,441	5,152	3,530
Cash at end of financial year	9	770,646	2,968,335	-	5,152

The accompanying notes form part of these financial statements.

Note 1 Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations, 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 of Concept Sports Limited and controlled entities, and Concept Sports Limited as an individual parent entity comply with all Australian equivalents to International Financial Reporting Standards (AIFRS).

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.

Basis of Preparation

First-time Adoption of Australian Equivalents to International Financial Reporting Standards

Concept Sports Limited and controlled entities, and Concept Sports Limited as an individual parent entity have prepared financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS) from 1 July 2005.

In accordance with the requirements of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards, adjustments to the parent entity and consolidated entity accounts resulting from the introduction of AIFRS have been applied retrospectively to 2005 comparative figures excluding cases where optional exemptions available under AASB 1 have been applied. These consolidated accounts are the first financial statements of Concept Sports Limited to be prepared in accordance with Australian equivalents to IFRS.

The accounting policies set out below have been consistently applied to all years presented.

Reconciliations of the transition from previous Australian GAAP to AIFRS have been included in Note 32 to this report.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs.

Accounting Policies

(a) Going concern policy note

Concept Sports Ltd and controlled entities incurred a loss for the year ended 30 June 2006 of $11,271,573. As at 30 June 2006 liabilities exceeded tangible assets by $3,929,259. Also, as at 30 June 2006 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 27b) are supported by guarantee and indemnity, security cash deposits and financed debtors 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, cannot be assessed with any degree of certainty.

The financial report has been prepared on a going concern basis. This assumes the company will successfully complete the proposed rights issue (Note 29) in October 2006, together with the continued support of the entity's suppliers and financiers and the company's ability to generate sufficient positive cash flows from major events retailing and wholesaling of licensed products to generate the funds needed to meet the company's short term cash requirements. If the rights issue does not generate sufficient funds in the immediate future, the assumption of a going concern basis becomes less probable.

If the rights issue is successful, thereafter the application of the going concern basis assumes the continued support of the entity's suppliers and financiers, the company's ability to generate sufficient positive cash flows from existing and forecast major events retailing and wholesaling of licensed products, particularly the Cricket Australia license and America's Cup license, and the ability to source alternative finance, if required. 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 the proposed rights issue is not successful, existing suppliers and financiers do not continue to provide facilities on the current extended terms, future trading performance, particularly the Cricket Australia license and America's Cup license, fails to generate sufficient positive cash flows to meet the company's financial obligations or alternative sources of finance, if required, cannot be obtained. If the going concern basis is found to no longer be appropriate the recoverable amounts of the assets shown in the Balance Sheet are likely to be significantly less than the amounts disclosed.

(b) Principles of Consolidation

A controlled entity is any entity Concept Sports Limited has the power to control the financial and operating policies so as to obtain benefits from its activities.

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. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies applied by the parent entity.

(c) Income Tax

The charge for current income tax expense is based on the profit/(loss) for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

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 and its controlled Australian entities have formed an income tax consolidated group under the tax consolidation legislation. The parent entity is responsible for recognising the current tax and deferred tax assets in respect of tax losses for the tax consolidated group. The tax consolidated group has also entered a tax funding agreement whereby each company in the group contributes to the income tax payable in proportion to their contrbution to the net profit before tax of the tax consolidated group.

(d) 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. Overheads are applied on the basis of normal operating capacity.

Note 1 Statement of Significant Accounting Policies (continued)

(e) Plant and Equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

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 that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining impairment amounts.

Depreciation

The depreciable amount of all fixed 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
Plant and equipment	5-40%
Motor Vehicles	10-22.5%

(f) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the economic entity are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. 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. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(g) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(h) 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 expected net cash flows from investments have been discounted to their present value in determining the impairment amounts.

(i) Investments in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognises the group's share of post acquisition profits and reserves of its associates.

(j) Intangibles

Goodwill

Goodwill is 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 assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment writedowns. Any balance representing future benefits for which the realisation is considered no longer probable are written off.

(k) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year end exchange rate.

Exchange differences arising on the translation of monetary items are recognised in the income statement.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- exchange differences arising on translation of foreign operations are transferred directly to the groups foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

(l) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

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.

(m) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(n) Cash and Cash Equivalents

For the purposes 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 in Note 9.

(o) 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.

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

Note 1 Statement of Significant Accounting Policies (continued)

(p) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(q) 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 balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(r) Comparative Figures

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

Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key estimates — Impairment

The recoverable amount of goodwill is based on value-in-use calculations. These calculations are based on projected cash flows approved by management covering a period not exceeding five years. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future. The cash flow projections for the Company's wholesale license business have been calculated using historical knowledge and best available information regarding revenue and expenses. A growth rate of 5% has been used to extrapolate the wholesale license business cash flow projections beyond the period covered by the most recent forecasts. The cash flow projections for event retailing at major international sporting events have been based on contracted events and those the company believes it is likely to secure. The present value of future cash flows has been calculated using a discount rate of 10% to determine value-in-use.

Note 2 Significant events

a. Impairment of Goodwill / Impairment of value of investment in subsidiary

The Board of Concept Sports Limited determined to write down the carrying value of the goodwill as at 30 June 2006 by $6,800,000. The carrying value of goodwill is based on value-in-use calculations using a discount rate of 10%. This decision was taken after giving consideration to the collaborative evidence associated with the impairment testing, and reflects a conservative approach to the outlook for the Company's business plan following the poor results achieved since listing.

b. Provision for writedown of related party loan

The Board of Concept Sports Limited determined to write down the carrying value of the loan by the parent entity to the wholly owned subsidiary, Concept Sports International Pty Ltd, based upon the existing net asset position of the subsidiary.

c. Provision for writedown of related party loan (30 June 2005)

The Board of Concept Sports Ltd determined to write off an advance to the Athens Olympic Organising Committee relating to guaranteed royalties of Venue Retailing S.A.

	Note	Economic Entity 2006	Economic Entity 2005	Parent Entity 2006	Parent Entity 2005
Note 3 Revenue					
Operating activities					
— sale of goods		18,940,655	19,829,373	-	-
— interest received	3(a)	111,094	218,266	-	7
— other revenue		-	7,713	-	-
Total Revenue		19,051,749	20,055,352	-	7
(a) Interest revenue from:					
— other persons		111,094	218,266	-	7
Total interest revenue		111,094	218,266	-	7

	Note	Economic Entity 2006	Economic Entity 2005	Parent Entity 2006	Parent Entity 2005
Note 4 Loss for the Year					
(a) Expenses					
Cost of sales		10,561,113	11,407,450	-	-
Finance costs:					
— Other persons		284,961	191,813	75,000	-
Total finance costs		284,961	191,813	75,000	-
Impairment of goodwill to recoverable amount	2(a)	6,800,000	11,044,874	-	-
Write off of related party loan	2(c)	223,468	1,511,249		
Foreign currency translation losses		89,365	6,440	-	-
Amortisation of non current assets					
— Leased motor vehicles		-	836	-	-
— Leased plant and equipment		12,236	12,236	-	-
Total amortisation		12,236	13,072	-	-
Depreciation of non current assets					
— Plant and equipment		247,804	255,689	-	-
— Motor vehicles		21,876	20,863	-	-
Total depreciation		269,680	276,552	-	-
Net Expense from movement in provisions					
— Movement in provision for doubtful debts		159,154	29,451	-	-
— Movement in employee entitlement		53,733	(38,402)	-	-
— Movement in stock provision		228,934	(170,000)	-	-
— Provision for writedown of investment in subsidiary	2(a)	-	-	6,800,000	10,000,000
— Provision for writedown of related party loan	2(b)	-	-	3,288,634	5,884,099
Total net expense from movement in provisions		441,821	(178,951)	10,088,634	15,884,099
Profit/(loss) on sale of plant and equipment		21,471	7,713	-	-
Rental expense on operating leases					
— minimum lease payments		421,290	616,108	-	-

	Note	Economic Entity 2006	Economic Entity 2005	Parent Entity 2006	Parent Entity 2005
Note 5 Income Tax Expense					
(a) The components of tax expense comprise:					
Current tax		-	-	-	-
Deferred tax		-	-	-	-
Recoupment of prior year tax losses		-	-	-	-
		-	-	-	-
(b) The prima facie tax on loss from ordinary activities before income tax is tax as follows					
Prima facie tax payable on loss from ordinary activities before income tax at 30% (2005: 30%)					
economic entity		(3,381,472)	(4,959,072)		
parent entity				(3,249,936)	(4,926,449)
		(3,381,472)	(4,959,072)	(3,249,936)	(4,926,449)
Add:					
Tax effect of:					
— non-deductible impairment loss		2,040,000	3,313,462	2,040,000	3,000,000
— other non-allowable items		154,479	87,732	150,499	80,781
— write-downs to recoverable amounts		-	558,917	986,590	1,765,230
— deferred tax asset not brought to account		1,311,042	1,123,011	196,897	204,488
		124,050	124,050	124,050	124,050
Less:					
Tax effect of:					
— capital raising costs deduction		124,050	124,050	124,050	124,050
Income tax expense		-	-	-	-
(c) Deferred tax assets not brought to account are:					
— temporary differences		6,006,166	3,621,323	5,116,482	3,010,560
— carry forward losses		3,219,653	2,063,906	523,001	317,726
		9,225,819	5,685,229	5,639,483	3,328,286

Note 6 Key Management Personnel Compensation

(a) Names and positions held of economic and parent entity key management personnel in office at any time during the financial year are:

Key Management Person	Position
Gary March	Executive Chairman and Managing Director
Jeffrey Taylor	General Manager and Company Secretary
Stephen Rolton (resigned 1 September 2006)	Director (Non-executive)
Hiran Weereratne	Chief Financial Officer

(b) **Compensation Practices**

The board's policy for determining the nature and amount of compensation of key management for the group is as follows:

Executive remuneration is fixed by the Board and may comprise salary or options over equity of the Company. Non-executive remuneration comprises fixed remuneration, including superannuation, which is set at a level that reflects the marketplace. Fees payable to directors will not be increased without prior approval of the 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.

(c) **Key Management Personnel Compensation**

	Short-term benefits	**Post Employment Benefits**	**Share-based payment**	**Total**
	Cash, salary & commissions	Super-annuation	Options	
2006				
Key Management Person				
Gary March	183,426	16,514	-	199,940
Jeffrey Taylor	137,615	12,835	-	150,450
Stephen Rolton (resigned 1 September 2006)	7,000	-	-	7,000
Hiran Weereratne	140,000	12,600	750	153,350
	468,041	41,949	750	510,740

	Short-term benefits	**Post Employment Benefits**	**Share-based payment**	**Total**
	Cash, salary & commissions	Super-annuation	Options	
2005				
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
Hiran Weereratne - Chief Financial Officer	34,102	3,069	79	37,250
David Fulford - Chief Financial Officer	29,655	2,669	-	32,324
Anita Chandler	25,150	2,264	3,450	30,864
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
	556,896	-	3,529	606,271

Note 6 Key Management Personnel Compensation (continued)

(d) **Compensation Options**
Options Granted as Compensation

	Vested No.	Granted No.	Grant Date	Value per Option at Grant Date $	Exercise Price $	First Exercise Date	Last Exercise Date
				Terms & Conditions for Each Grant			
Key Management Personnel							
Hiran Weereratne - Chief Financial Officer	25,000	100,000	4 April 2005	0.03	0.05	6 April 2006	6 April 2009
	25,000	100,000					

Options granted as part of remuneration have been valued using the Black-Scholes option pricing model, applying the folliwing inputs:

Weighted average exercise price	$0.05
Weighted average life of options	4.0 years
Underlying share price	$0.04
Expected share price volatility	100%
Risk free interest rate	5.2%

(e) **Shareholdings**
Number of Shares held by Key Management Personnel

2006	Balance 1 July 2005	Net Change Other*	Balance 30 June 2006
Key Management Personnel			
Gary March (1)	20,776,912		20,776,912
Jeffrey Taylor(2)	8,905,248		8,905,248
Stephen Rolton	4,047,840	(810,000)	3,237,840
Hiran Weereratne - Chief Financial Officer	-	-	-
	33,732,000	(810,000)	32,922,000

* Net change other refers to shares purchased or sold during the financial year.

(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 owner of these shares.

	Note	Economic Entity 2006	Economic Entity 2005	Parent Entity 2006	Parent Entity 2005
Note 7 Auditors' Remuneration					
Remuneration of the auditor of the parent entity for:					
Auditing or reviewing the financial report		142,304	155,110	-	-
Other services		2,455	18,240	-	-
Other services provided by related practice of auditor		-	-	-	-
Remuneration of other auditors of subsidiaries for:					
Auditing or reviewing the financial report of subsidiaries		55,958	20,363	-	-

Note 8 Earnings per Share

(a) Reconciliation of earnings net loss					
Net Loss				(11,271,573)	(16,530,240)
Earnings used to calculate EPS				(11,271,573)	(16,530,240)
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic and dilutive EPS				No. 63,185,780	No. 63,129,295

Note 9 Cash and Cash Equivalents

	Note	Economic Entity 2006	Economic Entity 2005	Parent Entity 2006	Parent Entity 2005
Cash at bank		92,479	846,575	-	5,152
Deposits at call		764,342	2,306,822	-	-
Cash on hand		33,275	2,078	-	-
		890,096	3,155,475	-	5,152
Reconciliation of cash					
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:					
Cash and cash equivalents		890,096	3,155,475	-	5,152
Bank overdrafts	19	(119,450)	(187,140)	-	-
		770,646	2,968,335	-	5,152

Note 10 Trade and Other Receivables

	Economic Entity 2006	Economic Entity 2005	Parent Entity 2006	Parent Entity 2005
CURRENT				
Trade receivables	1,291,869	1,320,932	-	-
Provision for impairment of receivables	(288,605)	(129,451)	-	-
	1,003,264	1,191,481	-	-
Other receivables	23,891	111,081	-	-
Amounts receivable from:				
— wholly-owned subsidiaries	-	-	9,172,733	9,904,995
— provision for loan to subsidiary	-	-	(9,172,733)	(5,884,099)
— associated companies	-	813,155	-	-
	1,027,155	2,115,717	-	4,020,896

	Note	Economic Entity 2006	Economic Entity 2005	Parent Entity 2006	Parent Entity 2005
Note 11 Inventories					
CURRENT					
Finished goods at lower of cost and net realisable value		2,162,784	2,868,988	-	-
Provision for obsolescence		(275,934)	(47,000)	-	-
		1,886,850	2,821,988	-	-
Note 12 Other Assets					
CURRENT					
Prepayments		211,460	85,534	-	-
Note 13 Other Financial Assets					
Other financial assets	13(a)	117	117	2,089,920	8,889,920
		117	117	2,089,920	8,889,920
(a) **Other financial assets comprise:**					
NON CURRENT					
Unlisted investments, at cost					
— Shares in associates	15(a)	117	117	-	-
		117	117	-	-
Unlisted investments, at recoverable amount					
— shares in controlled entities at cost		-	-	18,889,920	18,889,920
Less: Impairment writedown		-	-	(16,800,000)	(10,000,000)
		-	-	2,089,920	8,889,920
Total non current other financial assets		117	117	2,089,920	8,889,920

Impairment is for write down in value of investment in Concept Sports International Pty Ltd

Note 14 Controlled Entities

(a) **Controlled Entities Consolidated**

	Country of Incorporation	Percentage Owned (%) 2006	Percentage Owned (%) 2005
Parent Entity:			
Concept Sports Limited	Australia		
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	Germany	100	100
Concept Sports International AG	Switzerland	100	100
Concept Sports International SA	France	100	100

Note 15 Associated Companies

Interests are held in the following associated companies

Name	Principal Activities	Country of Incorporation	Shares	Ownership Interest 2006 %	Ownership Interest 2005 %	Carrying Amount of Investment 2006 $000	Carrying Amount of Investment 2005 $000
Unlisted:							
Global Merchandising Management Ltd	Investment	United Kingdom	Ord	50	50	117	117
						117	117

	Economic Entity 2006	Economic Entity 2005	Parent Entity 2006	Parent Entity 2005
(a) **Movements during the Year in Equity Accounted Investments in Associated Companies**				
Balance at beginning of the financial year	117	-	-	-
Add: New investments during the year	-	117	-	-
Balance at end of the financial year	117	117	-	-
(b) **Summarised Presentation of Aggregate Assets, Liabilities and Performance of Associates**				
Current assets	2,906,139	2,041,021		
Non-current assets	149,782	681,869		
Total assets	3,055,921	2,722,890		
Current liabilities	3,277,945	3,236,817		
Total liabilities	3,277,945	3,236,817		
Net assets	(222,024)	(513,927)		
Profit/(loss) after income tax of associates	291,903	(981,322)		

(c) Ownership interest in Global Merchandising Management Ltd at that company's balance date was 50% of ordinary shares. The reporting date of Global Merchandising Mangement Ltd is 31 December 2006.

	Note	Economic Entity 2006	Economic Entity 2005	Parent Entity 2006	Parent Entity 2005
Note 16 Plant and Equipment					
Motor Vehicles					
At cost		178,647	178,647	-	-
Accumulated amortisation		(117,582)	(95,706)	-	-
		61,065	82,941	-	-
Plant and equipment					
At cost		1,791,038	1,820,688	-	-
Accumulated depreciation		(792,037)	(652,122)	-	-
		999,001	1,168,566	-	-
Leased plant and equipment					
Capitalised leased assets		163,145	163,145	-	-
Accumulated depreciation		(34,914)	(22,678)	-	-
		128,231	140,467	-	-
Total plant and equipment		1,188,297	1,391,974	-	-

(a) **Movements in Carrying Amounts**

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

	Plant and Equipment	Motor Vehicles	Total
Economic Entity:			
Balance at the beginning of year	1,309,033	82,941	1,391,974
Additions	89,368	-	89,368
Disposals	(11,129)	-	(11,129)
Depreciation expense	(260,040)	(21,876)	(281,916)
Carrying amount at the end of year	1,127,232	61,065	1,188,297

	Economic Entity 2006	Economic Entity 2005	Parent Entity 2006	Parent Entity 2005
Note 17 Intangible Assets				
Goodwill				
Cost	20,786,393	20,786,393	-	-
Accumulated impairment losses	(18,410,928)	(11,610,928)	-	-
Net carrying value	2,375,465	9,175,465	-	-
Total intangibles	2,375,465	9,175,465	-	-
(a) **Movements in Carrying Amounts**				
Balance at the beginning of year	9,175,465	20,122,110	-	-
Additions	-	98,229	-	-
Impairment writedown	(6,800,000)	(11,044,874)	-	-
Closing carrying value	2,375,465	9,175,465	-	-
Note 18 Trade and Other Payables				
CURRENT				
Unsecured liabilities				
Trade creditors	5,189,996	4,554,267	-	-
Sundry creditors and accrued expenses	2,501,369	1,631,372	54,939	128,541
Amounts payable to:				
— Directors	609,689	612,438	-	-
— Associates	118	157,052	-	-
	8,301,172	6,955,129	54,939	128,541

Note 19 Borrowings

	Note	Economic Entity 2006	Economic Entity 2005	Parent Entity 2006	Parent Entity 2005
CURRENT					
Bank overdrafts	19(a),(b)	119,450	187,140	-	-
Bank loans	19(a),(b)	359,238	1,500,000	-	-
Lease Liability	24	15,941	58,574	-	-
		494,629	1,745,714	-	-
NON-CURRENT					
Lease liability	24	-	15,941	-	-
		-	15,941	-	-
(a) Total current and non-current secured liabilities:					
Bank overdraft		119,450	187,140	-	-
Bank loan		359,238	1,500,000	-	-
Lease Liability		15,941	74,515	-	-
		494,629	1,761,655	-	-

(b) 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.

Note 20 Provisions

	Economic Entity 2006	Economic Entity 2005	Parent Entity 2006	Parent Entity 2005
CURRENT				
Employee entitlements	283,748	235,715	-	-
NON CURRENT				
Employee entitlements	53,685	47,985	-	-
Total Provisions	337,433	283,700	-	-
	No.	No.	No.	No.
(a) Number of employees at year end	31	39	1	1

Note 21 Issued Capital

	Note	Economic Entity 2006	Economic Entity 2005	Parent Entity 2006	Parent Entity 2005
63,185,780 (2005: 63,185,780) fully paid ordinary shares	21(a)	29,241,776	29,241,776	29,241,776	29,241,776
		29,241,776	29,241,776	29,241,776	29,241,776

(a) **Ordinary Shares**

	Economic Entity 2006	Economic Entity 2005	Parent Entity 2006	Parent Entity 2005
	$	$	$	$
At the beginning of reporting period	29,241,776	29,197,425	29,241,776	29,197,425
Shares issued during year				
— 225,940 issued on 14 October 2004	-	23,507	-	23,507
— Transaction costs relating to share issue	-	20,844	-	20,844
At reporting date	29,241,776	29,241,776	29,241,776	29,241,776
	No.	No.	No.	No.
At the beginning of reporting period	63,185,780	62,959,840	63,185,780	62,959,840
Shares issued during year				
— 225,940 issued on 14 October 2004	-	225,940	-	225,940
At reporting date	63,185,780	63,185,780	63,185,780	63,185,780

(b) **Options**

(i) For information relating to the Concept Sports Limited option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end. Refer to Note 28: Share-based Payments.

Note 22 Reserves

	Note	Economic Entity 2006	Economic Entity 2005	Parent Entity 2006	Parent Entity 2005
Option Reserve	22(a)	86,178	5,502	86,178	5,502
Foreign Currency Translation Reserve	22(b)	(108,683)	-	-	-
		(22,505)	5,502	86,178	5,502

(a) **Option Reserve**
The option reserve records items recognised as expenses based on valuation of share options issued as consideration for transactions

	Economic Entity 2006	Economic Entity 2005	Parent Entity 2006	Parent Entity 2005
At the beginning of reporting period	5,502	-	5,502	-
Options granted during year				
— Employee remuneration	5,676	5,502	5,676	5,502
— Consideration for establishment of finance facilities	75,000	-	75,000	-
At reporting date	86,178	5,502	86,178	5,502

Note 22 Reserves (continued)

(b) Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiaries

	Note	Economic Entity 2006	Economic Entity 2005	Parent Entity 2006	Parent Entity 2005
At the beginning of reporting period		-	-	-	-
Movement during year					
— Translation of controlled subsidiaries		(108,683)	-	-	-
At reporting date		(108,683)	-	-	-

Note 23 Retained Losses

	Note	Economic Entity 2006	Economic Entity 2005	Parent Entity 2006	Parent Entity 2005
Retained losses at the beginning of the financial year		(19,501,492)	(2,971,252)	(16,459,851)	(38,355)
Net loss attributable to members of the parent entity		(11,271,573)	(16,530,240)	(10,833,122)	(16,421,496)
Retained losses at the end of the financial year		(30,773,065)	(19,501,492)	(27,292,973)	(16,459,851)

Note 24 Capital and Leasing Commitments

(a) Finance Lease Commitments

	Note	Economic Entity 2006	Economic Entity 2005	Parent Entity 2006	Parent Entity 2005
Payable — minimum lease payments					
— not later than 12 months		16,151	66,253		
— between 12 months and 5 years		-	16,151		
Minimum lease payments		16,151	82,404	-	-
Less future finance charges		(210)	(7,889)		
Present value of minimum lease payments	19	15,941	74,515	-	-

(b) Operating Lease Commitments

	Note	Economic Entity 2006	Economic Entity 2005	Parent Entity 2006	Parent Entity 2005
Non-cancellable operating leases contracted for but not capitalised in the financial statements					
Payable — minimum lease payments					
— not later than 12 months		169,979	157,873		
— between 12 months and 5 years		623,013	42,162		
		792,992	200,035	-	-

Operating lease commitments relate to business premises

Note 25 Contingent Liabilities and Contingent Assets

Estimates of the potential financial effect of contingent liabilities that may become payable:

Contingent Liabilities

Bank Guarantee

	Economic Entity 2006	Economic Entity 2005	Parent Entity 2006	Parent Entity 2005
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.	88,000	348,735		

Minimum Guarantee

	Economic Entity 2006	Economic Entity 2005	Parent Entity 2006	Parent Entity 2005
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 financed 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), a wholly owned subsidiary of Global Merchandise Management Ltd, is party to a licence agreement 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 guarantee is Euro1,000,000.

Concept Sports Ltd, through its investment in Global Merchandise Management Ltd, is party to commitments associated with financial performance at 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 s.r.l. (Italy), a wholly owned subsidiary of Global Merchandise Management Ltd, is party to a claim by TOROC for unpaid royalties. The Company is defending the claim and it is currently not possible to determine if an obligation will arise and accordingly no provision has been recorded in respect of any amounts that may become payable.

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. Subsequent to year end the Directors have indemnified the Company and shareholders against the Federal Court proceedings (Note 29).

Note 26 Segment Reporting

Geographical Segments

	Segment Revenues from External Customers		Segment Results		Carrying Amount of Segment Assets	
	2006	2005	2006	2005	2006	2005
Geographical location:						
Australia	15,499,236	14,570,757	(3,251,190)	(5,468,793)	9,538,979	22,878,659
Germany	3,552,513	4,394,003	(1,468,691)	(346,097)	766,633	2,546,449
Portugal	-	1,090,592	(88,460)	(618,422)	95,387	102,028
Switzerland	-	-	4,020	(96,928)	399,402	290,438
France	-	-	32,748		405,590	419,780
Elimination Entries	-	-	(6,500,000)	(10,000,000)	(3,626,551)	(7,491,084)
	19,051,749	20,055,352	(11,271,573)	(16,530,240)	7,579,440	18,746,270

	Carrying Amount of Segment Liabilities		Acquisitions of Non-current Segment Assets		Depreciation and Amortisation	
	2006	2005	2006	2005	2006	2005
Geographical location:						
Australia	15,194,133	15,975,329	89,368	461,714	267,301	285,677
Germany	2,859,801	3,063,715	-	57,143	14,615	3,947
Portugal	1,094,395	1,012,575	-	-	-	-
Switzerland	434,951	330,007	-	-	-	-
France	412,265	443,911		53,887	-	-
Elimination Entries	(10,862,311)	(11,825,053)	-	-	-	-
	9,133,234	9,000,464	89,368	572,744	281,916	289,624

	Non cash segment Revenues/(expenses)	
	2006	2005
Geographical location:		
Australia	(379,640)	185,391
Germany	-	(93,875)
Portugal	(78,009)	101,365
Switzerland	(11,356)	9,108
France	27,184	(23,038)
	(441,821)	178,951

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 the financial report.

Note 27 Cash Flow Information

(a) **Reconciliation of Cash Flow from Operations with Loss after Income Tax**

	Note	Economic Entity 2006	Economic Entity 2005	Parent Entity 2006	Parent Entity 2005
Loss after income tax		(11,271,573)	(16,530,240)	(10,833,122)	(16,421,496)
Non-cash flows in loss from ordinary activities					
Impairment loss		6,800,000	11,044,874	-	-
Amortisation		12,236	13,072	-	-
Depreciation		269,680	276,552	-	-
Net gain on disposal of plant and equipment		(21,471)	(7,713)	-	-
Provision for writedown of carrying value of associated companies		-	-	6,800,000	10,000,000
Provision for writedown of related party loan		223,468	-	3,288,634	5,884,099
Expenses settled through issue of options		80,676	5,502	80,676	5,502
Foreign exchange translation movement		(108,683)	-	-	-
Unrealised foreign exchange		67,689	-	-	-
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 receivables		275,407	1,049,210	-	78,909
(Increase)/decrease in prepayments		(125,926)	157,796	-	-
(Increase)/decrease in inventories		935,138	3,339,240	-	-
Increase/(decrease) in trade payables and accruals		1,505,726	(4,926,843)	(73,603)	(158,543)
Increase/(decrease) in income taxes payable		-	(6,112)	-	-
Increase/(decrease) in provisions		53,733	(38,402)	-	-
Cash flow from operations		(1,303,899)	(5,578,713)	(737,414)	(567,178)

(b) **Lines of credit with banks**

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

	Economic Entity 2006	Economic Entity 2005	Parent Entity 2006	Parent Entity 2005
Total facilities available				
Bank overdraft	100,000	250,000		
Debtor finance	534,919	-		
Trade finance	269,000	1,500,000		
Standby letter of credit	106,785	234,725		
Bank guarantee	33,000	250,000		
Payroll facility	150,000	150,000		
Director's loans	609,689	612,439		
Other miscellaneous	35,941	94,515		
	1,839,334	3,091,679	-	-
Facilities utilised at balance date				
Bank overdraft	119,450	187,140		
Debtor finance	286,767	-		
Trade finance	51,927	1,500,000		
Standby letter of credit	106,785	234,725		
Bank guarantee	33,000	114,000		
Payroll facility	-	-		
Director's loans	609,689	612,439		
Other miscellaneous	26,839	79,556		
	1,234,456	2,727,860	-	-
Facilities not utilised at balance date				
Bank overdraft	(19,450)	62,860		
Debtor finance	248,152	-		
Trade finance	217,073	-		
Standby letter of credit	-	-		
Bank guarantee	-	136,000		
Payroll facility	150,000	150,000		
Director's loans	-	-		
Other miscellaneous	9,102	14,959		
	604,877	363,819	-	-

The major facilities are summarised as follows:
The standby letter of credit shown above is in the amount of $36,250USD.

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 $1,592,309 has been given by Concept Sports International Pty Ltd and Steve Rolton Agencies Pty Ltd supported by a registered mortgage debenture over the assets of these companies.

Note 28 Share-based Payments

The following share-based payment arrangements existed at 30 June 2006:

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. The directors note that 150,000 of these share options expired in the year ended 30 June 2005 as a result of some individuals ceasing to be employees of the company.

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 were 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.

iv) On 6 May 2005 4,198,000 options were issued to Westminster Communications at an exercise price of $0.05. These options 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 licensed products at specific international events and providing the financial support necessary to secure the associated minimum royalty guarantee.

v) On 6 May 2005 5,000,000 options were issued to Mr Tim Stewart at an exercise price of $0.05. These options are exercisable on or before 30 April 2010. These options were issued in relation to the completion of the agreement with Westminster Communication.

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.

All options granted to key management personnel are ordinary shares in Concept Sports Limited which confer a right of one ordinary share for every option held.

	Economic & Parent Entity			
	2006		2005	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Outstanding at the beginning of the year	9,448,000	0.06	700,000	0.50
Granted			9,298,000	0.05
Expired			(550,000)	0.50
Outstanding at year-end	9,448,000	0.06	9,448,000	0.06
Exercisable at year-end	9,298,000	0.05	9,235,500	0.05

Notes to Share Based Payments

a) There were no options exercised during the year ended 30 June 2006.

b) The options outstanding at 30 June 2006 had a weighted average exercise price of $0.05 and a weighted remaining contractual life of 3.79 years (2005: 4.79 years). The range of exercise prices for options outstanding at the end of the year was $0.05 to $0.50 (2005: $0.05 to $0.50).

Note 29 Events After the Balance Sheet Date

(a) On 4 September 2006 the company announced that it had entered into a subscription and funding agreement with HT International Pty Ltd. As part of the Agreement:

a) The Company undertoook to issue 9,000,000 new shares at 2c, raising $180,000,

b) The Directors have indemnified the Company and shareholders against any settlement or award that may be granted against the company arising out of the claim lodged in the Federal Court,

c) The Company is to undertake a renounceable rights issue on the basis of 2 new shares for each 3 currently held, underwritten by HT International Pty Ltd for the amount of $820,000,

d) HT International Pty Ltd is to provide $2,500,000 credit facilities to support the Company's contract committments (replacing credit facilities previously provided by Westminster Communication Group),

e) As consideration for the credit facility the Company will issue to HT International Pty Ltd 10,000,000 options exercisable at 2c on or before 1 September 2008, as well as 10,000,000 performance shares convertible to fully paid shares at various share price milestones and for varying consideration.

No other matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Note 30 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 1/9/06)
Darrold Cordes (appointed 18/9/06)

(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) Other matters

Gary March is President 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.

At balance date Concept Sports International Pty Ltd owed advances made by directors or director related entities of $609,689 (2005: $612,439). These advances are interest free.

(d) Related Party Loans

The directors have advanced funds to the entity on an unsecured non interest bearing basis. The balances outstanding at 30 June 2006 were;

	$
Gary March	339,764
Jeffrey Taylor	265,741
Stephen Rolton	4,184
	609,689

Note 31 Financial Instruments

(a) Financial Risk Management

The group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans to and from subsidiaries and leases.

(b) Financial Instruments

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 Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing Within Year		Fixed Interest Rate Maturing 1 to 5 years	
	2006	2005	2006	2005	2006	2005	2006	2005
Financial Assets:								
Cash and cash equivalents	5.00	4.0	92,479	846,575	764,342	2,306,822	-	-
Total Financial Assets			92,479	846,575	764,342	2,306,822	-	-
Financial Liabilities:								
Bank loans and overdrafts	11.10	10.60	119,450	187,140	-	-	-	-
Trade finance facilities	12.10	8.32	359,238	1,500,000	-	-	-	-
Lease and hire purchase liabilities	17.00	17.00	-	-	15,941	58,574	-	15,941
Total Financial Liabilities			478,688	1,687,140	15,941	58,574	-	15,941

	Non-interest Bearing		Total	
	2006	2005	2006	2005
Financial Assets:				
Cash and cash equivalents	33,275	2,078	890,096	3,155,475
Receivables	1,027,155	2,115,717	1,027,155	2,115,717
Total Financial Assets	1,060,430	2,117,795	1,917,252	5,271,192
Financial Liabilities:				
Bank loans and overdrafts	-	-	119,450	187,140
Trade & Sundry Creditors	7,691,365	6,185,639	7,691,365	6,185,639
Director loans	609,689	612,438	609,689	612,438
Loans from associates	118	157,052	118	157,052
Converting preference shares			-	-
Trade finance facilities	-	-	359,238	1,500,000
Lease and hire purchase liabilities	-	-	15,941	74,515
Total Financial Liabilities	8,301,172	6,955,129	8,795,800	8,716,784

Foreign currency risk

The group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the group's measurement currency.

Liquidity risk

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

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 impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

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

Net Fair Values

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

Note 32 Reconciliation of reported amounts under Australian Accounting Standards to Australian equivalents to IFRS

	Economic Entity	Parent Entity
Total Equity at 1 July 2004:		
As restated under AIFRS	26,138,573	29,159,070
Adjustments	-	-
As reported under AGAAP per financial report at 30 June 2004	26,138,573	29,159,070
Operating profit after tax for the twelve months to 30 June 2005:		
As reported under AIFRS per financial report	(16,530,240)	(16,421,496)
Goodwill amortisation for the year previously recorded under AGAAP	(11,044,874)	-
Recognition of impairment loss of goodwill	11,044,874	-
Reversal of provision for writedown of loan to subsidiary	-	(10,000,000)
Recognition of impairment loss on loan to subsidiary	-	10,000,000
Share based payments	5,502	5,502
As restated under AGAAP	(16,524,738)	(16,415,994)
Total Equity at 1 July 2005:		
As restated under AIFRS	9,745,786	12,787,427
Adjustments	-	-
As reported under AGAAP per financial report at 30 June 2005	9,745,786	12,787,427

The key differences in accounting policies that arose from adopting AIFRSs were:

(i) Share based payments

Under AASB 2 Share-based Payments, the company is 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) have been expensed under AIFRS.

(ii) Goodwill

Amortisation of goodwill ceased on first-time adoption of AIFRS. Therefore on adoption of AIFRSs, reported results for the financial year to 30 June 2005 were adjusted for amortisation charges from 1 July 2004.

(iii) Impairment of Assets

The recoverable amount test under Australian GAAP was 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) The Effects of Changes in Foreign Exchange Rates

The parent entity has foreign subsidiaries, which was previously considered to be integrated with the parent entity. On first-time adoption of AIFRSs new rules apply for translation of the foreign subsidiary's results to be included in the consolidated financial statements within equity.

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 are calculated in accordance with the new rules and any translation difference is included as a separate component of equity.

Note 33 Company Details

The registered office of the company is:
Concept Sports Limited
Unit 11, 331 Ingles Street
Port Melbourne VIC 3207

The principal places of Concept Sports Limited are:
Concept Sports Limited
Unit 11, 331 Ingles Street
Port Melbourne VIC 3207

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

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 9 to 26, are in accordance with the Corporations Act 2001 and:
   (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 2006 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.

Director ....

Gary March

Date at Melbourne on 29 September 2006

INDEPENDENT AUDIT REPORT

PITCHER PARTNERS

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 2006 comprising the Directors' Declaration, Income Statement, Balance Sheet, Statement of Changes in Equity, 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.

Audit Opinion

In our opinion, the financial report of Concept Sports Limited and controlled entities 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 2006 and of its performance for the financial year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory professional requirements in Australia.

Inherent uncertainty regarding going concern

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 loss for the year ended 30 June 2006 of $11,271,573. As at 30 June 2006 liabilities exceeded tangible assets by $3,929,259. Also, as at 30 June 2006 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 27b) are supported by guarantee and indemnity, security cash deposits and financed debtors 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, cannot be assessed with any degree of certainty.

The financial report has been prepared on a going concern basis. This assumes the company will successfully complete the proposed rights issue (Note 29) in October 2006, together with the continued support of the entity's suppliers and financiers and the company's ability to generate sufficient positive cash flows from major events retailing and wholesaling of licensed products to generate the funds needed to meet the company's short term cash requirements. If the rights issue does not generate sufficient funds in the immediate future, the assumption of a going concern basis becomes less probable.

If the rights issue is successful, thereafter the application of the going concern basis assumes the continued support of the entity's suppliers and financiers, the company's ability to generate sufficient positive cash flows from existing and forecast major events retailing and wholesaling of licensed products, particularly the Cricket Australia license and America's Cup license, and the ability to source alternative finance, if required. 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 the proposed rights issue is not successful, existing suppliers and financiers do not continue to provide facilities on the current extended terms, future trading performance, particularly the Cricket Australia license and America's Cup license, fails to generate sufficient positive cash flows to meet the company's financial obligations or alternative sources of finance, if required, cannot be obtained. If the going concern basis is found to no longer be appropriate the recoverable amounts of the assets shown in the Balance Sheet are likely to be significantly less than the amounts disclosed.

Pitcher Partners

PITCHER PARTNERS

M Harrison

M J HARRISON 29 September 2006

Partner

Melbourne

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

The following additional information is required by the Australian Stock Exchange and not shown elsewhere in this report is as follows:

Distribution of ordinary shareholders and option holders

Category (Size of Holding)		Number of Ordinary Shareholders	Number of Employee Option Holders
1	1000	4	
1001	5000	51	
5001	10000	52	
10001	100000	161	3
100001	and over	66	

Share capital
The ordinary share capital of Concept Sports Limited as at 30 June 2006 comprises 63,185,780 fully paid shares.

Less than marketable parcels
The number of shareholders holding less than marketable parcels is 120 and those holders held a total of 794,486 ordinary shares.

Top 20 shareholders
The 20 largest shareholders – fully paid ordinary shares – as at 27 September 2006 are as follows:

Name	No of Ordinary	% of Ordinary
Gary March	11,873,664	16.45
Jelor Software Pty Ltd	8,905,248	12.34
Beverley March	8,905,248	12.34
Jennielou Rolton	4,047,840	5.61
Alkamye Pty Ltd	1,755,000	2.43
Zennyar Pty Ltd	1,577,666	2.19
Holdex Nominees Pty Ltd	1,500,000	2.08
Kelfield Investments Pty Ltd	1,421,539	1.97
Landpath Pty Ltd	1,270,000	1.76
Peter John Klasen	1,111,000	1.54
Hera Investment Pty Ltd	1,000,000	1.39
Leslie Thomas King	1,000,000	1.39
Simon Lisa Pty Ltd	1,000,000	1.39
Roan Industries Pty Ltd	940,000	1.30
Paticoa Nominees Pty Ltd	735,000	1.02
Merrill Lynch (Australia) Nominees Pty Ltd	730,000	1.01
National Nominees Limited	660,000	0.91
First NZ Capital Custodians Limited	600,000	0.83
Gleneagles International Holdings Pty Ltd	600,000	0.83
Paul Lappin	600,000	0.83