

Financial Commentary

CITEC set new records this financial year in both total revenue and capital investment.

The record result is reflective of the operations focus on core activities while also investing in future implementation and delivery of client and internal business projects.

Capital Expenditure and Cashflow Management

Net cash flows from operating activities of \$4.253 million received during the financial year continued to demonstrate the strong cash flows generated from our business.

CITEC's solid financial position enabled us to fund record capital acquisitions of \$8.495 million while maintaining debt levels within optimum gearing level ranges.

CITEC's cash reserves of \$9.235 million provide a solid foundation for future growth within the ICT industry.

Financial Management and Reporting

CITEC's transition to the Australian Equivalents to International Financial Reporting Standards (AEIFRS) project was successfully completed, including audit certification of opening balance sheet adjustments. The changes to controls, systems and processes identified within this project have been completed as at 1 July 2005.

Fully compliant AEIFRS financial statements will be completed for the financial year ending 30 June 2006.

Improved budget processes and Activity Based Business Model (ABBM) reporting continue to assist in the management of costs and pricing strategies.

CITEC continues to implement improvements to financial systems including an improved SLA module which facilitates budgeting, forecasting, contract management and integrates with billing, electronic customer invoicing and the automation of purchase requisitioning functionality and auto messaging.



CITEC's results reflect an operational focus on core activities

Regulatory Compliance

As a commercial business unit of the Queensland Government, CITEC must comply with stringent corporate governance and compliance requirements. During 2004/2005 CITEC was subject to a variety of audit and compliance reviews including:

- External and internal audit reviews of AEIFRS project processes; and
- 100 per cent stocktake was conducted, resulting in a complimentary review from CITEC's internal auditors.

Dividends

A return on investment was paid to the Queensland Government of \$0.427 million during the financial year in respect of the 2003/2004 dividend. A dividend of \$0.194 million was provided for in CITEC's 2004/2005 financial statements.