

A large red circle is positioned in the upper left quadrant of the page. It contains the text 'AR: Review 2010' in white, bold, serif font.

**AR:
Review
2010**

A new
framework for
best practice
annual report
information
design.

Truly Deeply
Brand Strategy & Design



Truly Deeply has been defining and designing brands and their corporate communications for more than two decades. Our work has seen us decode much of the brand and corporate communication landscape, working for businesses across all sectors operating in national and international markets.

AR:Review is the culmination of us turning our decoding methodology towards defining the definitive criteria for designing narrative strong annual reports to global best practice standards.

As we continue to lead the thinking for our clients on their brand definition and communication, we see ReView as a natural extension into how their brands connect with their shareholders and investment stakeholders.

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How can shareholder reporting be more informative and accessible? How can organisations best provide the information investors and the market value, in a format that is more engaging, more functional, and easier to understand?



Good to Great. What makes an annual report outstanding?

**How can shareholder reporting be more informative and accessible?
How can organisations best provide the information investors and the market value, in a format that is more engaging, more functional, and easier to understand?**

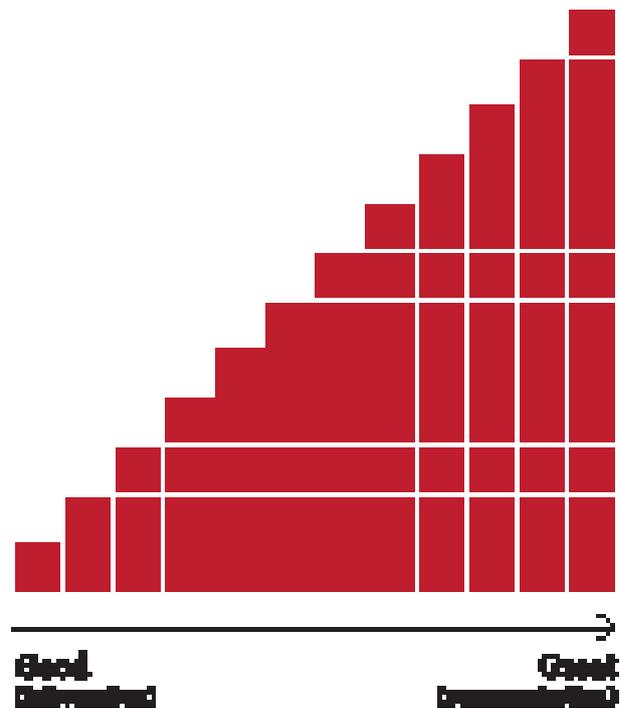
The difference between a good annual report and a great one is the difference between information and communication.

We have established a framework of twelve criteria for best practice operational reporting:

- Business Snapshot
- Competitive landscape
- Business strategy
- Shareholder access
- Key performance indicators
- Risk management
- Future planning
- Environment and social responsibility
- Your people
- Navigation
- Your brand
- Appeal and presentation

This document identifies the areas of information that are considered most important for the annual reporting of organisational performance to shareholders and stakeholders. When compiled they provide something of a checklist to what information is most valued by institutional and retail investors, and the best way to present that information to them.

Whilst not all of the twelve criteria we have identified are relevant for every organisation. The challenge for the people preparing the report is to interpret this information for their own organisations peculiarities and communicate it in a way that is effective for their stakeholders.



Some organisations are already adhering to some of the best practice principles included on the following pages. However, few annual reports could not benefit greatly from the guidance we've provided.

We hope you find our contribution to best practice for annual reporting a valuable tool.

The 5 fundamentals of great annual reporting

If you adopt just five of the best practice principles for improving the communication of your next annual report, here's what they should be:

01. High Level Information

Does your report provide a summary of performance for each area of business performance with highlights of the year's major milestones. Make this information graphic, eye-catching and easy to grasp.

02. The Big Picture

Market intelligence plays a vital role in the life of every organisation. Does your report provide your shareholders with a qualified market perspective?

03. Measurable and Comperable

Does your report clearly identify the key performance indicators for your organisation? Does it compare your results for these KPIs against previous years performance, and against the market?

04. Forward Thinking

Insight into an organisation's vision for the future is highly valued in the context of shareholder communication. Does your report communicate where you're heading and the challenges you will face in getting there?

05. Text Appeal

Whilst all successful organisations present themselves in a professional and appealing manner across all their activities, their annual reports are often the exception to the rule. Does your report present your organisation in a professional manner that reflects it's standing in the business and investment community?



Decoding best practice for annual reporting?

Our assessment methodology.

We have formulated this approach to producing more effective and accessible annual reports by establishing a criteria of Best Practice through the assessment of a combination of input from the most respected reporting bodies nationally and internationally. Between them these organisations wrote the book on annual reporting and shareholder communication.

We have referenced statements, reports, papers and criteria from the following organisations in the formulation of our methodology:

- International Accounting Standards Board
- Australian Accounting Standards Board
- Accounting Standards Board (UK)
- Financial Reporting Council
- Australian Shareholders Association
- CPA Australia
- Institute of Public Administration
- Institute of Internal Auditors Australia
- Australasian Reporting Awards
- NSW Premier's Public Sector Annual Report Awards

As the global marketplace evolves, the International Accounting Standards Board is working with the Australian Accounting Standards Board and The Accounting Standards Boards of the United Kingdom and the United States of America to establish consistent best practice in annual reporting. As a result we have included input from international bodies where relevant.

**International
Reporting
Standards**



**Best Practise
Operational
Reporting
Principles**



**Best of Breed
Annual Report
Framework**



Business Snapshot; what is it you do?

Sounds like a simple question, but this is consistently one area of the report narrative that is presented poorly – or not at all. From a content perspective, providing a clear and concise overview of your business should be the starting point of every annual report.

What is it your organisation does? Who do you do it with? Where and how do you do it? Your business snapshot sets the context for the detail that follows. It should be succinct, top-line, easy to digest, graphic and relevant. We are constantly surprised by how many reports don't kick-off with a good overview.

Best Practice Principles

- Does your report present a short history, profile and description of the organisation so as to provide a background context for its discussion and analysis of performance?
- The business overview should include statements relating to the vision, objectives and corporate values as well as details of the major functions or services performed.
- A high level summary of the performance for the year at a glance. Highlights of the year's major achievements and important milestones.
- Operational overview of geographic operations, major activities, revenue and markets.
- The summary should include a narrative and graphical description of the business where that assists understandability. The format should be quick and easy to grasp information.

'The report should present a profile and description of the agency so as to provide a background context for its discussion and analysis of performance.'
Criteria statement: NSW Premier's Public Sector Annual Reports Award.

'Does the report provide an integrated, concise and clear presentation of the nature and purpose of the organisation and its parts in the context of strategy and operating environment?' Criteria statement: IPAA Annual Report Awards Program. Institute of Public Administration Australia.

If you would like to know more about our methodology for transforming good annual reports to great shareholder communications and how it may be applied to your report, call our client services director Malcolm on (03) 9693 0000.