

CREATABLE MEDIA PTY LIMITED
ABN 71 099 247 408

SPECIAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2003

CREATABLE MEDIA PTY LIMITED
ABN 71 099 247 408

TABLE OF CONTENTS

Directors' Report	1
Financial Report	
Statement of Financial Performance	3
Statement of Financial Position	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 13
Directors' Declaration	14
Independent Audit Report	15 - 16
Additional Information	17 - 18

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

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

Director



A B Davis

Director

C C Lazarus

Dated this

17

day of

October

2003

CREATABLE MEDIA PTY LIMITED
ABN 71 099 247 408

DIRECTORS' REPORT

Your directors present their report on the Company for the financial year ended 30 June 2003.

Directors

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

C J Wunsch

C C Lazarus

N A Assaf (Appointed 30 September 2002)

A B Davis (Appointed 30 September 2002)

S Reynolds (Appointed 1 April 2003)

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

Operating Results

The loss of the Company for the financial year after providing for income tax amounted to \$1,154,038.

Review of Operations

A review of the operations of the Company during the financial year and the results of those operations found that during the year, the Company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant Changes in State of Affairs

Significant changes in the state of affairs of the Company that occurred during the financial year, other than those referred to elsewhere in this report, are as follows:

During the financial year, the Company raised additional capital, the proceeds of which were utilised to launch its tabletop advertising units in shopping centres throughout Australia.

Principal Activity

The principal activity of the Company during the financial year was the establishment and operation of an indoor advertising business.

After Balance Date Events

Since the end of the financial year, the Company raised \$791,275 by issue of additional convertible notes, and launched its tabletop advertising units in a further 12 shopping centres. No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Likely Developments

The Company expects to maintain the present status and level of operations and hence there are no likely developments in the Company's operations.

Environmental Issues

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends Paid or Recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Indemnification of Officer or Auditor

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Company.

CREATABLE MEDIA PTY LIMITED
ABN 71 099 247 408

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2003

	Notes	2003 \$	2002 \$
Revenue from ordinary activities	2	474,627	-
Cost of Sales		(557,563)	(3,885)
Employee benefits expense		(198,368)	(3,400)
Depreciation and amortisation expenses	3	(95,316)	-
Advertising		(71,793)	(32,930)
Additional write down of tabletop units		(266,366)	-
Other expenses from ordinary activities		<u>(439,259)</u>	<u>(88,570)</u>
Loss from ordinary activities before income tax expense		(1,154,038)	(128,785)
Income tax relating to ordinary activities	4	-	-
Loss from ordinary activities after related income tax expense	3, 12	<u>(1,154,038)</u>	<u>(128,785)</u>
Total changes in equity other than those resulting from transactions with owners as owners	12	<u>(1,154,038)</u>	<u>(128,785)</u>

The accompanying notes form part of these financial statements.

CREATABLE MEDIA PTY LIMITED
ABN 71 099 247 408

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2003

	Notes	2003 \$	2002 \$
CURRENT ASSETS			
Cash assets		382,890	66,986
Receivables	6	245,381	-
Other	7	<u>502,403</u>	-
TOTAL CURRENT ASSETS		<u>1,130,674</u>	<u>66,986</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	<u>521,173</u>	65,756
TOTAL NON-CURRENT ASSETS		<u>521,173</u>	<u>65,756</u>
TOTAL ASSETS		<u>1,651,847</u>	<u>132,742</u>
CURRENT LIABILITIES			
Payables	9	<u>215,726</u>	(13,473)
TOTAL CURRENT LIABILITIES		<u>215,726</u>	<u>(13,473)</u>
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	10	<u>649,937</u>	220,000
TOTAL NON-CURRENT LIABILITIES		<u>649,937</u>	<u>220,000</u>
TOTAL LIABILITIES		<u>865,663</u>	<u>206,527</u>
NET ASSETS/(LIABILITIES)		<u>786,184</u>	<u>(73,785)</u>
EQUITY			
Contributed equity	11	2,069,007	55,000
Accumulated losses	13	<u>(1,282,823)</u>	(128,785)
TOTAL EQUITY/(DEFICIENCY)	12	<u>786,184</u>	<u>(73,785)</u>

The accompanying notes form part of these financial statements.

CREATABLE MEDIA PTY LIMITED
ABN 71 099 247 408

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2003

	Notes	2003 \$	2002 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		329,977	-
Payments to suppliers and employees		<u>(1,556,837)</u>	<u>(142,258)</u>
Net cash used in operating activities	17 (b)	<u>(1,226,860)</u>	<u>(142,258)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		<u>(817,099)</u>	<u>(65,756)</u>
Net cash used in investing activities		<u>(817,099)</u>	<u>(65,756)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from share issue		2,014,007	55,000
Proceeds from borrowings		<u>345,858</u>	<u>220,000</u>
Net cash provided by financing activities		<u>2,359,865</u>	<u>275,000</u>
Net increase in cash held		315,906	66,986
Cash at beginning of financial year		<u>66,986</u>	<u>-</u>
Cash at end of financial year	17 (a)	<u><u>382,892</u></u>	<u><u>66,986</u></u>

The accompanying notes form part of these financial statements.

CREATABLE MEDIA PTY LIMITED

ABN 71 099 247 408

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared in order to satisfy the financial report preparation requirements of the Corporations Act 2001. The directors have determined that the Company is not a reporting entity. The special purpose financial report has been prepared in accordance with the recognition and measurement requirements of all applicable Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Consensus Views.

The financial report is for the entity Creatable Media Pty Limited as an individual entity. Creatable Media Pty Limited is a Company, incorporated and domiciled in Australia.

The disclosure requirements of the following Standards have been adopted in full:

AASB 1010:	Recoverable Amount of Non-Current Assets
AASB 1001:	Accounting Policies
AASB 1002:	Events Occurring After Reporting Date
AASB 1008:	Leases
AASB 1017:	Related Party Disclosures
AASB 1018:	Statement of Financial Performance
AASB 1025:	Application of the Reporting Entity Concept and Other Amendments
AASB 1021:	Depreciation
AASB 1026:	Statement of Cash Flows
AASB 1031:	Materiality
AASB 1034:	Financial Report Presentation and Disclosures
AASB 1040:	Statement of Financial Position
AASB 1044:	Provisions, Contingent Liabilities and Contingent Assets

The disclosure requirements of any other Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board or Urgent Issues Group Consensus Views have not been adopted in full.

The report is also prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

(a) Property, Plant and Equipment

Each class of property plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

Depreciation

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

Class of fixed asset	Depreciation rates/useful lives	Depreciation basis
Plant and equipment	4 years	Straight Line

(b) Leases

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

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

Lease incentives received under operating leases are recognised as a liability. Lease payments made reduce the liability.

(c) Foreign Currency Transactions and Balances

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

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

(d) Cash

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 maturing within less than three months from the date of acquisition and net of bank overdrafts.

(e) Going Concern

The financial report has been prepared on a going concern basis as the directors believe that the Company will achieve profitable operations in future years, and that adequate financing facilities are available to enable the Company to pay its debts, as and when they become due and payable.

(f) Revenue

Revenue from sale of goods is recognised upon the delivery of the service to the customers.
All revenue is stated net of the amount of goods and services tax (GST).

(g) 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 Taxation 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 expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

CREATABLE MEDIA PTY LIMITED
ABN 71 099 247 408

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	Note	2003 \$	2002 \$
NOTE 2: REVENUE			
Operating activities			
- Sale of goods (net)		<u>474,627</u>	<u>-</u>

NOTE 3: LOSS FROM ORDINARY ACTIVITIES

Losses from ordinary activities before income tax expenses has been determined after:

(a) Expenses:

Cost of sales		557,563	3,885
Depreciation		95,316	-
Rental expense on operating leases		2,098	1,316
Research and development costs		21,960	-
Additional write down of tabletop advertising units		<u>266,366</u>	<u>-</u>

NOTE 4: INCOME TAX

The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax benefit as follows:

Prima facie income tax benefit on loss from ordinary activities before income tax at 30.0% (2002 - 30.0%)

		(346,211)	(38,637)
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Income tax benefit attributable to profit from ordinary activities		<u>(346,211)</u>	<u>(38,637)</u>
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NOTE 5: REMUNERATION AND RETIREMENT BENEFITS

Directors' remuneration

Income paid or payable to all directors of the Company by the Company and any related parties

	177,113	10,545
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Number of directors whose income from the Company or any related parties was within the following bands:

	No.	No.
\$0 - \$5,000	-	2
\$20,000 - \$30,000	2	-
\$60,000 - \$70,000	2	-

The names of directors who have held office during the financial year are:

C J Wunsh
C C Lazarus
N A Assef
A B Davis
S Reynolds

CREATABLE MEDIA PTY LIMITED
ABN 71 099 247 408

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	Note	2003 \$	2002 \$
NOTE 6: RECEIVABLES			
CURRENT			
Trade debtors		<u>144,650</u>	-
Other debtors		<u>100,731</u>	-
		<u>245,381</u>	-
NOTE 7: OTHER ASSETS			
CURRENT			
Prepaid rentals		459,000	-
Other		<u>43,403</u>	-
		<u>502,403</u>	-

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

PLANT AND EQUIPMENT

(a) Tabletop advertising units

At cost		866,496	56,453
Less accumulated depreciation		(95,316)	-
Provision for additional writedown		<u>(266,366)</u>	-
		<u>504,814</u>	<u>56,453</u>

(b) Office equipment

At cost		16,359	9,303
Total plant and equipment		<u>521,173</u>	<u>65,756</u>
Total property, plant and equipment		<u>521,173</u>	<u>65,756</u>

\$266,366 of tabletop advertising units have been written off during the year. These were 'version 1' tables which were superseded in design throughout the year. AMP requested a commitment to improve the quality of the tables in line with those at Westfield shopping centres. In return, AMP reduced the rental charge on their centres. Additionally, the Sydney Central Plaza site was purchased by Westfield from Coles Myer and Westfield insisted that the tables be upgraded to the same standard as the other Westfield sites. In view of the aforementioned, the tables which are the subject of these sites have to be replaced and the assets have been written down accordingly.

(a) Movements in Carrying Amounts

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

	Tabletop Units	Office equipment	Total
	\$	\$	\$
2003			
Balance at the beginning of the year	56,453	9,303	65,756
Additions	810,043	7,056	817,099
Write off of tables	(266,366)	-	(266,366)
Depreciation expense	(95,316)	-	(95,316)
Carrying amount at end of year	<u>504,814</u>	<u>16,359</u>	<u>521,173</u>

CREATABLE MEDIA PTY LIMITED
ABN 71 099 247 408

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	Note	2003 \$	2002 \$
NOTE 9: PAYABLES			
CURRENT			
Unsecured liabilities			
Trade creditors		122,076	-
Sundry creditors and accruals		<u>93,650</u>	<u>(13,473)</u>
		<u>215,726</u>	<u>(13,473)</u>

NOTE 10: INTEREST BEARING LIABILITIES

NON-CURRENT

Shareholder loans		-	220,000
Unsecured convertible notes		<u>649,937</u>	<u>-</u>
		<u>649,937</u>	<u>220,000</u>

The convertible notes are unsecured, and are convertible or redeemable:

- at the option of the note holder during the period 1 January 2005 to 31 January 2005, or earlier if the shares in the Company are sold or listed on the Australian Stock Exchange before 31 December 2004.
- at the option of the Company after 31 January 2005

The convertible notes are convertible at 35 cents (unless the shares in the Company are listed on the Australian Stock Exchange before 31 December 2004, in which case the convertible notes are convertible at the lower of 35 cents and a 25% discount to the share price for the initial public offering).

The convertible notes bear interest of 14.5% per annum, payable quarterly in arrears.

NOTE 11: CONTRIBUTED EQUITY

Contributed Equity

(a) Share capital

25,030,000 (2002: 340,000) fully paid shares		2,119,980	55,000
Share issue expenses		<u>(50,973)</u>	<u>-</u>
		<u>2,069,007</u>	<u>55,000</u>

Movement during the year

		No.	\$
Balance at beginning of year		340,000	55,000
Issued prior to share split		<u>100,000</u>	<u>100,000</u>
		<u>440,000</u>	<u>155,000</u>

Share split – 20:1

Share split – 20:1		8,800,000	155,000
Conversion of shareholders loans		3,115,000	220,000
Issued during the year		<u>13,115,000</u>	<u>1,744,980</u>
		<u>25,030,000</u>	<u>2,119,980</u>

(b) Options

During the year, 2,000,000 options over ordinary shares in the Company were granted to employees and directors of the Company, as part of their total remuneration. The options vest in the holder on 25 January 2004 and are exercisable at any time before 25 January 2008, at a price of 10 cents each.

CREATABLE MEDIA PTY LIMITED
ABN 71 099 247 408

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	Note	2003 \$	2002 \$
NOTE 12: EQUITY			
Total equity at the beginning of the financial year		(73,785)	-
Total changes in equity recognised in the statement of financial performance		(1,154,038)	(128,785)
Transactions with owners as owners			
- Contributions of equity		<u>2,014,007</u>	<u>55,000</u>
Total equity at the reporting date		<u><u>786,184</u></u>	<u><u>(73,785)</u></u>
NOTE 13: ACCUMULATED LOSSES			
Accumulated losses at the beginning of the financial year		(128,785)	-
Net loss attributable to members of the entity		<u>(1,154,038)</u>	<u>(128,785)</u>
Accumulated losses at the end of the financial year		<u><u>(1,282,823)</u></u>	<u><u>(128,785)</u></u>
NOTE 14: CAPITAL AND LEASING COMMITMENTS			
(a) Operating lease commitments			
Non-cancellable operating leases contracted for but not capitalised in the financial statements:			
Payable			
- not later than one year		1,231,071	-
- later than one year and not later than five years		<u>7,782,152</u>	<u>-</u>
		<u><u>9,013,223</u></u>	<u><u>-</u></u>

NOTE 15: EVENTS SUBSEQUENT TO REPORTING DATE

Since the end of the financial year, the Company raised \$791,275 by issue of additional convertible notes, and launched its tabletop advertising units in a further 12 centres.

CREATABLE MEDIA PTY LIMITED
ABN 71 099 247 408

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	Note	2003 \$	2002 \$
NOTE 16: RELATED PARTY TRANSACTIONS			
(a) Shares Transactions of Directors			
Directors and director related entities hold directly, indirectly or beneficially at the reporting date, the following interests in the Company:			
- ordinary shares		12,549,262	73,609
- options over ordinary shares		<u>1,950,000</u>	<u>-</u>
The number of shares held by directors at 30 June 2002 is stated before the share split which occurred during the year to 30 June 2003.			
(i) Brokerage fees for placement of shares paid to Pacific Storm Pty Limited, a company controlled by Mr N.A Assef:		50,973	-
(ii) Brokerage fees for placement of convertible notes paid and payable to Interactive Corporate Development Pty Limited, a company controlled by Mr A.B Davis:		30,000	-
NOTE 17: CASH FLOW INFORMATION			
(a) Reconciliation of cash			
Cash at the end of the financial year as shown in the statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:			
Cash at bank		<u>382,890</u>	<u>66,986</u>
		<u>382,890</u>	<u>66,986</u>
(b) Reconciliation of cash flow from operations with profit from ordinary activities after income tax			
Loss from ordinary activities after income tax		(1,154,038)	(128,785)
Non-cash flows in profit from ordinary activities			
Depreciation		95,316	-
Write down of table tops		266,366	-
Increase in receivables		(144,650)	-
Increase in other assets		(502,403)	-
Increase/(decrease) in payables		<u>212,549</u>	<u>(13,473)</u>
Cash flows from operations		<u>(1,226,860)</u>	<u>(142,258)</u>

CREATABLE MEDIA PTY LIMITED
ABN 71 099 247 408

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

Note	2003	2002
	\$	\$

NOTE 18: COMPANY DETAILS

The registered office of the Company is:

Creatable Media Pty Limited
Level 14 Tower 2
500 Oxford Street
Bondi Junction, NSW 2022

The principal places of business are:

Creatable Media Pty Limited
Suite 21
16 Bay Street
Double Bay, NSW 2028

The Company had 4 employees at 30 June 2003

CREATABLE MEDIA PTY LIMITED
ABN 71 099 247 408

DIRECTORS' DECLARATION

The directors have determined that the Company is not a reporting entity. The directors have determined that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 3 to 13 are in accordance with the Corporations Act 2001:
 - (a) comply with Accounting Standards as described in Note 1 to the financial statements and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2003 and of the performance for the financial year ended on that date of the Company in accordance with the accounting policies described in Note 1 to the financial statements.
2. 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 with the continuing support of creditors.

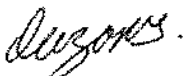
This declaration is made in accordance with a resolution of the directors.

Director



A B Davis

Director



C C Lazarus

Dated this

13th

day of

October

2003

CREATABLE MEDIA PTY LIMITED
ABN 71 099 247 408

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
CREATABLE MEDIA PTY LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Creatable Media Pty Limited (the Company), for the year ended 30 June 2003.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and

assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit opinion

In our opinion, the financial report of Creatable Media Pty Ltd is in accordance with:

(a) the Corporations Act 2001, including:

giving a true and fair view of the Company's financial position as at 30 June 2003 and of its performance for the year ended on that date; and

complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
(b) other mandatory financial reporting requirements in Australia.

Dated the 17 day of *October* 2003

Horwath Sydney Partnership
HORWATH SYDNEY PARTNERSHIP
Chartered Accountants

Alfred Nehama
ALFRED NEHAMA
Partner

CREATABLE MEDIA PTY LIMITED
ABN 71 099 247 408

**DISCLAIMER TO THE MEMBERS OF
CREATABLE MEDIA PTY LIMITED**

The additional financial data presented on page 18 is in accordance with the books and records of the Company which have been subjected to the auditing procedures applied in our statutory audit of the Company for the financial year ended 30 June 2003. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and we give no warranty of accuracy or reliability in respect of the data provided. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than Creatable Media Pty Limited) in respect of such data, including any errors or omissions therein however caused.

Ursula Sydney Partners

17 October 2003

CREATABLE MEDIA PTY LIMITED
ABN 71 099 247 408

PRIVATE INFORMATION FOR THE DIRECTORS ON THE 2003 FINANCIAL STATEMENTS

TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2003

	2003 \$	2002 \$
INCOME		
Sales income	<u>474,627</u>	<u>-</u>
LESS COST OF GOODS SOLD		
Other Cost of Goods Sold	<u>557,563</u>	<u>3,885</u>
	<u>557,563</u>	<u>3,885</u>
Total Cost of Goods Sold	<u>557,563</u>	<u>3,885</u>
GROSS PROFIT	<u>(82,936)</u>	<u>(3,885)</u>
LESS EXPENSES		
Accounting fees	21,809	3,699
Advertising	71,793	32,930
Bank charges	346	65
Cleaning	2,359	-
Computer expenses	5,679	330
Consultancy fees	93,576	13,048
Depreciation	95,316	-
Directors' emoluments	50,025	-
Electricity	1,715	378
Employees' amenities	30	146
Filing fees	1,479	-
Freight and cartage	3,269	-
Formation expenses	19,167	-
Fund Raising Expenses	30,000	-
General expenses	1,244	-
Insurance	13,681	378
Leasing charges	2,098	1,316
Legal costs	43,316	54,863
Loss on disposal/revaluation of non current assets	266,366	-
Motor vehicle expenses	9,206	-
Office equipment	7,310	-
Postage	670	48
Recruitment costs	4,553	-
Rent	34,670	4,623
Research and development costs	21,960	-
Salaries and wages	170,291	3,400
Sales commission	12,749	-
Staff training and welfare	7,125	-
Stamp duty	541	-
Storage fees	2,583	-
Subscriptions	820	-
Superannuation	15,328	-
Telephone	23,901	5,656
Travelling expenses	<u>36,127</u>	<u>4,020</u>
TOTAL EXPENSES	<u>1,071,102</u>	<u>124,900</u>
OPERATING PROFIT/(LOSS)	<u>(1,154,038)</u>	<u>(128,785)</u>

These financial statements should be read in conjunction with the attached Disclaimer.