Appendix 4E

Preliminary Final Report
to the Australian Stock Exchange

Part 1

Name of Entity	C@ Limited
ABN	99 110 439 686
Financial Period	Year ended 30 June 2006
Previous Corresponding Reporting Period	Period from its incorporation on 11 October 2004 to 30 June 2005

Part 2 – Results for Announcement to the Market

	$'000	**Percentage increase /(decrease) over previous corresponding period**
Revenue from ordinary activities	340	43.3%
Loss from ordinary activities after related income tax benefit	(1,289)	495.2%
Net loss attributable to members of the parent entity	(1,289)	495.2%

Dividends (distributions)	**Amount per security**	**Franked amount per security**
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
Record date for determining entitlements to the dividends (if any)	Not Applicable	

Brief explanation of any of the figures reported above necessary to enable the figures to be understood:
Refer Part 10 for commentary on the results for the year.

Part 3 – Contents of ASX Appendix 4E

Part 4 – Consolidated Income Statement

	2006 ($)	2005 ($)
Revenue	310,864	236,970
Cost of sales	205,125	65,133
Gross profit	105,739	171,837
Other income	29,057	296
Accounting and audit fees	(152,850)	(30,818)
Advertising and Marketing	(71,001)	(4,877)
Borrowing costs	(25,513)	(10,062)
Legal fees	(5,087)	(850)
Employee expenses	(390,737)	(244,291)
Professional and consulting fees	(33,173)	(24,172)
Depreciation and amortisation	(46,979)	(23,058)
Rent	(54,884)	(24,544)
Repairs and maintenance	(15,629)	(4,122)
Telephone	(19,729)	(5,053)
Travel and accommodation	(46,034)	(11,195)
Impairment of intangible assets	(372,712)	-
Other expenses	(189,529)	(5,678)
Loss before income tax	(1,289,061)	(216,587)
Income tax	-	-
Loss after income tax	**(1,289,061)**	**(216,587)**

Part 5 – Accumulated losses

	2006 ($)	2005 ($)
Accumulated losses at the beginning of the year	(216,587)	-
Loss for the year	(1,289,061)	(216,587)
Accumulated losses at the end of the year	(1,505,648)	(216,587)

Part 6 – Consolidated Balance Sheet

	2006 $	2005 $
CURRENT ASSETS		
Cash and cash equivalents	411,940	111,329
Trade and other receivables	92,804	24,440
Inventories	263,560	151,465
Other	219,055	175,980
Total Current Assets	987,359	463,214
NON CURRENT ASSETS		
Property, plant and equipment	718,671	225,577
Intangibles	-	372,712
Other financial assets	232,500	-
Total Non Current Assets	951,171	598,289
TOTAL ASSETS	1,938,530	1,061,503
CURRENT LIABILITIES		
Trade and other payables	117,406	201,330
Interest-bearing loans	204,699	146,910
Employee benefits	4,880	2,797
Other financial liabilities	8,215	32,103
Total Current Liabilities	335,200	383,140
NON CURRENT LIABILITIES		
Interest-bearing liabilities	480,332	186,100
Total Non Current Liabilities	480,332	186,100
TOTAL LIABILITIES	815,532	569,240
NET ASSETS	1,122,998	492,263
EQUITY		
Issued capital	2,624,116	704,320
Reserves	4,530	4,530
Accumulated losses	(1,505,648)	(216,587)
TOTAL EQUITY	**1,122,998**	**492,263**

Part 7 – Consolidated Statement of Cash Flows

	2006 ($)	2005 ($)
Cash flows from operating activities		
Cash receipts in the course of operations	136,614	236,971
Cash payments in the course of operations	(1,481,159)	(375,938)
Interest received	28,367	296
Net cash used in operating activities	(1,316,178)	(138,671)
Cash flows from investing activities		
Payments for investments	(12,500)	-
Payments for property, plant and equipment	(540,072)	-
Net cash used in investing activities	(552,572)	-
Cash flows from financing activities		
Funds to security deposit	(220,000)	-
Proceeds from borrowings	331,536	-
Net proceeds from issue of shares and options	2,057,825	250,000
Net cash provided by financing activities	2,169,361	250,000
Net increase in cash held	300,611	111,329
Cash at the beginning of the year	111,329	-
CASH AT THE END OF THE YEAR	411,940	111,329

Part 8 – Basis of Preparation

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

Part 9 – Other Income and Expenses

The loss before income tax includes the following items of revenue and expense:

		2006 $	2005 $
(a)	**Other income**		
	Other services	420	296
	Interest income	28,637	-
		29,057	296
(b)	**Other expenses**		
	Amortisation of goodwill	-	3,132
	Depreciation of plant and equipment	33,173	19,926
	Impairment of intangible assets	372,712	-

Part 10 – Commentary on Results

Financials
The Company made a loss of $1.29 million during the year. The loss resulted from an overrun in costs along with significantly lower than anticipated revenue. Also contributing to the loss was a significant write down in the carrying value of goodwill in the business, and a write down in the carrying value of some antique frame stock.

The Company secured a draw down loan facility for $500,000 to fortify working capital reserves announced on 8 August 2006.

The focus of the current board over the last month has been to examine the operations of the Company and identify major areas of improvement, along with reviewing opportunities to restore shareholder value.

Reduction of Costs
As announced to the market on 31 August 2006, the Company has made substantial savings in operating costs. This has resulted from a detailed review of recurring and once off costs and identification of appropriate savings. Although during August there remained an overhang of costs from previous management, the current board is encouraged by the savings achieved, and costs are now in line with expectations.

Northbridge Optic Clinic remains for sale, and it is the intention of the board, in the absence of other opportunities, to sell the business.

Business Model
The current board continues to review both the operating model of the Company and other opportunities to restore shareholder value. While the Company is focused on growing revenue from the current associate optometrist model, other avenues for the sale of frame stock are also being explored.

The facility secured during August, the Company's current cash position, and its sharply reduced cost structure enable it to stabilise its cashflow, continue operations, and review other opportunities in the normal course of business.

The current board will continue to keep the market informed of progress.

Part 11 – Notes to the Consolidated Statement of Cash Flows

		2006 ($)	2005 ($)
(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 balance sheet as follows:		
	Cash and cash equivalents	411,940	111,329

	2006 $	2005 $
(b) Reconciliation of net cash flows from operating activities to loss after income tax		
Loss for the year	(1,289,061)	(216,587)
Add non-cash items:		
- Depreciation	46,979	19,926
- Amortisation of non-current assets	-	3,132
- Impairment of intangible assets	372,712	-
Operating loss before changes in assets and liabilities	(869,370)	(193,529)
Changes in assets and liabilities during the year:		
(Increase) in receivables	(1,884)	(24,440)
(Increase) in inventories	(112,095)	(151,465)
(Increase) in prepayments	(241,965)	(22,000)
(Increase)/decrease in payables	(92,947)	249,966
Decrease in provisions	2,083	2,797
Net cash used in operating activities	(1,316,178)	(138,671)

Part 12 – Details Relating to Dividends

Date the dividend is payable	**N/A**
Record date to determine entitlement to the dividend	
Amount per security	
Total dividend	
Amount per security of foreign sourced dividend or distribution	
Details of any dividend reinvestment plans in operation	
The last date for receipt of an election notice for participation in any dividend reinvestment plans	

Part 13 – Earnings per Share

	2006	2005
Basic loss per share		
Ordinary shares	(5.51) cents	(2.45) cents

The Company's potential ordinary shares are not considered dilutive and accordingly basic loss per share is the same as diluted loss per share.

	No.	No.
Weighted average number of ordinary shares used as the denominator in the calculation of basic earnings per share	23,389,699	8,834,521

Part 14 – Net Tangible Assets per Security

	2006	2005
Net tangible asset backing per ordinary security	3.91 cents	0.72 cents

Part 15 – Details of Entities Over Which Control has been Gained or Lost

Name of entity (or group of entities)	
Date control gained or lost	
Contribution of the controlled entity (or group of entities) to the profit/(loss) from ordinary activities during the period, from the date of gaining or losing control	
Profit (loss) from ordinary activities of the controlled entity (or group of entities) for the whole of the previous corresponding period	**Not Applicable**
Contribution to consolidated profit/(loss) from ordinary activities from sale of interest leading to loss of control	**Not Applicable**

Part 16 – Details of Associates and Joint Venture Entities

	Ownership Interest		Contribution to net profit/(loss)	
	2006 %	2005 %	2006 $A'000	2005 $A'000
Name of entity	**N/A**	**N/A**	**N/A**	**N/A**
Associates				
Joint Venture Entities				
Aggregate Share of Losses				

Part 17 – Issued Securities

	2006 ($)	**2005 ($)**
Share capital		
28,728,000 (2005: 16,550,000) fully paid ordinary shares	2,624,116	704,320

The following movements in issued capital occurred during the year:

	Number of Ordinary Fully Paid Shares	**Issued Capital ($)**
Balance at beginning of year	16,550,000	704,320
Issue on listing of shares on 7 December 2005	12,178,000	2,435,600
Less share issue expenses	-	(515,804)
Balance 30 June 2006	28,728,000	2,624,116

Options

The following options were issued during the year and remained unexercised at 30 June 2006:

- 6,089,000 Options exercisable at $0.20 each on or before 31 March 2008 issued pursuant to the Company's IPO.
- 500,000 director options exercisable at 20 cents each on or before 31 March 2008.
- 4,500,000 options on 15 June 2005 exercisable at 20 cents on or before 31 March 2008.
- 200,000 options issued under the Company's Incentive Option Scheme exercisable at 20.5 cents each on or before 31 March 2008
- *The 12,500,000 Founders' Options issued during the year were cancelled after the balance date.*

Part 18 – Subsequent Events

Subsequent to the year end, the company restructured its board (including the cancellation of the founders' options), secured a draw down facility of $500,000 (refer below for the terms thereof) and has undertaken a review of the current business.

The draw down facility has been provided by the Deuterium Fund, an investment fund managed by Marketech Ltd, a company associated with director Mr James Martin.

The terms of the facility are summarised below:

- 24 month term
- 9% interest rate
- convertible into fully paid ordinary shares at a deemed issue price per share equal to the lower of 80% of the volume weighted average market price of shares calculated over the last 5 days on which sales were recorded prior to the day or conversion, or 20 cents.

There have not been any other matters or circumstances that have arisen since the end of the 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.

Part 19 – Segment Information

The consolidated entity operates in one business segment being the provision of optometry related products and services and in one geographical segment, Australia.

Part 20 – Impact of adopting Australian equivalents to International Financial Reporting Standards

The impacts of adopting AIFRS on the total equity and profit after tax as reported under previous Australian Generally Accepted Accounting Principles ("AGAAP") are illustrated below.

(i) Reconciliation of total equity as presented under AGAAP to that under AIFRS

There are no material differences between the total equity presented under AIFRS and those presented under AGAAP.

(ii) Reconciliation of net loss after tax as presented under AGAAP to that under AIFRS

There are no material differences between the net loss after tax presented under AIFRS and those presented under AGAAP.

(iii) Explanation of material adjustments to the cash flow statements

There are no material differences between the cash flow statements presented under AIFRS and those presented under AGAAP.

Part 21 – Audit/Review Status

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited		The accounts have been subject to review	
The accounts are in the process of being audited or subject to review	✓	The accounts have not yet been audited or reviewed	

If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:
Not Applicable
If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:
Not Applicable