



AlteraCapital

ALTERA CAPITAL LIMITED

A.B.N. 55 082 541 437

(formerly Bigshop.com.au Limited)

Appendix 4E
Preliminary Final Report
For Year Ended 30 June 2003

www.alteracapital.com

Altera Capital Limited
A.B.N. 55 082 541 437
(formerly Bigshop.com.au Limited)

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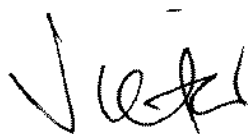
COMMENTARY ON RESULTS AND OTHER SIGNIFICANT INFORMATION

This Preliminary Final Report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.3A

Current Reporting Period: 30 June 2003

Previous Corresponding Period: 30 June 2002

For and on behalf of the directors,



Date: 11 September 2003

Victor Ho
Company Secretary

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue and Net Profit (Loss)

Revenue from ordinary activities	Up	247%	to	\$5,219,636
Profit (loss) from ordinary activities after tax attributable to members	down	33%	to	(\$1,169,715)
Net profit (loss) for the period attributable to members	down	33%	to	(\$1,169,715)

Dividends

No dividends have been paid or declared during the financial year. The Directors do not recommend the payment of a dividend in respect of the financial year.

Brief Explanation of Revenue, Net Profit (Loss) and Dividends (above)

Revenue from ordinary activities in the previous corresponding period included software development revenues of \$401,325 from a UK based company (in liquidation). In the previous corresponding period, \$473,849 of income receivable from such client company had been written-off as a bad debt in light of the commencement of liquidation of the same in December 2001. If this item had been excluded from revenue from ordinary activities in the previous corresponding period, the comparison with the current reporting period would have shown an increase in revenue from ordinary activities of 18%.

The Consolidated Entity realised a profit of \$483,013 (2002: \$44,053) from the sale of share investments, with gross proceeds of \$5,056,314 included in the above revenue from ordinary activities of \$5,219,636.

The Consolidated Entity also recognised a share of the net losses attributable to its 41.21% interest (as at 30 June 2003) in an Associate company, Software Communication Group Ltd, being \$330,034, during the financial year.

COMMENTARY ON RESULTS AND OTHER SIGNIFICANT INFORMATION

Altera Capital Limited ABN 55 082 541 437 (formerly Bigshop.com.au Ltd) ("Company" or "Altera Capital") has prepared a consolidated financial report incorporating the entities that it controlled during the financial year. The only controlled entity was BSIS Pty Ltd ACN 096 350 775 (controlled until its de-registration on 6 May 2003).

Altera Capital has also accounted for its investment in ASX listed Software Communication Group Ltd ("Sofcom") as at Balance Date on an equity accounting basis as an Associate entity pursuant to Accounting Standard AASB 1016 "Accounting for Investment in Associates."

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the financial year were the provision of software development, project management and IT consulting services and management of its share investments.

OPERATING RESULTS

	Consolidated Entity	
	2003	2002
	\$	\$
Net profit (loss) from ordinary activities after tax attributable to members reported for the 1st half year	(699,348)	(1,245,796)
Net profit (loss) from ordinary activities after tax attributable to members for the 2nd half year	(470,367)	(506,527)
Net profit (loss) from ordinary activities after tax attributable to members for financial year	(1,169,715)	(1,752,323)

EARNINGS PER SHARE

	Consolidated Entity	
	2003	2002
Basic earnings per share (cents)	(1.27)	(2.15)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted earnings per share	92,018,213	81,514,626

NET TANGIBLE ASSET BACKING

	Consolidated Entity	
	2003	2002
Net assets	\$4,417,950	\$5,587,665
Less intangible assets	-	-
Net tangible assets of the Consolidated Entity	\$4,417,950	\$5,587,665
Fully paid ordinary shares on issue at Balance Date	92,018,213	92,018,213
Net tangible asset backing per issued ordinary share as at Balance Date (cents)	4.80	6.07

COMMENTARY ON RESULTS AND OTHER SIGNIFICANT INFORMATION

REVIEW OF OPERATIONS

1. CONSULTING OPERATIONS

On 17 July 2002, the Company entered into an agreement with a UK company for the sale of the Company's intellectual property rights in software development works carried out previously for a UK based company, Mirror Image Communications Limited ("MIC"). The sale price was £23,000 and the Company received A\$65,211 on 19 July 2002.

Certain project management and technical personnel have also been retained notwithstanding the closure of the Bigshop Virtual Super Store in January 2002, and have continued to provide various software development, project management and IT consulting services during the year.

2. SHARE INVESTMENTS

The Company has undertaken the following major investments in listed companies during the financial year:

2.1. Software Communication Group Ltd

On 28 June 2002, the Company acquired 17,123,000 shares in Melbourne based ASX listed company, Software Communication Group Ltd ("Sofcom"), on market. This represented 19.627% of Sofcom's then issued ordinary share capital, the second largest shareholding in the company. The cost of such acquisition was \$1,362,920 or an average of 8.0 cents per share.

Two of the Company's Directors, Messrs Farooq Khan and Victor Ho, were subsequently appointed as Sofcom Executive Director and Non-Executive Director respectively on a 4 member board.

On 5 February 2003, the Company acquired a further 1,205,820 shares on-market, at a cost of \$102,646 (at a highest price of 8.0 or an average of 7.97 cents per share) bringing its interest to 21.009% of Sofcom at that time.

On 1 May 2003, the Company announced an intention to make an off-market bid to acquire 30% of the issued fully paid ordinary shares of Sofcom that the Company did not already own, for a cash consideration of 9.0 cents per share (the "Bid").

The making of the Bid was subject to approval by the Company's shareholders pursuant to ASX Listing Rule 11.1.2. This was obtained at a General Meeting held on 13 June 2003.

On 30 June 2003, the Bid closed with acceptances received in respect of 17,624,442 Sofcom shares. The cost of the Bid was \$1,586,199.78.

Upon the close of the Bid, the Company had a relevant interest in 35,953,262 Sofcom shares or 41.21% of Sofcom's then issued share capital (i.e. 87,244,227 shares pre Sofcom Buy-Back).

However, upon the close of the Sofcom equal access share buy-back offer (for up to 100% of the shares owned by shareholders at a price of 8 cents per share, up to a maximum of 68,189,507 shares ("Sofcom Buy-Back")) on 14 July 2003 and the cancellation of 42,605,756 shares bought back by Sofcom on 18 July 2003 pursuant to the Sofcom Buy-Back offer, the Company's voting power in Sofcom has increased to 80.54%.

Based on Sofcom's July 2003 Monthly Cash Flow Report, Sofcom had cash reserves of \$4.584m as at 31 July 2003 (post payment of cost of the Sofcom Buy-Back), which equates to a cash asset backing of approximately 10.27 cents per share. This compares favourably with the Company's average acquisition cost of approximately 8.50 cents per Sofcom share.

2.2. Biota Holdings Ltd

On 20 September 2002, the Company became a substantial (and largest) shareholder in Biota Holdings Limited ("Biota"). The Company subsequently increased its holding to a high of 7,130,842 fully paid ordinary shares (representing approximately 9.5% of Biota's then issued capital).

On 28 October 2002, the Company announced an intention to make an off-market takeover bid for Biota, subject to certain bid conditions. On 6 November 2002, the Company advised that it did not propose to proceed with its takeover bid for Biota as Biota had announced that its cash balance had fallen below the \$28 million threshold specified in one of the bid conditions.

On 19 February 2003, the Company announced that it had despatched formal documentation to shareholders of Biota convening a general meeting pursuant to s249F Corporations Act at the Company's own expense to consider various resolutions, including the appointment of Mr Farooq Khan as a director of Biota.

At the Biota general meeting on 28 March 2003, only 2 resolutions were put to shareholders by the Biota chairman (including for the appointment of Mr Khan as a director), both of which were not passed on a poll called by the chairman.

COMMENTARY ON RESULTS AND OTHER SIGNIFICANT INFORMATION

Subsequent to the Biota general meeting, the Company:

- (i) Sold its holding in Biota on market for total consideration of \$4,085,894, realising a profit on disposal of \$503,133;
- (ii) Received from Biota various invoices totalling \$228,906.82 in relation to share registry and legal fees incurred purportedly in relation to the holding of the meeting. After negotiations between solicitors of the Company and Biota, on 5 August 2003, Biota confirmed that it would accept payment of \$50,000 as full and final settlement of this matter (which the Company has paid),

which are both reflected in the financial statements of the Company for the year ended 30 June 2003.

2.3. DVT Holdings Ltd

On 16 July 2002, the Company entered into an agreement with Utility Services Corporation Ltd to dispose of its 25,500,000 shares in ASX listed DVT Holdings Ltd (now known as UXC Limited) for a total consideration of \$969,000, realising a small loss on disposal of \$18,228. This transaction settled on 1 August 2002.

3. LITIGATION AND CLAIMS

3.1 Independent Consultants Agreements

On 17 June 2003, the Company paid a total of \$100,000 to former directors, Mr Luke Atkins and Ms Annette Oliver, as full and final discharge of any and all rights, claims arising from, or in any way connected with or incidental to their respective independent consultants' agreement with the Company.

3.2 Discontinuance of Action Against Former Directors

On 6 September 2002, a notice of discontinuance was filed in relation to a Supreme Court of Western Australia action against former Directors, Mr Luke Atkins and Ms Annette Oliver, commenced in November 2000 by the previous Board shortly after the Company's 2000 Annual General Meeting at which resolutions to re-elect Mr Atkins and Ms Oliver as Directors were defeated.

Pursuant to such discontinuance, the Company paid Mr Atkins and Ms Oliver a total of \$28,373.7 as settlement of their legal costs incurred in relation to the action.

3.3 Settlement of Bill of Costs From by Fast Scout Limited

On 3 September 2002, the Company paid \$43,500 as settlement of Fast Scout Ltd's proposed bill of legal costs for taxation (in relation to proceedings before the Supreme Court of Western Australia on the validity of proxy votes declared invalid by the chair of an extraordinary general meeting of the Company held on 5 November 2001 to consider resolutions to replace the board of the Company).

The Company had earlier received a proposed bill of costs from Fast Scout Ltd for taxation in the amount of \$63,008.19. The \$43,500 final settlement amount was negotiated between the independent Director of the Company, Mr Brian Smith, and the independent directors of Fast Scout Ltd.

4. RIGHTS ISSUE

If the Company completes the buy-back of 30,000,000 shares the subject of Buy-Back Offers (refer Subsequent Events below), the Company will not proceed with the one for one non-renounceable rights issue at 2.50 cents per share ("Rights Issue") (which was approved by shareholders at a general meeting held on 13 June 2003).

5. ASX SUSPENSION

At the request of the ASX and pursuant to the ASX Listing Rules, the Company has been suspended from quotation on ASX from 13 June 2003, on the eve of the Company's general meeting approving the making of the Bid and the Rights Issue.

The Company's suspension will continue until the Company fully re-complies with Chapters 1 and 2 of the ASX Listing Rules, including a capital consolidation to ensure a sale price of at least \$0.20 for the Company's shares, lodgement of a full form prospectus and satisfaction of the spread requirements set out in Listing Rule 1.1.

COMMENTARY ON RESULTS AND OTHER SIGNIFICANT INFORMATION

SUBSEQUENT EVENTS

(i) Software Communication Group Ltd

As at 30 June 2003, the Company had a relevant interest in 35,953,262 shares or voting power of 41.21% in Sofcom. However, upon the close of the Sofcom Buy-Back on 14 July 2003 and the cancellation of 42,605,756 shares bought back by Sofcom on 18 July 2003, the Company's voting power in Sofcom increased to 80.54%.

In light of the completion of the Sofcom Buy-Back and the Company's position as the controlling shareholder, on 23 July 2003, Mr Brian Smith (a Director of the Company) was appointed a Non-Executive Director of Sofcom, Mr Victor Ho (a Director of the Company) was appointed co-Company Secretary of Sofcom, and Dr Les Goldschlager and Mr Michael Schoenfeld resigned as directors of Sofcom.

Furthermore, on 6 August 2003, Sofcom's business address changed to Perth to consolidate and share corporate and head office functions with the Company.

Sofcom has also become a controlled entity of the Company with the effect that Sofcom's accounts will be consolidated with the Company's accounts from 1 July 2003.

(ii) Equal Access Scheme Buy-Back

On 15 July 2003, the Company announced its intention to offer to purchase up to 100% of each shareholder's fully paid ordinary shares in the Company ("Buy-Back Offer") through an off-market equal access scheme buy-back at a price of 4.20 cents per share, subject to a maximum buy-back of 30,000,000 shares (out of a total share capital of 92,018,213 shares) ("Buy-Back Limit") (the "Buy-Back").

The Buy-Back Limit comprises approximately 32.60% of the Company's current issued share capital.

The Buy-Back price of 4.20 cents represents a 247% premium to the 1.70 cent last trading price of the Company just prior to the suspension of the Company's shares on ASX on 12 June 2003.

However, the Company notes that the Buy-Back price of 4.20 cents is likely to be below the net tangible asset backing per share of the Company at the time of completion of the Buy-Back Offers. Accordingly, the net tangible asset backing of the Company should rise upon the conclusion of the Buy-Back.

All of the shares that are bought back (within the Buy-Back Limit of 30,000,000 shares) will be cancelled, and accordingly reduce the total number of the Company's shares on issue post Buy-Back. Accordingly, shareholders who do not accept into the Buy-Back Offer will increase their voting power in the Company.

The extent of such increases in voting power and net tangible asset backing per share will be a function of the ultimate level of acceptances under the Buy-Back Offer and the net tangible assets of the Company at such time.

The Buy-Back was subject to shareholder approval which was obtained at a general meeting held on 15 August 2003.

On 29 August 2003, a Buy-Back Offer document was despatched to all shareholders entitled to participate in the Buy-Back Offer, being registered shareholders as at the record date of 26 August 2003.

Under the terms of the Buy-Back Offer, shareholders will be able to accept for up to 100% of their shares held at the record date, subject to the Buy-Back Limit.

The Buy-Back Offer is open to all shareholders on an equal access basis and participation by shareholders is entirely voluntary.

If the Company receives acceptances for more than the Buy-Back Limit, then a scale-back will operate. The scale-back for each accepting shareholder will operate in the following manner:

$$\frac{\text{Buy-Back Limit}}{\text{Total acceptances from all shareholders}} \times \text{Acceptances from the shareholder}$$

If after applying the scale-back a shareholder would be left holding an unmarketable parcel, the Company will buy-back all of that shareholder's shares. In this situation, the scale-back will be further adjusted so as to ensure the Buy-Back Limit is not exceeded.

Assuming that acceptances are received in respect of the Buy-Back Limit of 30,000,000 Shares, the maximum amount required to fund the Buy-Back would be approximately \$1.26m. The Buy-Back will be funded from existing net cash reserves, being \$2.079m as at 31 August 2003.

The Buy-Back Offer is scheduled to close at 5:00pm (Perth time) on 17 September 2003.

The Company announced on 11 September 2003 that it had received Buy-Back Offer acceptances in respect of 19,012,580 shares at a Buy-Back cost of \$798,528.36.

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2003

	Note	Consolidated Entity	
		2003 \$	2002 \$
Sales revenue	2	93,673	480,633
Cost of sales	2	(75,614)	(254,393)
Gross Profit		18,059	226,240
Other revenue from ordinary activities	2	5,125,963	1,022,742
Non-operating revenue	2	65,215	-
Occupancy expenses	2	(62,639)	(48,505)
Finance expenses	2	(1,558)	(2,023)
Borrowing costs	2	(328)	(307)
Corporate expenses	2	(1,223,471)	(2,121,898)
Cost of shares sold	2	(4,573,301)	(725,791)
Administration expenses	2	(187,621)	(102,781)
Share of Associate's net losses	2	(330,034)	-
Loss from ordinary activities before income tax expense		(1,169,715)	(1,752,323)
Income tax expense relating to ordinary activities		-	-
Net loss attributable to members of the company	10	(1,169,715)	(1,752,323)
Earnings per share:			
Basic (cents per share)	4	(1.27)	(2.15)

The consolidated statement of financial performance should be read in conjunction with the accompanying notes

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2003

	Note	Consolidated Entity	
		2003	2002
		\$	\$
CURRENT ASSETS			
Cash assets	17(b)	2,977,525	4,209,613
Receivables		22,593	58,408
Other financial assets		2,000	2,000
TOTAL CURRENT ASSETS		3,002,118	4,270,021
NON CURRENT ASSETS			
Property, plant and equipment	5	33,616	65,889
Other financial assets	6	10,716	3,070,884
Investments equity accounted	7	2,408,868	-
TOTAL NON CURRENT ASSETS		2,453,200	3,136,773
TOTAL ASSETS		5,455,318	7,406,794
CURRENT LIABILITIES			
Payables	8	1,031,433	1,812,261
Provisions		5,935	6,868
TOTAL CURRENT LIABILITIES		1,037,368	1,819,129
NET ASSETS		4,417,950	5,587,665
EQUITY			
Contributed equity	9	9,298,760	9,298,760
Accumulated losses	10	(4,880,810)	(3,711,095)
TOTAL EQUITY		4,417,950	5,587,665

The consolidated statement of financial position should be read in conjunction with the accompanying notes

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2003

	Note	Consolidated Entity	
		2003	2002
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		175,548	185,554
Payments to suppliers and employees		(1,298,526)	(1,058,210)
Interest received		64,641	251,590
Interest paid		(328)	(307)
Costs associated with takeover defence and related matters		26,491	(705,485)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	17(a)	<u>(1,032,174)</u>	<u>(1,326,858)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash relinquished on disposal of subsidiary		(2)	-
Purchase of shares in listed companies		(5,259,763)	(2,331,938)
Proceeds from sale of shares		5,056,314	769,844
Purchase of plant and equipment		(957)	(10,586)
Proceeds from sale of furniture		4,494	250
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		<u>(199,914)</u>	<u>(1,572,430)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	600,910
Costs associated with capital raisings		-	(43,501)
NET CASH INFLOW FROM FINANCING ACTIVITIES		<u>-</u>	<u>557,409</u>
NET DECREASE IN CASH ASSETS HELD		(1,232,088)	(2,341,879)
Add opening cash assets brought forward		4,209,613	6,551,492
CLOSING CASH ASSETS AT END OF YEAR	17(b)	<u>2,977,525</u>	<u>4,209,613</u>

The consolidated statement of cash flows should be read in conjunction with the accompanying notes

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

1. 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.

The accounting policies adopted in the preparation of this Preliminary Final Report are consistent with those adopted and disclosed in the financial statements for the year ended 30 June 2002.

2. LOSS FROM ORDINARY ACTIVITIES

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

	Consolidated Entity	
	2003	2002
	\$	\$
(a) Operating revenue		
Sales revenue		
Retail sales	-	2,596
Software development	-	401,325
Consultancy	93,673	76,712
	<u>93,673</u>	<u>480,633</u>
Other revenue		
Interest received - other	63,893	252,338
Proceeds from sale of share investments	5,056,314	769,844
Other	5,756	560
Total operating revenue	<u>5,219,636</u>	<u>1,503,375</u>
(b) Non-operating revenue		
Proceeds from sale of other assets	65,215	-
Total non-operating revenue	<u>65,215</u>	<u>-</u>
Total revenue	<u>5,284,851</u>	<u>1,503,375</u>
(c) Expenses		
Cost of sales		
Purchases	189	2,686
Labour cost	75,425	251,707
	<u>75,614</u>	<u>254,393</u>
Operating expenses		
Occupancy expenses	62,639	48,505
Finance expenses	1,558	2,023
Borrowing costs - interest paid	328	307
Cost of shares sold	4,573,301	725,791
Administration expenses		
Communications	21,686	50,375
Termination of consultants' agreements	100,000	-
Other administration expenses	65,935	52,406
Corporate expenses		
Takeover defence costs and related matters	(26,491)	705,485
Share investment related costs	176,325	22,410
Professional fees	357,561	226,064
Depreciation -property, plant and equipment	33,090	38,271
Fixed assets disposal	140	16,200
Personnel	282,541	413,071
Other provisions - employee entitlements	20,952	6,738
Bad debt written off	-	473,849
Provision for doubtful debts	12,645	-
Diminution in value of: Share investments	(18,152)	42,141
Associate	317,453	-
Other corporate expenses	67,407	177,669
Share of Associate's net losses	330,034	-
	<u>6,454,566</u>	<u>3,255,698</u>

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

3. SALE OF ASSETS

Sale of assets in the ordinary course of business have given rise to the following profits and losses:

		Consolidated Entity	
		2003	2002
		\$	\$
(a) Net Gain:	Share investments	483,013	44,053
	Other assets	65,215	-
		<u>548,228</u>	<u>44,053</u>

4. EARNINGS PER SHARE

Basic loss per share (cents)	<u>(1.27)</u>	<u>(2.15)</u>
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Net loss

Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share

<u>92,018,213</u>	<u>81,514,626</u>
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Options to purchase ordinary shares not exercised at 30 June 2003 have not been included in the determination of basic earnings per share. Diluted loss per share has not been disclosed, as it does not show a position which is inferior to basic earnings per share.

5. PROPERTY, PLANT AND EQUIPMENT

<u>Consolidated Entity</u>	Computer equipment	Office furniture and fittings	Total
Gross Carrying Amount	\$	\$	\$
Balance at 30 June 2002	113,250	17,947	131,197
Additions	957	-	957
Disposals	(629)	-	(629)
Balance at 30 June 2003	<u>113,578</u>	<u>17,947</u>	<u>131,525</u>
 Accumulated Depreciation			
Balance at 30 June 2002	(59,738)	(5,570)	(65,308)
Depreciation expense	(30,535)	(2,555)	(33,090)
Disposals	489	-	489
Balance at 30 June 2003	<u>(89,784)</u>	<u>(8,125)</u>	<u>(97,909)</u>
 Net Book Value			
As at 30 June 2002	53,512	12,377	65,889
As at 30 June 2003	<u>23,794</u>	<u>9,822</u>	<u>33,616</u>

6. OTHER NON-CURRENT FINANCIAL ASSETS

		Consolidated Entity	
		2003	2002
		\$	\$
Investments comprise:			
	Shares and options in listed corporations - at cost	34,705	3,113,025
	Shares in controlled entities - at cost	-	-
	Less: provision for diminution	(23,989)	(42,141)
		<u>10,716</u>	<u>3,070,884</u>
Market value of listed investments:			
	Shares in other listed corporations	<u>10,040</u>	<u>2,911,739</u>

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

7. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name of Associate	Principal Activity	Ownership Interest	Consolidated Carrying Amount
Software Communication Group Ltd (ABN 88 087 482 602)	Management of its investments	41.21%	\$ 2,408,868

Movement in Investments in Associate

	2003
	\$
Shares in associated listed company - at cost	3,056,355
Share of losses from ordinary activities before income tax expense	(330,034)
Share of income tax expense related to ordinary activities	-
Equity accounted amount of investment at the end of the financial year	2,726,321
Provision for diminution	(317,453)
Carrying value of investment in associate	2,408,868
Market value as at 30 June 2003	2,408,868

Summarised Financial Position of Associate:

Current assets:

Cash	7,794,438
Receivables	28,147

Non-current assets:

Property, plant and equipment	12,000
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Current liabilities:

Payables	(48,170)
Provisions	(14,747)

Net assets

7,771,668

Share of net assets of Associate at 30 June 2003

3,202,704

Summarised Financial Performance of Associate:

Net loss

1,659,670

8. CURRENT PAYABLES

	Consolidated Entity	
	2003	2002
	\$	\$
Trade creditors	130,681	1,543,875
Other creditors and accruals	102,301	259,102
Creditors - related party	-	9,284
Takeover acceptances account	798,451	-
	1,031,433	1,812,261

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

9. CONTRIBUTED EQUITY	Consolidated Entity	
	2003	2002
	\$	\$
(a) Issued and Paid-Up Capital		
92,018,213 fully paid ordinary shares	9,298,760	9,298,760
(b) Movement in Ordinary Share Capital		
Balance at beginning of financial year	9,298,760	8,741,351
Issue of shares (prospectus dated 15 March 2002)	-	600,910
	9,298,760	9,342,261
Less: share issue costs	-	(43,501)
	9,298,760	9,298,760

(c) Movement in Options

The number of unlisted options outstanding over unissued ordinary shares at 30 June 2003 is 21,590,000 (2002: 21,590,000).

The terms of these options are as follows:

	Consolidated Entity	
	2003	2002
	Number	Number
(i) Options exercisable at 70 cents each on or before 30 June 2005 ("Promoter Options")	18,000,000	18,000,000
(ii) Options exercisable at 25 cents each on or before 13 April 2005 ("Incentive Options")	1,090,000	1,090,000
(iii) Options exercisable at 7.5 cents each on or before 15 May 2007	2,500,000	2,500,000
	21,590,000	21,590,000

10. ACCUMULATED LOSSES

Balance at beginning of the year	(3,711,095)	(1,958,772)
Net loss	(1,169,715)	(1,752,323)
Balance at end of financial year	(4,880,810)	(3,711,095)

11. LEASE COMMITMENTS

11. LEASE COMMITMENTS	Consolidated Entity	
	2003	2002
	\$	\$
Non-cancellable lease commitments		
Not longer than one year	20,000	-
Longer than one year and not longer than 2 years	-	20,000
	20,000	20,000

12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Consolidated Entity Does not have any contingent assets or liabilities, save for Lease Commitments disclosed in Note 11.

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

13. SEGMENT REPORTING

The Consolidated Entity operates entirely in software development and IT consultancy and project management sector in Australia. Revenue was earned entirely from activities in Australia

	External Revenue		Operating Results	
	2003	2002	2003	2002
	\$	\$	\$	\$
Online retail	-	-	(189)	-
Software development and consultancy	93,673	-	18,248	(247,519)
Share investments	5,056,314	769,844	(538,482)	(98,009)
	<u>5,149,987</u>	<u>769,844</u>	<u>(520,423)</u>	<u>(345,528)</u>
Unallocated	134,864	252,898	(649,292)	(1,406,705)
	<u>5,284,851</u>	<u>1,022,742</u>	<u>(1,169,715)</u>	<u>(1,752,233)</u>

	Assets		Liabilities	
	2003	2002	2003	2002
	\$	\$	\$	\$
Online retail	-	35,417	-	-
Share investments	3,101,895	3,070,884	(798,451)	(1,506,878)
	<u>3,101,895</u>	<u>3,106,301</u>	<u>(798,451)</u>	<u>(1,506,878)</u>
Unallocated	2,353,423	4,300,493	(238,917)	(312,251)
	<u>5,455,318</u>	<u>7,406,794</u>	<u>(1,037,368)</u>	<u>(1,819,129)</u>

Segment	Software development and consultancy		Investments	
	2003	2002	2003	2002
	\$	\$	\$	\$
Acquisition of segment assets	-	-	4,551,336	3,838,816
Other non-cash expenses				
Write off of bad debts	-	(473,849)	-	-
Diminution of segment assets	-	-	18,152	(42,141)

14. ASSOCIATES AND JOINT VENTURES

The Consolidated Entity did not undertake any investments in associated entities or joint ventures during the financial year, save as disclosed in Note 7 (Investments Accounted For Using The Equity Method).

15. DISCONTINUING OPERATIONS

There were no operations discontinued by the Consolidated Entity during the financial year.

16. GAIN/LOSS OF CONTROL OF ENTITIES

There were no entities over which control had been gained or lost by the Consolidated Entity during the financial year, save as disclosed below:

(a) Investment in Controlled Entities	Percentage of Ownership		Carrying amount of Investment	
	2003	2002	2003	2002
			\$	\$
BSIS Pty Ltd (ACN 096 350 775)	0%	100%	-	2
Incorporated in Western Australia on 12 April 2001.				
This Company was deregistered on 6 May 2003 (date of loss of control).				

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

17. STATEMENT TO CASH FLOWS

(a) Reconciliation of Loss from Ordinary Activities after Tax to Net Cash Flows from Operations

	Consolidated Entity	
	2003	2002
	\$	\$
Operating loss after tax	(1,169,715)	(1,752,323)
Depreciation – property, plant and equipment	33,090	38,271
Fixed assets written off	140	16,200
Gain on sale of investments	(483,013)	(44,053)
Diminution in value of investments	299,301	42,141
Bad debt written off	-	473,849
Provision for doubtful debts	12,645	-
Share of Associate's net losses	330,034	-
(Increase)/decrease in assets:		
Receivables	9,677	(286,999)
Prepayments	-	8,150
Increase/(decrease) in liabilities:		
Payables	(36,600)	124,892
Provisions	(27,733)	53,014
Net cash outflows from operating activities	<u>(1,032,174)</u>	<u>(1,326,858)</u>

(b) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. 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	2,977,525	(90,387)
Deposit at call	-	2,020,567
Bank bills	-	2,279,433
	<u>2,977,525</u>	<u>4,209,613</u>

STATUS OF AUDIT

This Preliminary Final Report is based on accounts to which one of the following applies:

- The accounts have been audited.
- The accounts are in the process of being audited or subject to review.
- The accounts have been subject to review.
- The accounts have not been audited or reviewed.

Description of likely dispute or qualification if the accounts have not yet been audited or subject to review or are in the process of being audited or subjected to review

None noted