ALTERA CAPITAL LIMITED
A.B.N. 55 082 541 437

(formerly Bigshop.com.au Limited)

ANNUAL DIRECTORS' REPORT & FINANCIAL REPORT

30 June 2003

www.alteracapital.com

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

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CORPORATE DIRECTORY

BOARD

Farooq Khan	*Executive Chairman and Managing Director*
Victor P H Ho	*Executive Director*
Brian M Smith	*Non-Executive Director*

COMPANY SECRETARY
Victor P H Ho

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AEA

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Perth Western Australia 6000

DIRECTORS' REPORT

The Directors present their report on Altera Capital Limited ABN 55 082 541 437 (formerly Bigshop.com.au Ltd) ("**Company**" or "**Altera Capital**") and its controlled entities (the "**Consolidated Entity**") for the financial year ended 30 June 2003 ("**Balance Date**").

Altera Capital is a company limited by shares that is incorporated and domiciled in Western Australia and is listed on the Australian Stock Exchange ("**ASX**").

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 $	Consolidated Entity 2002 $
Net profit (loss)	(1,169,715)	(1,752,323)

EARNINGS PER SHARE

	Consolidated Entity 2003	Consolidated Entity 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 earnings per share	92,018,213	81,514,626

Diluted earnings per share is not materially different from basic earnings per share and therefore, has not been disclosed.

NET TANGIBLE ASSET BACKING

	Consolidated Entity 2003	Consolidated Entity 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

DIRECTORS' REPORT

REVIEW OF OPERATIONS

1. 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"**).

Under a buy-back a company buys back its own shares from its shareholders. Any shares bought back are then cancelled, with the result that the total number of the company's shares on issue is reduced by that number of shares bought back.

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

The Board believed that it was appropriate to allow shareholders an opportunity to dispose of all (subject to the scale-back adjustment described below) or part of their shareholding in the Company at this time, prior to the Company's possible reinstatement to official quotation on the ASX and prior to the Company entering into the proposed "aggregation" transactions referred to in sections 4 (General Investment Strategies) and 7.2 (ASX Suspension) of Review of Operations.

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.

The Buy-Back also presents a cost effective way for shareholders to dispose of shares in the Company as there are no brokerage costs associated with acceptances under a Buy-Back Offer (subject to any arrangements shareholders may have with their CHESS sponsoring broker).

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 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 $786,371.84.

DIRECTORS' REPORT

TIMETABLE FOR BUY-BACK

	Date
Buy-back announced to market	15 July 2003
General meeting to approve Buy-Back	15 August 2003
Securities quoted on an "ex" basis (i.e. shares bought on or after this date will not receive an entitlement to participate in the Buy-Back Offer)	20 August 2003
Record Date (i.e. shareholders on this date are entitled to participate in the Buy-Back Offer)	26 August 2003
Despatch of Offer Document	29 August 2003
Buy-Back Offer Period opens	29 August 2003
Buy-Back Offer Period closes	5pm (WST) 17 September 2003 *
Proceeds sent to participating Shareholders	by 24 September 2003 *
Bought back Shares cancelled	26 September 2003 *

* Such dates are indicative only and may change.

2. RIGHTS ISSUE

If the Company completes the buy-back of 30,000,000 shares the subject of Buy-Back Offers, 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).

The terms of the Rights Issue approved by shareholders were:

(a) The Rights Issue will be non-renounceable and therefore shareholders cannot sell their right to take up their entitlement under the issue;

(b) Current option-holders must exercise their options by the record date to crystallise their entitlement as shareholders;

(c) There will be no minimum subscription;

(d) The Rights Issue will not be underwritten;

(e) Shares not taken up will revert to the Board to be placed at their discretion. In accordance with ASX Listing Rule 7.2 (exception 3), the Board will reserve the right to place any shortfall shares (being the difference between the shares offered and the number of shares the subject of valid applications) under the prospectus at the Rights Issue price to persons nominated by the Board within 3 months after the close of the issue;

(f) No application will be made to the ASX for the shares offered by the prospectus to be admitted to quotation until the Company re-complies with Chapters 1 and 2 of the ASX Listing Rules. Please refer to section 7.2 (ASX Suspension) of the Review of Operations below for further information on the suspension of the Company's shares on the ASX pending such re-compliance.

DIRECTORS' REPORT

3. SHARE INVESTMENTS

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

3.1. 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.

As outlined in section 4 (General Investment Strategies) of Review of Operations below, the Company has a stated objective of pursuing selective investment and commercial opportunities to increase the asset base of the Company to a level which the Board considers is a prudent capital base from which it will be able to take advantage of further commercial investment opportunities that afford the potential for income and/or capital growth. In order to further these objectives the Company had determined to increase its potential share holding in Sofcom at a price that it believed was attractive and below the estimated net tangible asset backing of Sofcom post the Sofcom Buy-Back (referred to in section 3.1(b) (Sofcom Equal Access Scheme Buy-Back) of Review of Operations). The investment in Sofcom was also made to ensure the Company's position as the largest shareholder in Sofcom post Sofcom Buy-Back, such that it could control the composition of the board of Sofcom and accordingly the commercial affairs of Sofcom. The Board believed that the Bid, which afforded it the ability to take a controlling interest in Sofcom at a price below Sofcom's likely net asset backing post Sofcom Buy-Back, was to the benefit to Company and its shareholders and in accord with the Company's stated general investment objectives.

On 30 May 2003 the Company despatched a bidder's statement to Sofcom shareholders.

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 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%.

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.

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.

(a) Identity of Sofcom

Sofcom listed on the ASX in September 2000 as an online advertiser and web developer. It subsequently acquired a consulting business and a graphic design business.

In July 2002, the Sofcom Board conducted a strategic review of the company's finances, assets and operations to evaluate their performance, profitability and prospects. As a consequence of such review, the company disposed of all of its business divisions during the course of the half-year ended 31 December 2002.

Sofcom's ASX announcements and reports may be viewed and downloaded from the ASX website: www.asx.com.au under ASX code "SOF".

(b) Sofcom Equal Access Scheme Buy-Back

On 8 May 2003, Sofcom shareholders approved the company undertaking an off-market equal access share buy-back of 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"**).

Under a buy-back a company buys back its own shares from its shareholders. Any shares bought back are then cancelled, with the result that the total number of the company's shares on issue is reduced by that number of shares bought back.

The Sofcom Buy-Back opened on 12 June 2003 and closed on 14 July 2003. Sofcom's final buy-back notice to ASX on 15 July 2003 advised that it had received Sofcom Buy-Back acceptances in respect of 42,605,756 shares at a cost of $3,408,460.48.

On 18 July 2003, upon the cancellation of 42,605,756 shares bought back by Sofcom 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.

(c) Company's Intentions for Sofcom

The Company currently has a relevant interest in 35,953,262 Sofcom shares or 80.54% of Sofcom's issued share capital (i.e. 44,638,471 shares post Sofcom Buy-Back).

The intentions of the Company, upon Sofcom becoming a controlled entity of the Company, are as follows:

(i) Future Plans

The Company notes that Sofcom has already undertaken a strategic review of its operations and has completed the sale of all of its business undertakings leaving Sofcom with minimal staff and only corporate operations. The Company notes that if there are any outstanding claims (including legal proceedings) that may exist against Sofcom with respect to its previous business operations, the Company will deal with such claims in a manner it deems most appropriate to preserve and maintain the value of the remaining assets of Sofcom.

The Company believes that a listed company requires a critical mass of capital sufficient to secure commercial opportunities and accordingly provide both an income stream and capital growth for its shareholders.

The Company believes that a prudent capital base from which a listed company, such as Sofcom, is able to secure such commercial objectives is $10 - 15 million.

This capital base of $10 - $15 million has been determined as an appropriate base by the Company based upon a number of matters including, but not limited to, the Company's analysis of the existing capital structure of Sofcom, its current cash reserves, the present state of the Australian capital markets, the likelihood of a company such as Sofcom attracting capital investment in the short to medium term at prices at least equal to or in excess of its current cash backing and the level of internal investment capital the Company believes Sofcom requires to generate economic returns sufficient to attract investor support and accordingly the ability to raise further capital.

The Company does not believe, after the completion of the Buy-Back, that Sofcom will be readily able to achieve such objectives on its own. The Company however believes that such objectives can be achieved through an "aggregation" process whereby the assets of Sofcom and a number of other suitable listed companies are combined effectively into a single entity that holds the collective net tangible assets previously held in each separate company.

This "aggregation" process may be realised (subject to acceptable taxation advice and compliance with the Corporations Act and the ASX Listing Rules) through a number of avenues including Sofcom subscribing for shares in a new "master" company or a merger (via a scheme of arrangement) with a new "master" company. Alternatively, an existing participating company may be used as the "master" company in terms of the aggregation process.

The Company will assess and seek to advance Sofcom's options in relation to such an aggregation with other suitable listed entities and investigate and review any other commercial opportunities that may exist or arise to provide both an income stream and or capital growth for Sofcom.

The extent to which the Company will be able to implement any of the "aggregation" options in relation to Sofcom is subject to the requirements of the Corporations Act and the ASX Listing Rules (including shareholder approvals where necessary) and the legal obligation of the directors of Sofcom to act for proper purposes and in the best interests of Sofcom shareholders as a whole.

(ii) Corporate and management functions

Subject to compliance with the provisions of the ASX Listing Rules, the Company intends to:

(i) maintain Sofcom as a listed company; and

(ii) centralise and share corporate and head office functions such as company secretarial, accounting, information technology, treasury and financial management of the combined operations of the Company and Sofcom and thereby reduce or eliminate costs where appropriate

In this regard, the principal place of business of Sofcom has been transferred from Melbourne, Victoria to the same office as the Company in Perth, Western Australia.

As detailed above, Dr Les Goldschlager and Mr Michael Schoenfeld resigned as directors of Sofcom on 23 July 2003. The engagement of the Melbourne based Finance Manager was terminated on 31 August 2003 after the completion of Sofcom's 30 June 2003 Annual Report.

3.2. Biota Holdings Ltd

On 20 September 2002, the Company became a substantial (and largest) shareholder in Biota Holdings Limited ("Biota"). The Company 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 its intention to make an off-market takeover bid for Biota (**"Biota Bid Announcement"**).

The conditions of the takeover bid were annexed to the Biota Bid Announcement. Condition 4 of the bid conditions provided that the bid was conditional upon Biota's cash balance (being cash at call or in the form of deposits, notes or bills with a maturity date of not longer than 12 months) being not less than $28 million at any time from the date of the Biota Bid Announcement until the end of the offer period.

On 1 November 2002, Biota announced that its cash balance had already fallen below the $28 million threshold specified in condition 4 of the bid conditions.

As a result of the breach of condition 4 of the bid conditions, any contract arising from acceptance of the takeover bid by shareholders of Biota would have been subject to an unsatisfied condition. Furthermore, Biota refused to release information about its cash position to allow the Company to vary or remove such condition. Accordingly, as the Company believed it to be futile to proceed with its takeover bid for Biota on such basis, on 6 November 2002, the Company advised that it did not propose to proceed with its takeover bid for Biota.

At the time, the Board believed there were a number of assets of Biota that were either not being fully exploited or that the market did not fully recognise as Biota's market capitalisation was barely in excess of its cash reserves. As a substantial shareholder of Biota, the Company had on a number of occasions requested board representation - such requests were repeatedly rejected by the board of Biota. The Company felt that

DIRECTORS' REPORT

the best course of action to protect its investment in Biota was to call a general meeting and seek support from fellow Biota shareholders to help get Biota "back on track".

In this regard, on 19 February 2003, the Company announced that it had despatched formal documentation to shareholders of Biota convening a general meeting on Friday, 28 March 2003. This general meeting had been convened pursuant to s249F Corporations Act at the Company's own expense.

The resolutions proposed at such Biota general meeting were:

(1) Free pro-rata issue of options to all Biota shareholders;

(2) Reduction in the aggregate amount of Biota's non-executive director remuneration from $400,000 to $175,000 per annum;

(3) No issue of shares and options under the Non-Executive Director Share & Option Plan without Biota shareholder approval;

(4) Election of Mr Farooq Khan as director of Biota;

(5) Strategic review of Biota by Deloitte Corporate Finance at the cost of the Company.

Biota initially raised some concerns in relation to certain aspects of the notice of meeting and resolutions proposed. However, by letter to shareholders dated 11 March 2003, Biota confirmed that the general meeting would proceed on 28 March 2003. However, the Biota board had unilaterally determined that resolutions 1, 3 and 5 were invalid and would not be put to shareholders at such meeting.

The Company did not agree with the position adopted by Biota as it believed that all resolutions were proper and should be put to Biota shareholders for approval. However, in order to avoid a costly dispute for both companies, the Company did not intervene in the matter prior to the general meeting.

At the Biota general meeting on 28 March 2003, only resolutions 2 and 4 were accordingly put to shareholders by the Biota Chairman - resolution 4 was considered first by the Biota Chairman (notwithstanding the order of the resolutions pursuant to the notice of meeting convened by the Company pursuant to s249F Corporations Act) and were not passed on a show of hands; resolution 2 was not put to a vote on a show of hands by the Biota Chairman who requested that both resolutions be determined on a poll - from which both resolutions were not passed.

Subsequent to the 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.

The Company's requisitioned Biota notice of meeting and the Company's Media Releases on this matter may be viewed and downloaded from: www.alteracapital.com

3.3. DVT Holdings Ltd

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

Prior to settlement, the Company withdrew its requisition in respect of the DVT general meeting to consider the removal of DVT directors to be held on 7 August 2002. The Company had, with another shareholder, earlier requisitioned a general meeting of DVT to consider resolutions seeking the appointment of Messrs Farooq Khan, Victor Ho and Brett McKeon (a former Director of the Company) as Directors of DVT and the removal of 4 out of the 5 incumbent DVT directors. DVT sought declarations from the Supreme Court of New South Wales with respect to the validity of the requisition notice. The Court ruled that the appointment resolutions were invalid pursuant to DVT's constitution but the removal resolutions were declared valid. Furthermore, after service of the requisition notice, DVT had announced a merger proposal with the USC which was approved by DVT shareholders at a general meting on 31 July 2002.

DIRECTORS' REPORT

4. GENERAL INVESTMENT STRATEGIES

As is evident from the above investments, the Board is actively seeking to add value to the asset base and underlying share price of the Company through the pursuit of selective investment and other commercial opportunities.

Such selective investment and commercial opportunities will be pursued with the objective(s) of creating a secure income stream for the Company and/or the acquisition of assets that provide for capital growth. Assets will be acquired either on the basis that they are currently undervalued or present the opportunity for superior capital growth.

The intention is to increase the asset base of the Company to a level which the Board considers is a prudent capital base from which it will be able to take advantage of further commercial investment activities. The Board will also consider the expansion of the capital base of the Company through the issue of equity capital and/or the formation of strategic alliances or mergers with other companies.

The Board believes that a listed company requires a critical mass of capital sufficient to secure commercial opportunities and accordingly provide both an income stream and capital growth for its shareholders. The Board believes that a prudent capital base from which a listed company is able to secure such commercial objectives is between $10 - 15 million.

This capital base of $10 - $15 million dollars has been determined as an appropriate base by the Board based upon a number of matters including but not limited to an analysis of the existing capital structure of he Company, its current cash reserves, the present state of the Australian capital markets, the likelihood of the Company attracting capital investment in the short to medium term at prices at least equal to or in excess of its current cash backing and the level of internal investment capital the Board believes the Company requires to generate economic returns sufficient to attract investor support and accordingly the ability to raise further capital.

The Board does not believe that the Company will be readily able to achieve such objective on its own. The Board however believes that such objective can be achieved through an "aggregation" process whereby the assets of the Company and a number of other suitable listed companies are combined effectively into a single entity that holds the collective net tangible assets previously held in each separate company.

This "aggregation" process may be realised (subject to acceptable taxation advice and compliance with the Corporations Act and the ASX Listing Rules) through a number of avenues including participating companies subscribing to a new "master" company or via a scheme of arrangement. Alternatively, an existing participating company may be used as the "lead" vehicle in terms of the aggregation process.

The Board is currently in discussions with a number of Australian public listed companies with respect to this aggregation process and will advise shareholders on the outcome of these discussions.

5. 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.

The Company had previously developed an Application Protocol Interface ("API") and web-based "B2B" contracts facilitation and booking system for use in the leisure accommodation industry for MIC, which went into voluntary liquidation in December 2001. The Company was the second largest creditor of MIC but no returns have been received from the liquidation process. However, the Company retained property in and to the API developed for MIC, hence the ability to effect the sale as described above.

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 financial year.

DIRECTORS' REPORT

6. LITIGATION AND CLAIMS

6.1 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.

Mr Atkins and Ms Oliver's independent consultants' agreements were terminated in December 2000 by the previous board of the Company shortly after the Company's 2000 Annual General Meeting at which resolutions to re-elect Mr Atkins and Ms Oliver as directors were defeated. Mr Atkins and Ms Oliver had claimed that such agreements were wrongfully terminated prior to their expiry - they were for fixed terms of 2 years from January 2000.

The Board notes that this decision was taken after legal advice on the relative merits of defending such claims. The Company's lawyers also advised that the settlement was a commercially reasonable one under the circumstances.

6.2 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.

This action was taken after a review of all relevant documentation and evidence in relation to the action and after the current Board had received fresh legal advice on the relative merits of continuing with the litigation.

Whilst the action has been discontinued, the Company has preserved its rights to re-commence such action if fresh information becomes available to it.

6.3 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.

Pursuant to such settlement, a minute of consent orders was filed at the Supreme Court of Western Australia reflecting such settlement on 3 September 2002.

7. CORPORATE

7.1 Change of Name

The Company sought and obtained shareholder approval for a change of name at a general meeting held on 13 June 2003.

ASIC has confirmed the change of the Company's name from "Bigshop.com.au Limited" to "Altera Capital Limited" effective 24 June 2003.

The ASX code for the Company has consequently changed from "BIG" to "AEA".

DIRECTORS' REPORT

7.2 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.

As explained to shareholders in the notice of meeting and explanatory statement for the 13 June 2003 general meeting, the Company will use its best endeavours to re-comply with Chapters 1 and 2 of the Listing Rules and seek reinstatement to the ASX. If re-compliance with Chapters 1 and 2 of the Listing Rules does not occur by June 2004 (i.e. within 12 months of the 13 June 2003 general meeting), the Company may be delisted by ASX.

Where the Company fails to re-comply with Chapters 1 and 2 of the ASX Listing Rules by June 2004, or if no aggregation between the Company and other listed public companies has occurred such that shareholders receive shares in another ASX listed company (or company to be listed on ASX) with an aggregate value equal to the net tangible asset of the Company at that time, the Board will call a general meeting seeking shareholder approval to either:

(a) reduce the capital of the Company by making a pro-rata in specie distribution of its assets at that time to its shareholders; or

(b) wind up the Company and distribute its surplus assets to its shareholders.

The Board contemplates that it will put both alternatives to shareholders at such time and implement the alternative which receives the greater level of shareholder support.

Shareholders should be aware that there can be no certainty that either of these options will receive shareholder approval as the results of either of these alternatives will depend on the determination of shareholders at that time based on the facts at that time (including, but not limited to, the Company's financial position at that time).

There is no guarantee or certainty that such re-compliance will occur by the Company nor is there any certainty that the "aggregation" of the Company with other public listed companies will occur.

The Company also notes that, during the period of suspension as described above, the Board may, as part of its general business management of the Company, consider whether it is appropriate to remain on the Official List of ASX pending re-compliance with Chapters 1 and 2 of the Listing Rules and if the Board in all of the circumstances considers it appropriate to do so, the Board may consider requesting to ASX that the Company be removed from the Official List in accordance with Listing Rule 17.11. ASX is not required to act on such request or may require conditions to be satisfied before it will act on such request.

7.3 Adoption of New Constitution

The Company sought and obtained shareholder approval for the adoption of a new constitution at a general meeting held on 15 August 2003.

The new constitution adopted by the Company is consistent with changes to the law introduced by the Corporate Law Economic Reform Program Act 1999 (Cth), the Corporations Act 2001 (Cth) and the Australian Stock Exchange Listing Rules.

SECURITIES IN THE COMPANY

At the date of this report, there were 92,018,213 fully paid ordinary shares on issue.

DIRECTORS' REPORT

The Company had the following unlisted options on issue at the date of this report:

Nature of Unlisted Options on issue	Number	Exercise Price	Expiry Date
"Promoter" Options	18,000,000	70 cents	30 June 2005
"Incentive" Options	1,090,000	25 cents	13 April 2005
"15 May 2007" Options	2,500,000	7.50 cents	15 May 2007

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There was no significant change in the state of affairs of the Consolidated Entity during the financial year other than that referred to in this report or the financial report.

FUTURE DEVELOPMENTS

Disclosure of information regarding likely developments in the operations of the Consolidated Entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Consolidated Entity. Accordingly, this information has not been disclosed in this report.

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.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Consolidated Entity is not subject to any particular or significant environmental regulation.

TAX CONSOLIDATION

The Company and its controlled entities have not entered into tax consolidation.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Company support and have adhered to the principles of corporate governance. The Company's Corporate Governance Statement is contained elsewhere in this annual report.

DIRECTORS

The names and particulars of all Directors in office during or since the financial year are:

1. Farooq Khan
   Chairman and Managing Director
   Age 41

   He has successfully founded a number of private companies and concluded a number of successful initial public offers in Australia in the technology sector. Mr Khan holds a Bachelor of Jurisprudence and Bachelor of Law degree from the University of Western Australia. After practicing for a number of years, principally in the field of corporate law, Mr Khan left the legal profession to form Queste Communications Limited, an ASX listed telecommunications technology company, and later, Fast Scout Limited, an ASX listed Internet portal technology company. Mr Khan is the Chairman and Managing Director of Queste Communications Limited, Fast Scout Limited and Software Communication Group Ltd. Mr Khan brings considerable experience in commercial law and corporate management and administration to the Company.

DIRECTORS' REPORT

2. Victor P H Ho
Executive Director and Company Secretary
Age 33

Mr Ho holds Bachelor of Commerce and Bachelor of Law degrees from the University of Western Australia and is a Fellow of the Tax Institute of Australia. Mr Ho has had 9 years experience in the taxation profession with the Australian Taxation Office and in a specialist taxation law firm. Mr Ho is currently the Company Secretary of ASX listed Queste Communications Limited and an Executive Director and Company Secretary of Fast Scout Limited, Central Exchange Limited and Software Communication Group Ltd. Mr Ho brings considerable experience in all aspects of public company administration to the Company.

3. Brian M Smith
Non Executive Director
Age 59

Mr Smith is a Chartered Accountant, a fellow of the Chartered Institute of Company Secretaries in Australia and has had over 25 years' experience as a principal in a public accounting practice in Perth. Mr Smith established an accounting practice and later, a consultancy specialising in capital raisings and management of start-up companies. Mr Smith has been actively involved in all aspects of the management of a number of listed companies over the past 20 years and is currently a Director of a number of diverse listed companies. Mr Smith has considerable corporate skills and a sound financial background.

DIRECTORS' MEETINGS

During the year, the Company held 23 meetings of Directors (including Directors' Circulatory Resolutions). The attendance of the Directors at such meetings were:

Name of Director	Meetings Attended	Maximum Possible Meetings
Farooq Khan	23	23
Victor Ho	23	23
Brian Smith	23	23

There were no meetings of committees of the Board.

DIRECTORS' RELEVANT INTEREST

The relevant interest of each Director in the issued securities of the Company at the date of this report is as follows:

Director	Shares	Options
Farooq Khan	-	-
Victor Ho	-	-
Brian Smith	1,364,000	1,000,000 "Promoter Options"

There were no securities granted to Directors or Executive Officers of the Company, during or since the financial year, pursuant to any executive or employee share or option plan or otherwise.

DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION

The Board reviews the remuneration packages of all Directors and Executive Officers. The Board does not have any formal remuneration policy but any decision on remuneration increases or bonuses is made having due regard to the Consolidated Entity's performance and other relevant factors.

Details of the nature and amount of each element of remuneration of each Director and each of the 5 most highly paid Executive Officers of the Consolidated Entity paid or payable by the Consolidated Entity during the financial year are as follows:

DIRECTORS' REPORT

Remuneration of Directors of the Company

Name of Director	Office Held	Salary $	Fees $	Superannuation $	Other Benefits $	Total $
Farooq Khan	Chairman and Managing Director	110,846	-	9,976	-	120,822
Victor Ho	Executive Director and Company Secretary	50,384	-	4,535	-	54,919
Brian Smith	Non-Executive Director	-	25,192	2,267	-	27,459

The Company did not have any Executive Officers (other than Executive Directors) during the financial year.

There were no securities issued or granted to Directors or Executive Officers of the Company, during or since the financial year, pursuant to any executive or employee share or option plan or otherwise.

INDEMNITIES

The Company has not, during or since the financial year, indemnified or agreed to indemnify a Director, officer or auditor of the Company or of any related body corporate against a liability incurred as such a Director, officer or auditor.

EVENTS SUBSEQUENT TO BALANCE DATE

The Directors are not aware of any matters or circumstances at the date of the report, other than those referred to in this report or the financial statements or notes thereto, that have significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Consolidated Entity in subsequent financial years.

Signed for and on behalf of the Directors in accordance with a resolution of the Board.

Farooq Khan
Chairman

Brian Smith
Director

Perth, Western Australia

11 September 2003

CORPORATE GOVERNANCE STATEMENT

The Board is responsible for the overall corporate governance of the Company, and it recognises the need for the highest standards of behaviour and accountability.

The primary responsibilities of the Board include:

- formulation and approval of the strategic direction, objectives and goals of the Company;
- monitoring the financial performance of the Company, including approval of the Company's financial statements;
- ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- the identification of significant business risks and ensuring that such risks are adequately managed;
- the review of performance and remuneration of executive Directors; and
- the establishment and maintenance of appropriate ethical standards.

The Board delegates to the Managing Director and the executive team all responsibility for the operation and administration of the Company.

Terms of Appointment as a Director

The constitution of the Company provides that a Director other than the Managing Director may not retain office for more than three calendar years or beyond the third annual general meeting following his or her election, whichever is longer, without submitting for re-election. One third of the Directors (save for a Managing Director) must retire each year and are eligible for re-election. The Directors who retire by rotation at each annual general meeting are those with the longest length of time in office since their appointment or last election.

Independent Professional Advice

Each Director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as Directors.

Share Trading

Dealings are not permitted at any time whilst in the possession of price sensitive information not already available to the market. In addition, the Corporations Act 2001 prohibits the purchase or sale of securities whilst a person is in possession of inside information.

Committees

In view of the size of the Company and the nature of its activities, the Board has considered that establishing formally constituted committees for audit, board nominations and remuneration would contribute little to its effective management.

Accordingly audit matters, the nomination of new Directors and the setting, or review, of remuneration levels of Directors and senior executives are reviewed by the Board as a whole and approved by resolution of the Board (with abstentions from relevant Directors where there is a conflict of interest).

Where the Board considers that particular expertise or information is required, which is not available from within their number, appropriate external advice may be taken and reviewed prior to a final decision being made by the Board.

However, the Company's auditors have been advised to directly approach Non-Executive Director, Mr Brian Smith and such Director has made himself available for such approaches, for any issues arising from the audit or review process during the year.

Code Of Conduct

In view of the size of the Company and the nature of its activities, the Board has considered that an informal code of conduct is appropriate to guide executives, management and employees in carrying out their duties and responsibilities.

Communication to Market and Shareholders

The Board recognises its duty to ensure that its shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to shareholders and the market through:

- The Annual Report which is distributed to shareholders;
- The Annual General Meeting and other general meetings called to obtain shareholder approvals as appropriate;
- The Half-Yearly Directors' and Financial reports and the Quarterly and Monthly Cash Flow Reports;
- Other Announcements made in accordance with ASX Listing Rules.

The Company's reports and ASX announcements may be viewed and downloaded its website: www.alteracapital.com or the ASX website: www.asx.com.au under ASX code "AEA".

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2003

	Note	Consolidated Entity 2003 $	Consolidated Entity 2002 $	Company 2003 $	Company 2002 $
Sales revenue	2	93,673	480,633	93,673	480,633
Cost of sales	2	(75,614)	(254,393)	(75,614)	(254,393)
Gross Profit		18,059	226,240	18,059	226,240
Other revenue from ordinary activities	2	5,125,963	1,022,742	5,125,963	1,022,742
Non-operating revenue	2	65,215	-	65,215	-
Occupancy expenses	2	(62,639)	(48,505)	(62,639)	(48,505)
Finance expenses	2	(1,558)	(2,023)	(1,558)	(2,023)
Borrowing costs	2	(328)	(307)	(328)	(307)
Corporate expenses	2	(1,223,471)	(2,121,898)	(1,223,471)	(2,121,898)
Cost of shares sold	2	(4,573,301)	(725,791)	(4,573,301)	(725,791)
Administration expenses	2	(187,621)	(102,781)	(187,621)	(102,781)
Share of Associate's net losses	2	(330,034)	-	(330,034)	-
Loss from ordinary activities before income tax expense		(1,169,715)	(1,752,323)	(1,169,715)	(1,752,323)
Income tax expense relating to ordinary activities	4	-	-	-	-
Net loss attributable to members of the company	15	(1,169,715)	(1,752,323)	(1,169,715)	(1,752,323)
Earnings per share:					
Basic (cents per share)	16	(1.27)	(2.15)		

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2003

		Consolidated Entity		Company	
		2003	2002	2003	2002
	Note	$	$	$	$
CURRENT ASSETS					
Cash assets	20(b)	2,977,525	4,209,613	2,977,525	4,209,611
Receivables	7	22,593	58,408	22,593	58,408
Other financial assets	8	2,000	2,000	2,000	2,000
TOTAL CURRENT ASSETS		3,002,118	4,270,021	3,002,118	4,270,019
NON CURRENT ASSETS					
Property, plant and equipment	9	33,616	65,889	33,616	65,889
Other financial assets	10	10,716	3,070,884	10,716	3,070,886
Investments equity accounted	11	2,408,868	-	2,408,868	-
TOTAL NON CURRENT ASSETS		2,453,200	3,136,773	2,453,200	3,136,775
TOTAL ASSETS		5,455,318	7,406,794	5,455,318	7,406,794
CURRENT LIABILITIES					
Payables	12	1,031,433	1,812,261	1,031,433	1,812,261
Provisions	13	5,935	6,868	5,935	6,868
TOTAL CURRENT LIABILITIES		1,037,368	1,819,129	1,037,368	1,819,129
NET ASSETS		4,417,950	5,587,665	4,417,950	5,587,665
EQUITY					
Contributed equity	14	9,298,760	9,298,760	9,298,760	9,298,760
Accumulated losses	15	(4,880,810)	(3,711,095)	(4,880,810)	(3,711,095)
TOTAL EQUITY		4,417,950	5,587,665	4,417,950	5,587,665

The 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 $	Consolidated Entity 2002 $	Company 2003 $	Company 2002 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		175,548	185,554	175,548	185,554
Payments to suppliers and employees		(1,298,526)	(1,058,210)	(1,298,526)	(1,058,210)
Interest received		64,641	251,590	64,641	251,590
Interest paid		(328)	(307)	(328)	(307)
Costs associated with takeover defence and related matters		26,491	(705,485)	26,491	(705,485)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	20 (a)	(1,032,174)	(1,326,858)	(1,032,174)	(1,326,858)
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash relinquished on disposal of subsidiary		(2)	-	-	-
Purchase of shares in listed companies		(5,259,763)	(2,331,938)	(5,259,763)	(2,331,938)
Proceeds from sale of shares		5,056,314	769,844	5,056,314	769,844
Purchase of plant and equipment		(957)	(10,586)	(957)	(10,586)
Proceeds from sale of furniture		4,494	250	4,494	250
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(199,914)	(1,572,430)	(199,912)	(1,572,430)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		-	600,910	-	600,910
Costs associated with capital raisings		-	(43,501)	-	(43,501)
NET CASH INFLOW FROM FINANCING ACTIVITIES		-	557,409	-	557,409
NET DECREASE IN CASH ASSETS HELD		(1,232,088)	(2,341,879)	(1,232,086)	(2,341,879)
Add opening cash assets brought forward		4,209,613	6,551,492	4,209,611	6,551,490
CLOSING CASH ASSETS AT END OF YEAR	20(b)	2,977,525	4,209,613	2,977,525	4,209,611

The 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. SUMMARY OF ACCOUNTING POLICIES

Financial Reporting Framework

The Financial Report is a general purpose Financial Report, which has been prepared and is based on historical costs in accordance with the Corporations Act 2001, applicable Accounting Standards and Urgent Issues Group Consensus Views, and complies with other requirements of the law.

The Financial Report has been prepared on an accrual basis and on the basis of historical costs, and except where stated does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Significant Accounting Policies

Accounting policies are selected and applied in a manner that ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the Financial Report:

1.1 Accounts Payable

Trade payables and other accounts payable are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services.

1.2 Acquisition of Assets

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

1.3 Depreciation

Depreciation is provided on property, plant and equipment. The depreciable amount of all fixed assets is depreciated over their expected useful lives commencing from the time the asset is held ready for use. The depreciation rate and depreciation method adopted for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate	Depreciation Method
Computer Equipment	27%	Straight Line
Office Furniture and Fittings	13% - 17%	Straight Line

1.4 Earnings per Share

(i) Basic Earnings per Share

Basic earnings per share is determined by dividing the operating result after income tax by the weighted average number of ordinary shares on issue during the financial year.

(ii) Diluted Earnings per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of options outstanding during the financial year.

1.5 Employee Entitlements

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave ("employee entitlements") when it is probable that settlement will be required and they are capable of being measured reliably. Employee entitlements are expected to be settled within one year and have been measured at their nominal amount. Superannuation contributions are made by the Company in accordance with statutory obligations and are charged as expenses when incurred.

1.6 Financial Instruments Issued by the Company

(i) Debt and Equity Instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

(ii) Transaction Costs on the Issue of Equity Instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

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

1.7 Foreign Currency

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at that date.

1.8 Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

(i) Where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO) , it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

(ii) For receivables and payables which are recognised inclusive of GST.

(iii) The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a gross GST basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

1.9 Income Tax

Tax-effect accounting principles are adopted whereby income tax expense is calculated on pre-tax accounting profits after adjustment for permanent differences. The tax-effect of timing differences, which occur when items are included or allowed for income tax purposes in a period different to that for accounting, is shown at current taxation rates in provision for deferred income tax and future income tax benefit, as applicable. Future income tax benefits in relation to timing differences are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

1.10 Investments

Investments in controlled entities are recorded at cost. Investments in associates are accounted for under the equity method in the consolidated financial statements and the cost method in the company financial statements. Other listed investments are recorded at cost, with appropriate provision made to reflect market value.

1.11 Receivables

Trade receivables and other receivables are recorded at amounts due less any provision for doubtful debts.

1.12 Recoverable Amount of Non-Current Assets

The carrying amount of non-current assets are reviewed annually to determine whether they are in excess of the recoverable amount. If the carrying value of a non-current asset exceeds its recoverable amount, the asset is written down to the lower value. In determining the recoverable amount of non-current assets, the expected net cash flows have not been discounted to their present value.

1.13 Revenue Recognition

(i) Disposal of assets

Revenue is recognised when the Company has passed control of the goods or other assets to the buyer.

(ii) Interest revenue

Revenue is recognised on an accruals basis.

(iii) Other revenue

Other revenue is recognised on a receipts basis.

1.14 Comparative Amounts

The Consolidated Entity has adopted the presentation and disclosure requirements of Accounting Standards AASB 1044 "Provisions, Contingent Liabilities, and Contingent Assets" in the preparation of this financial report. Comparative amounts have been reclassified in order to comply with the new presentation format. The reclassification of comparative amounts has not resulted in a change to the aggregate amounts of current assets, non-current assets, current liabilities, non-current liabilities or equity, or the net profit/loss of the company or Consolidated Entity as reported in the prior year financial report.

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

2. LOSS FROM ORDINARY ACTIVITIES

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

3. SALE OF ASSETS

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

		2003	2002	2003	2002
(a) Net Gain:	Share investments	483,013	44,053	483,013	44,053
	Other assets	65,215	-	65,215	-
		548,228	44,053	548,228	44,053

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

4. INCOME TAX EXPENSE

	Consolidated Entity		Company	
	2003	2002	2003	2002
(a) The prima facie income tax on operating loss is reconciled to the income tax provided in the accounts as follows:	$	$	$	$
Loss from ordinary activities	1,169,715	1,752,323	1,169,715	1,752,323
Income tax expense calculated at 30% (2002:30%) of operating losses.	350,915	525,697	350,915	525,697
Permanent differences				
Diminution in investments	89,790	12,642	89,790	12,642
Provision for doubtful debts	3,794	142,155	3,794	142,155
Takeover costs amortisation	48,324	-	48,324	-
Web development costs amortisation	-	(72,843)	-	(72,843)
Non-deductible expenditure	13,533	42,372	13,533	42,372
Equity share of Associate losses	99,010	-	99,010	-
Tax losses not brought to account	96,464	401,371	96,464	401,371
Income tax expense	-	-	-	-

(b) The future benefit of tax benefits have not been brought to account as realisation of the benefit cannot be regarded as virtually certain. These tax benefits will only be obtained if:

(i) future assessable income is derived of a nature and of amount sufficient to enable the benefit from deductions to be realised;

(ii) conditions for deductibility imposed by the law are complied with; and

(iii) no changes in taxation legislation adversely affect the realisation of the benefit from deductions.

(c) The approximate total income tax benefits associated with tax losses not brought to account are $761,631 (2002: $665,167).

5. REMUNERATION OF DIRECTORS AND EXECUTIVE OFFICERS

	Consolidated Entity		Company	
(a) Directors Remuneration	2003	2002	2003	2002
	$	$	$	$
(i) Total remuneration paid or payable, or otherwise made available to Directors by the Consolidated Entity.	203,200	127,800	203,200	127,800

The Directors of the Company during the financial year are disclosed in Note 19 of the Financial Statements.

The number of Directors whose remuneration falls within the following bands:	2003 Number	2002 Number
$ 0 to $ 9,999	-	5
$ 20,000 to $ 29,999	1	-
$ 30,000 to $ 39,999	-	1
$ 50,000 to $ 59,999	1	-
$ 60,000 to $ 69,999	-	1
$ 110,000 to $ 119,999	1	-

(ii) Messrs F Khan and V Ho also received remuneration from Fast Scout Ltd (being a related party within the meaning of Accounting Standard AASB 1017 "Related Party Disclosure"). Such remuneration is not disclosed because it was not in connection with the management of the affairs of the Consolidated Entity.

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

6. AUDITORS' REMUNERATION	Consolidated Entity 2003	Consolidated Entity 2002	Company 2003	Company 2002
Amounts received or due and receivable by the Consolidated Entity's auditors for:	$	$	$	$
Audit and review of financial report	11,077	14,930	11,077	14,930
Other services	2,750	2,300	2,750	2,300
	13,827	17,230	13,827	17,230

7. CURRENT RECEIVABLES				
Amounts receivable from				
Other debtors	-	37,791	-	37,791
Goods and services tax recoverable	22,593	20,617	22,593	20,617
	22,593	58,408	22,593	58,408

8. OTHER CURRENT FINANCIAL ASSETS				
Prepayments	2,000	2,000	2,000	2,000

9. PROPERTY, PLANT AND EQUIPMENT

Consolidated Entity	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	113,578	17,947	131,525
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	(89,784)	(8,125)	(97,909)
Net Book Value			
As at 30 June 2002	53,512	12,377	65,889
As at 30 June 2003	23,794	9,822	33,616

Company	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	113,578	17,947	131,525
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	(89,784)	(8,125)	(97,909)
Net Book Value			
As at 30 June 2002	53,512	12,377	65,889
As at 30 June 2003	23,794	9,822	33,616

Aggregate depreciation during the year is recognised as an expense (refer Note 2 of the Financial Statements).

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

10. OTHER NON-CURRENT FINANCIAL ASSETS

	Consolidated Entity		Company	
	2003	2002	2003	2002
Investments comprise:	$	$	$	$
Shares and options in listed corporations - at cost	34,705	3,113,025	34,705	3,113,025
Shares in controlled entities - at cost	-	-	-	2
Less: provision for diminution	(23,989)	(42,141)	(23,989)	(42,141)
	10,716	3,070,884	10,716	3,070,886
Market value of listed investments:				
Shares in other listed corporations	10,040	2,911,739	10,040	2,911,739

(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.

11. 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 investments	41.21%	2,408,868

Movement in Investments in Associates

	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 Associates

Current assets:	
Cash	7,794,438
Receivables	28,147
Non-current assets:	
Property, plant and equipment	12,000
Current liabilities:	
Payables	(48,170)
Provisions	(14,747)
Net assets	7,771,668
Share of net assets at 30 June 2003	3,202,704
Net loss	1,659,670

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

12. CURRENT PAYABLES

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

13. CURRENT PROVISIONS

	Consolidated Entity 2003	Consolidated Entity 2002	Company 2003	Company 2002
Provision for annual leave	5,935	6,868	5,935	6,868
Number of employees (including Executive Directors and Officers) at Balance date	4	4	4	4

14. CONTRIBUTED EQUITY

	Consolidated Entity 2003 $	Consolidated Entity 2002 $	Company 2003 $	Company 2002 $
a) Issued and Paid-Up Capital				
92,018,213 fully paid ordinary shares	9,298,760	9,298,760	9,298,760	9,298,760
b) Movement in Ordinary Share Capital				
Balance at beginning of financial year	9,298,760	8,741,351	9,298,760	8,741,351
Issue of shares (prospectus dated 15 March 2002)	-	600,910	-	600,910
	9,298,760	9,342,261	9,298,760	9,342,261
Less: share issue costs	-	(43,501)	-	(43,501)
	9,298,760	9,298,760	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 Number	Consolidated Entity 2002 Number	Company 2003 Number	Company 2002 Number
(i) Options exercisable at 70 cents each on or before 30 June 2005 ("Promoter Options")	18,000,000	18,000,000	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	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	2,500,000	2,500,000
	21,590,000	21,590,000	21,590,000	21,590,000

15. ACCUMULATED LOSSES

	Consolidated Entity 2003 $	Consolidated Entity 2002 $	Company 2003 $	Company 2002 $
Balance at beginning of the year	(3,711,095)	(1,958,772)	(3,711,095)	(1,958,772)
Net loss	(1,169,715)	(1,752,323)	(1,169,715)	(1,752,323)
Balance at end of financial year	(4,880,810)	(3,711,095)	(4,880,810)	(3,711,095)

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

16. EARNINGS PER SHARE

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

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.

17. LEASE COMMITMENTS

	Consolidated Entity		Company	
	2003	2002	2003	2002
	$	$	$	$
Non-cancellable lease commitments				
Not longer than one year	20,000	24,000	20,000	24,000
Longer that one year and not longer than 2 years	-	20,000	-	20,000
	20,000	44,000	20,000	44,000

18. 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	-	2,596	(189)	(90)
Software development and consultancy	93,673	478,037	18,248	(247,519)
Share investments	5,056,314	769,844	(538,482)	(98,009)
	5,149,987	1,250,477	(520,423)	(345,618)
Unallocated	134,864	252,898	(649,292)	(1,406,705)
	5,284,851	1,503,375	(1,169,715)	(1,752,323)

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

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)

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

19. RELATED PARTY TRANSACTIONS

The names of each person holding the position of Director of the Consolidated Entity during the financial year were:

- Farooq Khan - Victor P.H. Ho - Brian M Smith

(a) Equity Interests in Controlled Entities

Details of the percentage of ordinary shares held in controlled entities are disclosed in Note 10 to the Financial Statements.

(b) Directors' Remuneration

Information on the remuneration of Directors is disclosed in Note 5 to the Financial Statements.

(c) Directors' Equity Holdings

	Fully paid Ordinary Shares		"Promoter Options"	
	2003	**2002**	**2003**	**2002**
	$	**$**	**$**	**$**
Issued during the financial year to Directors and their Director Related Entities by the Company	-	-	-	-
Redeemed, exercised or brought back during the financial year from Directors and their Director Related Entities by the Company	-	-	-	-
Held as at Balance Date by Directors and their Director Related Entities in the Company	1,364,000	1,364,000	1,000,000	1,000,000

(d) Transactions with Other Related Parties

The following details relevant transactions between the Consolidated Entity and other Related Parties (within the meaning of Accounting Standard AASB 1017 "Related Party Disclosures").

(i) Services

During the financial year, the Consolidated Entity provided software development, project management and IT consulting services to Fast Scout Ltd and its controlled entities.

Entity	**Revenue**
	$
Fast Scout Ltd and its controlled entities	74,712

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

20. STATEMENT TO CASH FLOWS

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

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

(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 balance sheet as follows:

	Consolidated Entity		Company	
	2003	2002	2003	2002
	$	$	$	$
Cash at bank	2,977,525	(90,387)	2,977,525	(90,389)
Deposit at call	-	2,020,567	-	2,020,567
Bank bills	-	2,279,433	-	2,279,433
	2,977,525	4,209,613	2,977,525	4,209,611

21. FINANCIAL INSTRUMENTS

(a) Interest Rate Risk Exposure	Average Interest Rate	Variable Interest Rate	Fixed Interest Rate	Non-Interest Bearing	Total
	$	$	$	$	$
2003					
Financial assets					
Cash assets	4.81%	2,977,525	-	-	2,977,525
Receivables		-	-	22,593	22,593
Shares in listed companies		-	-	10,716	10,716
Investment equity accounted		-		2,408,868	2,408,868
		2,977,525	-	2,442,177	5,419,702
Financial liabilities					
Payables		-	-	(1,031,433)	(1,031,433)
Employee entitlements		-	-	(5,935)	(5,935)
		-	-	(1,037,368)	(1,037,368)
Net financial assets		2,977,525	-	1,404,809	4,382,334

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

	Average Interest Rate	Variable Interest Rate	Fixed Interest Rate	Non-Interest Bearing	Total
	$	$	$	$	$
2002					
Financial assets					
Cash assets	4.69%	(90,387)	4,300,000	-	4,209,613
Receivables		-	-	58,408	58,408
Shares in listed companies		-	-	3,070,884	3,070,884
		(90,387)	4,300,000	3,129,292	7,338,905
Financial liabilities					
Payables		-	-	(1,753,888)	(1,753,888)
Provision for group tax				(45,583)	(45,583)
Employee entitlements		-	-	(19,658)	(19,658)
		-	-	(1,819,129)	(1,819,129)
Net financial assets		(90,387)	4,300,000	1,310,163	5,519,776

Reconciliation of net financial assets to net assets

	Consolidated Entity 2003	2002
	$	$
Net financial assets as above	4,382,334	5,519,776
Non-financial assets and liabilities		
Property, plant and equipment	33,616	65,889
Other current assets	2,000	2,000
	4,417,950	5,587,665

(b) Credit Risk Exposure

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with credit-worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company measures credit risk on a fair value basis.

The Company does not have any significant credit risk exposure to any single counterparty or any group counterparties having similar characteristics.

The carrying amount of financial assets recorded in the Financial Statements represents the Company's maximum exposure to credit risk without taking account of the value of collateral or other security obtained.

(c) Net Fair Value of Financial Assets and Liabilities

The carrying amount of financial assets and financial liabilities recorded in the Financial Statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1 to the Financial Statements.

	Carrying Amount 2003	Carrying Amount 2002	Net Fair Value 2003	Net Fair Value 2002
Financial Assets	$	$	$	$
Traded on Organised Markets				
Shares in listed companies	2,419,584	3,070,884	2,418,908	2,911,739

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

22. SUBSEQUENT EVENTS

(a) Software Communication Group Ltd ("Sofcom")

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 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 accounts will be consolidated with the Company's accounts from 1 July 2003.

(b) Equal Access Scheme Buy-Back

On 15 August 2003, shareholders approved the Company undertaking an offer to buy-back 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").

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 $[2.0]m as at 31 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.

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.

DIRECTORS' DECLARATION

The Directors declare that:

(1) The attached financial statements and notes thereto comply with accounting standards;

(2) The attached financial statements and notes thereto give a true and fair view of the financial position and performance of the Company and Consolidated Entity;

(3) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporation Act 2001; and

(4) 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.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the Corporations Act 2001.

Farooq Khan
Chairman

Brian Smith
Director

Perth, Western Australia

11 September 2003

STANTON PARTNERS

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INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF ALTERA CAPITAL LIMITED

SCOPE

We have audited the financial report of Altera Capital Limited (the Company) for the financial year ended 30 June 2003 as set out on pages 16 to 31. The financial report includes the consolidated financial statements of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year. The company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and the Corporations Act 2001 so as to present a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In our opinion the financial report of Altera Capital Limited is in accordance with:

a) the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2003 and of their performance for the financial year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

b) other mandatory professional reporting requirements in Australia.

STANTON PARTNERS

J P Van Dieren
Partner

West Perth, Western Australia
12 September 2003

STOCK EXCHANGE INFORMATION
as at 26 August 2003

DISTRIBUTION OF LISTED ORDINARY SHARES

Spread	of	Holdings	Number of Holders	Number of Shares	% of Total Issue Capital
1	-	1,000	15	9,854	0.010
1,001	-	5,000	155	573,262	0.622
5,001	-	10,000	182	1,591,672	1.729
10,001	-	100,000	268	8,847,492	9.614
100,001	-	and over	66	80,995,933	88.021
Total			686	92,018,213	100%

Marketable Parcel

Spread	of	Holdings	Number of Holders	Number of Units	% of Total Issue Capital
1	-	10,416	353	2,185,028	2.374
10,417	-	over	333	89,833,185	97.625
Total			686	92,018,213	100%

An unmarketable parcel is considered, for the purposes of the above table, to be a shareholding valued at $500 or less in total, based upon the Company's net asset backing as at 30 June 2003 of 4.80 cents per share.

DETAILS OF UNLISTED OPTIONS

Nature of Options	Number of Holders	Number of Options	Exercise Price	Expiry Date
"Promoter" Options	3 (A)	18,000,000	70 cents	30 June 2005
"Incentive" Options	6 (A)	1,090,000	25 cents	13 April 2005
"15 May 2007" Options	1	2,500,000	7.50 cents	15 May 2007

(A) Each option-holder holds 100,000 or more options in these classes of securities.

VOTING RIGHTS

- Ordinary Fully Paid Shares have one vote per share.
- No voting rights are attached to the Company's options.

STOCK EXCHANGE INFORMATION
as at 26 August 2003

TOP TWENTY ORDINARY FULLY PAID SHAREHOLDERS

RANK	SHAREHOLDER	Total Units	% Issued Capital
1	FAST SCOUT LTD	20,002,860	21.737
2	PADDLEBOARDS PTY LTD	15,480,000	16.822
3	LUKE FREDERICK ATKINS	10,520,001	11.432
4	QUESTE COMMUNICATIONS LTD	10,699,428	11.627
5	GARY IRWIN BERGEL	2,000,000	2.173
6	FLEMINGTON FORCE PTY. LTD	1,400,000	1.521
7	STREETERVILLE HOLDINGS PTY LTD	1,240,000	1.347
8	BRIDGEMOUNTAIN PTY LTD	1,218,000	1.323
9	CETALEE PTY. LTD	1,031,041	1.120
10	OCEANIA CUSTODIANS LIMITED	1,000,000	1.086
11	ROBINSON'S YARRANUP PTY LTD	840,000	0.912
12	CATTERLINE INVESTMENTS LIMITED	800,000	0.869
13	MARK ARUNDELL	770,000	0.836
14	DANIEL JOHN QUINLAN	620,000	0.673
15	KASLAM PTY LTD	550,000	0.597
16	PORTA CAELI PTY LIMITED	500,000	0.543
17	ANNETTE MARGARET OLIVER	506,001	0.549
18	DR PETER JOHN CARROLL <DR P J CARROLL NO 3 A/C>	469,000	0.509
19	DISTINCTIVE FX PTY LTD	450,000	0.489
20	DR JOHN LOVE	443,000	0.481
TOTAL		70,539,331	76.646%

SUBSTANTIAL SHAREHOLDERS

The register of substantial shareholders indicates that the following companies were holders of 5% or more of the Company's issued capital.

Shareholder	Total Shares	% Issued Capital
FAST SCOUT LTD	20,002,860	21.737
PADDLEBOARDS PTY LTD	15,480,000	16.822
LUKE FREDERICK ATKINS	10,520,001	11.432
QUESTE COMMUNICATIONS LTD	10,699,428	11.627