EQITX LIMITED

ABN 50 009 188 694

FINANCIAL STATEMENTS
FOR HALF YEAR ENDED 31 DECEMBER 2002

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EQITX LIMITED

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CORPORATE DIRECTORY

Directors:	Hersh Solomon Majteles (Non-Executive Chairman) Geoffrey Edward Harland (Non-Executive Director) Hilton Darren Nathanson (Non-Executive Director) Lawrence Mark von Itzstein (Non-Executive Director)
Company Secretary:	Stephen John Brown
Registered Office:	Level 3 Amberley Business Centre 1060 Hay Street West Perth Western Australia 6005 Telephone: (61 8) 9480 0490 Facsimile: (61 8) 9480 0452 Email: info@eqitx.com
Solicitors:	Phillips Fox The Quadrant 1 William Street Perth Western Australia 6000
Auditors:	Ernst & Young Central Park 152 St Georges Terrace Perth Western Australia 6000
Share Registry:	Security Transfer Registrars Pty Limited 770 Canning Highway Applecross Western Australia 6153 Telephone: (61 8) 9315 0933 Facsimile: (61 8) 9315 2233
Stock Exchange Listing:	The Company is Listed on the Australian Stock Exchange Limited under ASX Code - **EQX**

EQITX LIMITED

DIRECTORS' REPORT

The directors submit their report for the half-year ended 31 December 2002.

DIRECTORS

The following persons were directors of Eqitx Limited during the whole of the half year and until the date of this report:

Hersh Solomon Majteles	(Non-Executive Chairman)
Geoffrey Edward Harland	(Non-Executive Director)
Hilton Darren Nathanson	(Non-Executive Director)
Lawrence Mark von Itzstein	(Non-Executive Director)

REVIEW AND RESULTS OF OPERATIONS

The consolidated economic entity loss after income tax was \$429,017 (2001: \$704,640).

Investment in Russian Oil Field

The company continues to assess its future activity in the Mokhtikovskoye Oil Field in Western Siberia. A consultant based in New York, with legal and Russian oil industry experience, has been retained to assist in the possible recovery of all or a substantial part of the company's investment in this project.

Biomedical / Biotechnology Projects

During the half-year, significant progress was made towards the Company's stated objective of acquiring biomedical and biotechnology projects, with the announcement in late December of the acquisition of the Gingerol project, subject to completion of due diligence and shareholder approval of the change of the Company's activities.

EQiTX will invest a total of \$2.36 million over a two year period, subject to the completion of Milestones to ultimately own 58% of a new company, which will be formed to hold 100% of the rights to exploit the Gingerol technology, with the balance held by The University of Sydney and Thursday Plantation Laboratories. EQiTX will enter into a service agreement with the new company to provide management services on a fee for service basis.

The Gingerol project, developed in the School of Pharmacy at The University of Sydney by Professor Basil Roufogalis and his team, has a suite of potential novel drugs based on ginger and capsaicin that are being developed for the management of pain and inflammation. There is also evidence to suggest that these molecules may also be developed for other therapeutic areas including incontinence and emesis (anti-nausea). Subsequent to the end of the half-year, the Board received and evaluated independent experts reports from Griffith Hack and Aoris Nova which verified the commercial, technical and intellectual property merits of the Gingerol project.

At a General Meeting held on 10 March 2003 shareholders approved the change of the nature of activities of the Company to that of investment in the biotechnology industry and authorised the Directors to raise up to \$2,500,000 by the issue of fully paid ordinary shares. A prospectus, dated 11 March 2003, has been issued to provide for that fundraising.

Signed on behalf of the Board:

H S Majteles
Director

Perth, Western Australia
14 March 2002

EQITX LIMITED
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STATEMENT OF FINANCIAL PERFORMANCE

HALF YEAR ENDED 31 DECEMBER 2002

	CONSOLIDATED	
	December 2002 $	December 2001 $
REVENUES FROM ORDINARY ACTIVITIES		
Revenue from ordinary operations		
Interest income	31,015	11,307
Other income	2,050	-
Expenses from ordinary operations		
Diminution in value of loan to a third party	-	(62,436)
Write back of interest accrued in prior years	-	(278,433)
Net exchange gain / (loss) - unrealised	(8,050)	61,444
(Diminution) / increase in value of listed investments	2,409	(159,184)
Biotechnology costs	(221,743)	-
Administrative expenses	(199,939)	(271,423)
Occupancy expenses	(23,193)	(12,466)
Exploration and evaluation costs	-	25,000
Other expenses from ordinary activities	(11,566)	(18,449)
Loss From Ordinary Activities Before Income Tax Expense	(429,017)	(704,640)
Income Tax Expense Relating To Ordinary Activities	-	-
Loss From Ordinary Activities After Income Tax Expense	(429,017)	(704,640)
Net Loss Attributable to Members of Eqitx Limited	(429,017)	(704,640)
Basic Earnings (Loss) Per Share (Cents Per Share)	(2.4)	(0.1)
Diluted Earnings (Loss) Per Share (Cents Per Share)	(2.4)	(0.1)

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STATEMENT OF FINANCIAL POSITION

	CONSOLIDATED As at December 2002 $	As at June 2002 $
CURRENT ASSETS		
Cash assets	1,138,761	1,621,933
Receivables	17,389	25,141
Other	2,800	-
TOTAL CURRENT ASSETS	1,158,950	1,647,074
NON-CURRENT ASSETS		
Receivables	5,016,089	5,023,944
Other financial assets	126,501	26,251
Property, plant and equipment	25,780	19,086
TOTAL NON-CURRENT ASSETS	5,168,370	5,069,281
TOTAL ASSETS	6,327,320	6,716,355
CURRENT LIABILITIES		
Payables	123,770	91,383
Provisions	7,595	-
TOTAL LIABILITIES	131,365	91,383
NET ASSETS	**6,195,955**	**6,624,972**
EQUITY		
Contributed equity	44,671,139	44,671,139
Reserves	60,000	60,000
Accumulated losses	(38,535,184)	(38,106,167)
TOTAL EQUITY	**6,195,955**	**6,624,972**

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STATEMENT OF CASH FLOWS
HALF-YEAR ENDED 31 DECEMBER 2002

	CONSOLIDATED	
	December 2002	December 2001
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(412,345)	(313,252)
Interest received	31,015	6,641
Interest paid	(324)	(191)
Goods and services tax recouped	7,752	4,764
NET CASH FLOWS USED IN OPERATING ACTIVITIES	**(373,902)**	**(302,038)**
CASH FLOW FROM INVESTING ACITIVITIES		
Repayment of loans to other entities	-	-
Purchase of plant and equipment	(13,479)	-
Purchase of investment	(97,841)	-
Dividend received	2,050	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES	**(109,270)**	**-**
CASH FLOW FROM FINANCING ACITIVITIES		
Proceeds from issue of ordinary shares	-	890,560
NET CASH FLOWS FROM FINANCING ACITIVITIES	**-**	**890,560**
NET INCREASE/(DECREASE) IN CASH	**(483,172)**	**588,522**
Add opening cash brought forward	1,621,933	440,182
Closing Cash carried forward	**1,138,761**	**1,028,704**

EQITX LIMITED
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NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2002

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The half-year financial report is a general purpose financial report made out in accordance with the Corporation Act 2001, applicable Accounting Standards including AASB 1029; "Interim Financial Reporting" and Consolidated Accounts and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

The half-year report has been prepared in accordance with the historical cost convention.

It is recommended that the half-year report is read in conjunction with the Annual Financial Report of Eqitx Limited as at 30 June 2002, together with public announcements made by Eqitx Limited and its controlled entities during the half-year ended 31 December 2002 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

For the purposes of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The accounting policies adopted are consistent with those of the previous financial year.

2. CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

3. SUBSEQUENT EVENTS

On 24th January 2003, the Company announced that the due diligence process on the acquisition of the Gingerol Project had been completed, with acquisition subject to completion of documentation and shareholder approval of the change in the nature of activities of the Company. Subject to satisfactory completion of certain milestones, Eqitx will invest up to $2.36 million to earn up to a 58% interest in the Gingerol Project.

On 10th March 2003, shareholders in General Meeting approved the change in nature of activities of the Company to investment in biotechnology projects, and also gave approval for the directors to raise up to $2.5 million by the issue of shares.

On 11th March 2003, a prospectus for the issue of shares was lodged with the Australian Securities and Investment Commission.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2002

4. SEGMENT INFORMATION

Primary Reporting - Geographical segments

The consolidated entity's divisions are managed on a global basis, operating in two main geographical areas.

	Australia		Russia		Eliminations		Consolidated	
	2002	2001	2002	2001	2002	2001	2002	2001
	$	$	$	$	$	$	$	$
Operating revenue:								
Unallocated revenue	33,065	11,307	-	-	-	-	33,065	11,307
Total revenue	33,065	11,307	-	-	-	-	33,065	11,307
Segment result before tax	(393,136)	(425,215)	(35,881)	(365,207)	-	85,782	(429,017)	(704,640)
Total segment assets	1,311,010	1,085,520	5,016,310	5,517,787	-	-	6,327,320	6,603,307
Total segment liabilities	92,475	136,574	38,890	123,914	-	-	131,365	260,488
Acquisition of property, plant& equipment	13,479	-	-	-	-	-	13,479	-
Depreciation and amortisation expense	6,785	4,365	-	-	-	-	6,785	4,365
Non cash expenses other than Depreciation and amortisation	-	-	-	-	-	-	-	-

Secondary Reporting - Business segments

During the half year, the Company operated in the oil industry and identified and acquired a biotechnology project, subject to completion of documentation and shareholder approval in a General Meeting of the change in the nature of the Company's activities.

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DIRECTORS' DECLARATION
31 December 2002

In accordance with a resolution of the directors of Eqitx Limited, I state that:

In the opinion of the directors:

(a) the financial statements and notes of the consolidated entity:

   i) give a true and fair view of the financial position as at 31 December 2002 and the performance for the half-year ended on that date of the consolidated entity; and

   ii) comply with Accounting Standard AASB 1029: "Interim Financial Reporting" and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

H S Majteles
Director

Perth, Western Australia
14 March 2002

ERNST & YOUNG

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152 St Georges Terrace
Perth WA 6000
Australia

GPO Box M939
Perth WA 6843

Tel 61 8 9429 2222
Fax 61 8 9429 2436

INDEPENDENT REVIEW REPORT

To the members of Eqitx Limited

Scope

We have reviewed the financial report of Eqitx Limited for the half-year ended 31 December 2002, set out on pages 4 to 9, including the Directors' Declaration. The financial report includes the consolidated financial statements of the consolidated entity comprising Eqitx Limited and the entities it controlled at the end of the half-year or from time to time during the half-year. The company's directors are responsible for the financial report. We have conducted an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029: "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia and statutory requirements, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. Our review was limited primarily to inquiries of the disclosing entity's personnel and analytical review procedures applied to financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Qualification

We have been unable to obtain sufficient evidence to support the recoverability of the receivable from the Joint Stock Company Siboil (Technical Services Agreement operator) of $5,016,089; (30 June 2002: $5,023,944) disclosed in the consolidated statement of financial position. In our opinion there is significant uncertainty as to the realisation of this receivable. The Directors believe that it is appropriate to carry this asset at its stated value in the consolidated statement of financial position. In our opinion, the carrying value of this asset exceeds its realisable value and we believe that a provision for non recovery should be raised for the amount of $5,016,089. Had the provision for non-recovery been recognised to write down the receivable to recoverable amount during the current period, the consolidated operating loss after tax would have increased from $429,017 to $5,445,106.

Qualified Review Statement

As a result of our review, except for the effects on the financial report of the matter referred to in the qualification paragraph, we have not become aware of any matter that makes us believe that the half-year financial report of Eqitx Limited is not in accordance with:

(a) the Corporations Act 2001, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2002 and its performance for the half-year ended on that date; and

  (ii) complying with Accounting Standard AASB 1029: "Interim Financial Reporting" and the Corporations Regulations 2001;

(b) other mandatory professional reporting requirements in Australia.

Ernst & Young

Ernst & Young

V. Tidy

V W Tidy
Partner
Perth
Date: 14 March 2003

VT:HL:EQUITX:018ELEC