



FAST SCOUT LIMITED

ABN 94 088 488 724

HALF YEAR REPORTS:

**ASX Appendix 4D - Results For Announcement To Market
Directors' Report
Financial Report
Audit Review Report**

31 December 2003

www.fastscout.com



www.virtualweb.com.au



Fast Scout Limited

A.B.N. 94 088 488 724

Level 14, The Forrest Centre, 221 St Georges Terrace, Perth, Western Australia 6000

Tel: + 618 9214 9700

Email: info@fastscout.com

Fax: + 618 9322 1515

CONTENTS

ASX Appendix 4D – Results for Announcement to the Market	2
Directors' Report	3
Financial Report	8
Directors' Declaration	19
Audit Review Report	20

www.fastscout.com

Visit our website for:

- **Latest News**
- **Market Announcements**
- **Financial Reports**

**Register your email with us to
Receive latest Company
announcements and releases**

EMAIL US AT:

info@fastscout.com

CORPORATE DIRECTORY

BOARD

Farooq Khan	Chairman and Managing Director
Azhar Chaudhri	Director
Yaqoob Khan	Director
Victor Ho	Director

COMPANY SECRETARY

Victor Ho

PRINCIPAL & REGISTERED OFFICE

Level 14, The Forrest Centre
221 St Georges Terrace
Perth Western Australia 6000

Telephone: +61 8 9214 9700

Facsimile: +61 8 9322 1515

Email: info@fastscout.com

SHARE REGISTRY

Advanced Share Registry Services
Level 7, 200 Adelaide Terrace
Perth Western Australia 6000

Telephone: +61 8 9221 7288

Facsimile: +61 8 9221 7869

STOCK EXCHANGE

Australian Stock Exchange
Perth, Western Australia

ASX CODE

FSL

AUDITORS

Stanton Partners
1 Havelock Street
West Perth Western Australia 6005

BANKER

National Australia Bank
Level 1, 50 St Georges Terrace
Perth Western Australia 6000

RESULTS FOR ANNOUNCEMENT TO MARKET

This Half Year Report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.2A.3

Current Reporting Period: 1 July 2003 to 31 December 2003
Previous Corresponding Period: 1 July 2002 to 31 December 2002

For and on behalf of the Directors,



..... Date: 24 February 2004
Victor Ho
Company Secretary

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue and Net Profit (Loss)

Consolidated				Dec 2003 \$	Dec 2002 \$
Revenue from ordinary activities	Down	28%	to	49,831	69,363
Profit (loss) from ordinary activities after tax attributable to members	Down	33%	to	(575,757)	(865,241)
Net profit (loss) for the period attributable to members	Down	33%	to	(575,757)	(864,241)

Dividends

No dividends have been paid or declared during the financial half year.

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

During the financial half year, the Company received a total of 151,521 classified business-related website URL's from Data Base Systems Ltd (pursuant to a Portal Classification Agreement) at a cost of \$526,077 (December 2002: \$374,879), comprising:

- (i) a cash component of \$74,177 (December 2002: \$67,324); and
- (ii) \$451,900 drawn-down from prepayments (December 2002: \$307,555).

The Company incurred total classification and other development works expenses of \$620,152 during the financial half year, including the above costs (December 2002: \$374,879).

The value of the Company's investment in Portal Technology assets at Balance Date comprising Prepaid Classification Works (\$5,108,186) and Classification Works (\$4,178,428) was written-down (expensed) to a carrying value of \$421,982 at Balance Date (30 June 2003: \$873,882; 31 December 2002: \$1,500,000).

Please also refer to the financial statements for the half year ended 31 December 2003 and notes thereto.

DIRECTORS' REPORT

The Directors present their report on Fast Scout Limited ("**Company**" or "**Fast Scout**") and its controlled entities (the "**Consolidated Entity**") for the financial half year ended 31 December 2003 ("**Balance Date**").

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

Fast Scout has prepared a consolidated financial report incorporating the entities that it controlled during the financial half year. Controlled entities are Virtual Web Pty Ltd ABN 12 102 978 370 (controlled throughout the financial half year) and Fast Scout, Inc. (controlled throughout the financial half year).

Fast Scout has also accounted for its 32.253% interest in ASX listed Altera Capital Limited ABN 55 082 541 437 (formerly Bigshop.com.au Ltd) ("**Altera Capital**") as at Balance Date as an investment in an Associate entity (on an equity accounting basis) pursuant to Accounting Standard AASB 1016 "Accounting for Investment in Associates."

OPERATING RESULTS

	Consolidated Entity	
	Dec 2003	Dec 2002
	\$'000	\$'000
Net profit (loss)	(575,757)	(865,241)

EARNINGS PER SHARE

	Consolidated Entity	
	Dec 2003	Dec 2002
Basic earnings per share (cents)	(0.71)	(1.06)
Diluted earnings per share (cents)	(0.71)	(1.06)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted earnings per share	81,593,281	81,593,281

NET TANGIBLE ASSET BACKING

	Dec 2003	Consolidated Entity June 2003	Dec 2002
Net assets	\$2,944,604	\$3,520,361	\$4,330,642
Less intangible assets:			
Prepaid classification works	-	(\$167,810)	(\$793,928)
Portal development works	(\$421,982)	(\$706,072)	(\$706,072)
Other Intangibles	(\$26,133)	-	-
Net tangible assets of the Consolidated Entity	\$2,496,489	\$2,646,479	\$2,830,642
Fully paid ordinary shares on issue at Balance Date	81,593,281	81,593,281	81,593,281
Net tangible asset backing per issued ordinary share as at Balance Date (cents)	3.06	3.24	3.47

DIRECTORS' REPORT

SECURITIES IN THE COMPANY

At the date of this report, there were 81,593,281 fully paid ordinary shares on issue. There were no other securities in the Company on issue.

There were no securities issued or granted by the Company during or since the financial half year.

10,060,340 shares are subject to the ASX escrow provisions until 7 March 2004. The Company will apply for such shares to be quoted on ASX after their release from escrow.

DIRECTORS

The names of Directors in office during and since the financial half year are:

1. **Farooq Khan** - Chairman and Managing Director
2. **Victor P. H. Ho** - Executive Director and Company Secretary
3. **Azhar Chaudhri** - Executive Director
4. **Yaqoob Khan** - Executive Director

Messrs Azhar Chaudhri and Yaqoob Khan are presently resident overseas.

REVIEW OF OPERATIONS

1. PORTAL TECHNOLOGY

1.1 About Virtual Web

The Company launched Virtual Web and began marketing the service in April 2002.

Virtual Web is an Employee Internet Management ("**EIM**") service which originally, was developed as a private subset of the Internet, containing websites that had been manually qualified against pre-determined criteria. This allowed Internet users to access only appropriate business-related websites verified by the Company's Web Classification Editors. The Virtual Web currently allows access to a continually expanding database of millions of business-related web pages and general government and education websites.

The Company has formed the view that the principal source of revenue from the commercial exploitation of its Portal Technology will arise from the Virtual Web service rather than the Fast Scout Portal. Consequently, Data Base Systems Ltd ("**Data Base**") has been advised to focus its classification works on providing manually classified websites for inclusion in Virtual Web.

Organisations frequently deny employees access to the Internet in the workplace as they are unable to limit or monitor websites visited. In addition, for those organisations that do allow employees unrestricted Internet access, a major concern is the amount of unproductive time wasted by employees in accessing non-business related sites during working hours.

Fast Scout's Virtual Web offers a number of key benefits for organisations that include:

- Increases in productivity from staff who are unable to access non-business related websites whilst at work;
- Reduction in the risk of employee litigation arising from staff inadvertently exposed to objectionable material whilst at work;
- Improvements in network security by preventing access to sites that might upload viruses which could infect an office network;
- Reduction in bandwidth costs by restricting unnecessary downloads of large files such as music files and video clips.

DIRECTORS' REPORT

Organisations can also dispense with the costs and management time associated with monitoring Internet use in the workplace and indeed, expand Internet access for all staff without worry of Internet abuse.

As well as meeting the requirements of commercial businesses and government agencies, the Company believes the Virtual Web service is well suited to meet the growing needs of the education sector. Schools are increasingly installing broadband Internet connections, giving students greater access to the World Wide Web. Issues faced by schools with these fast Internet connections are the escalating costs associated with the downloading of non-educational material by students (eg. Games, music and video) and the browsing of easily accessible inappropriate and offensive websites by students - one sinister consequence of which is the increased the risks of vulnerable children establishing contact with paedophiles through Internet chat rooms, whilst at school.

Virtual Web offers schools one of the most secure and cost effective means of protecting students on the Internet.

Further information about Virtual Web may be obtained from: www.virtualweb.com.au

1.2 Virtual Web Developments

The Company has previously reported on earlier enhancements made to Virtual Web.

Through its marketing activities over the last year, it has become clear to the Company that one area of important development is the ability to deploy the Virtual Web across multiple customer infrastructure platforms. Virtual Web was originally offered on a Linux server platform, with custom built servers typically installed on a customer's site and managed by the Company. Whilst this infrastructure has proven to be extremely robust and secure, in order to increase market penetration the Company believed it was necessary to offer Virtual Web to customers with a choice of platforms, so that it integrates more efficiently with their existing network infrastructure. The Company also considered it a commercial imperative to develop a software-only version of Virtual Web, which prospective customers can download from the Internet or load from a compact disc directly onto their existing hardware rather than have Company supplied hardware installed in their network.

The Company has therefore embarked on the development and commercialisation of downloadable versions of Virtual Web that can be installed on customers' Microsoft ISA Server platforms - commonly used in many corporate, government and educational establishments. A key element of this development work is ensuring that the Company's intellectual property is protected. Since these downloadable solutions require the storage and regular updating of the Company's list of manually classified websites on a customer's hardware, the Company has developed a secure means of encrypting this list.

VirtualWeb for ISA Server has now been successfully installed and trialled in a number of customer sites. Prospective customers from anywhere in the world can now download a free, fully functioning evaluation copy of Fast Scout's Virtual Web software from the Virtual Web website (www.virtualweb.com.au) and install it within minutes.

This ISA Server version of VirtualWeb comes pre-configured with three different access modes:

- **Lockdown mode**, which is the most secure in that it allows access only to web sites that have been pre-approved;
- **Preview mode**, which warns users each time they are about to access a website that has not yet been pre-approved; and
- **Protected mode**, which allows users greater freedom, blocking access only to known objectionable or inappropriate websites.

In relation to ongoing classification works performed by Data Base pursuant to the Portal Classification Agreement, as a consequence of the increasing interest from the education sector, the Company has focussed an increasing portion of its classification resources on

DIRECTORS' REPORT

identifying and classifying further educational websites, in order to increase the utility of the Virtual Web service in this market. Since the ISA Server version of Virtual Web also includes functionality that directly blocks access to known objectionable websites, some classification resources have also been redirected to classify known objectionable websites.

Fast Scout has also teamed up with another Australian public listed company, WebSpy Ltd, to add comprehensive monitoring and reporting functionality to Virtual Web.

1.3 Microsoft Certified Partner Status

The Company is pleased to announce that in January 2004, it received Microsoft Certified Partner (MCP) Status. The Company has over the past year developed a valuable relationship with Microsoft, as it has worked to develop VirtualWeb to run on Microsoft's ISA Server platform. Attaining MCP status required the Company to submit its software for stringent independent testing, in order to comply with the requirements of Microsoft's international MCP programme. Testing was completed in December 2003 and Fast Scout received confirmation of its MCP status for Virtual Web in January 2004.

The Virtual Web product is currently being shown on Microsoft's website as an ISA Server Partner: <http://www.microsoft.com/isaserver/partners/accesscontrol.asp>

The Company expects to receive direct benefits from its relationship with Microsoft, in particular in the area of marketing and technical support.

1.4 Commercialisation of Virtual Web

Sales of Virtual Web have progressed steadily but slowly over the last year. Virtual Web is now being used by a number of schools in Perth (including Wesley College, Swan Christian Education Association, Dale Christian School, Balga SHS and Churchlands SHS), as well as the City of Perth and Town of Victoria Park local councils and a local law firm.

The Company has received most success in the education sector; at the time of this report, in addition to the sales already mentioned, a number state schools and independent schools are trialing the Virtual Web service and many more have expressed serious interest.

To date the Company has used a direct sales approach to actively identify and develop sales of Virtual Web. With the ISA Server version being able to be downloaded over the Internet and installed and trialled relatively quickly and easily, the Company is currently initiating a number of online marketing initiatives to promote Virtual Web using the Internet. Given the ease with which prospective customers can download and trial the software from the Virtual Web website, the Internet itself is potentially a powerful marketing tool. With the added functionality described above and a revised pricing structure that capitalises on the low cost of sales associated with online marketing and distribution, the Company believes that it can now offer a fully featured, competitively priced world class product with distinct competitive advantages in the marketplace.

The Company is also pursuing relationships with a number of distribution partners who might assist with the marketing and sales of Virtual Web internationally.

The Company remains cautious about preserving its cash reserves and will continue to monitor the commercial advancement of Virtual Web relative to its capacity to fund such advancement. The Company will review its plans for this business model towards the end of the current financial year, giving the Company sufficient time to test the market with the new software versions of Virtual Web.

DIRECTORS' REPORT

2. INVESTMENT IN ALTERA CAPITAL LTD

The Company currently holds 20,002,860 shares in Altera Capital Ltd (formerly Bigshop.com.au Ltd) ("**Altera Capital**") representing 32.253% of its issued ordinary share capital and being the largest shareholding in the company.

Altera Capital has been suspended from ASX since 13 June 2003 and has advised that its suspension will continue until the company fully re-complies with the ASX Listing Rules. This includes a capital consolidation to ensure a sale price of at least \$0.20 for the company's shares, lodgement of a full form prospectus (if applicable) and satisfaction of the minimum shareholder spread requirements.

Altera Capital's major asset is 35,953,262 shares in ASX listed Sofcom Ltd ("**Sofcom**"), being 80.54% of Sofcom's current issued capital. Sofcom is regarded as a controlled entity of Altera Capital and the consolidated accounts of Altera Capital includes the accounts of Sofcom.

Shareholders are advised to refer to the December 2003 half yearly reports and latest monthly cash flow reports lodged by Altera Capital and Sofcom for further information about the current status and affairs of such companies.

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

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

3. CORPORATE

3.1 ADOPTION OF NEW CONSTITUTION

At the Company's 2003 Annual General Meeting on 28 November 2003, shareholders approved a special resolution adopting a new constitution. Such new constitution 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 ASX Listing Rules.

Signed for and on behalf of the Directors of Fast Scout Limited in accordance with a resolution of the Board,



Farooq Khan
Chairman and Managing Director



Victor Ho
Executive Director

Perth, Western Australia

24 February 2004

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

		Consolidated Entity		Company	
		31 Dec 03	31 Dec 02	31 Dec 03	31 Dec 02
	Note	\$	\$	\$	\$
Sales revenue	2	13,971	7,500	-	-
Cost of sales	2	(5,150)	(2,055)	(2,379)	(2,055)
Gross Profit		8,821	5,445	(2,379)	(2,055)
Other revenue from ordinary activities	2	35,860	61,863	35,860	61,863
Classification and development works costs	2	(620,152)	(374,879)	(620,152)	(374,879)
Occupancy costs	2	(13,673)	(16,123)	(13,673)	(16,123)
Finance costs	2	(1,506)	(1,999)	(1,434)	(1,069)
Borrowing costs	2	(22)	(125)	(22)	(125)
Write back/ (Diminution) in share investments	2	162,266	-	203,367	(160,023)
Corporate costs - Portal Technology amortisation	2	-	(192,446)	-	(192,446)
Corporate costs - others	2	(200,112)	(174,478)	(178,183)	(174,478)
Administration costs	2	(41,488)	(57,143)	(41,488)	(57,143)
Equity share of Associate net losses	2	(47,811)	(115,356)	-	-
Write back of provision for diminution in value of investment in Associate		142,060	-	-	-
Operating loss from ordinary activities before income tax expense		(575,757)	(865,241)	(618,104)	(916,478)
Income tax expense relating to ordinary activities		-	-	-	-
Operating loss from ordinary activities after income tax expense	15	(575,757)	(865,241)	(618,104)	(916,478)
Total revenues, expenses and valuation adjustments attributable to members of the parent entity recognised directly in equity		-	-	-	-
Total changes in equity other than those resulting from transactions with owners as owners		(575,757)	(865,241)	(618,104)	(916,478)
Basic loss per share (cents)	16	(0.71)	(1.06)		
Weighted average number of ordinary shares outstanding during the period used in calculation of basic earnings per share		81,593,281	81,593,281		

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

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2003**

		Consolidated Entity		Company	
		31 Dec 03	30 Jun 03	31 Dec 03	30 Jun 03
		\$	\$	\$	\$
	Note				
CURRENT ASSETS					
Cash	19	1,245,214	1,695,962	1,244,625	1,692,619
Receivables	4	43,318	49,433	35,227	31,225
Other	5	289	579	289	579
TOTAL CURRENT ASSETS		<u>1,288,821</u>	<u>1,745,974</u>	<u>1,280,141</u>	<u>1,724,423</u>
NON CURRENT ASSETS					
Receivables	6	14,266	14,266	14,266	14,266
Property, plant and equipment	7	72,501	76,132	72,501	76,132
Other financial assets	8	397,074	213,770	1,197,288	972,883
Investments accounted for using equity method	9	800,115	705,866	-	-
Portal technology:					
Prepaid classification works	10	-	167,810	-	167,810
Other development works	10	421,982	706,072	421,982	706,072
Intangibles	11	26,133	-	24,063	-
TOTAL NON CURRENT ASSETS		<u>1,732,071</u>	<u>1,883,916</u>	<u>1,730,100</u>	<u>1,937,163</u>
TOTAL ASSETS		<u>3,020,892</u>	<u>3,629,890</u>	<u>3,010,241</u>	<u>3,661,586</u>
CURRENT LIABILITIES					
Payables	12	71,296	107,339	71,296	107,339
Provisions	13	4,992	2,190	4,992	2,190
TOTAL CURRENT LIABILITIES		<u>76,288</u>	<u>109,529</u>	<u>76,288</u>	<u>109,529</u>
NET ASSETS		<u>2,944,604</u>	<u>3,520,361</u>	<u>2,933,953</u>	<u>3,552,057</u>
EQUITY					
Contributed Equity	14	16,414,372	16,414,372	16,414,372	16,414,372
Accumulated losses	15	(13,469,768)	(12,894,011)	(13,480,419)	(12,862,315)
TOTAL EQUITY		<u>2,944,604</u>	<u>3,520,361</u>	<u>2,933,953</u>	<u>3,552,057</u>

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

STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2003

	Consolidated Entity		Company	
	31 Dec 03	31 Dec 02	31 Dec 03	31 Dec 02
	\$	\$	\$	\$
Note				
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	21,730	-	-	-
Payments to suppliers and employees	(454,101)	(474,235)	(431,687)	(474,135)
Interest received	35,860	63,547	35,860	63,547
Interest paid	(22)	(125)	(22)	(125)
Cost in relation to Bigshop.com.au takeover and related litigation and general meetings	-	43,500	-	43,500
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(396,533)	(367,313)	(395,849)	(367,213)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for plant & equipment	(7,043)	(2,002)	(7,043)	(2,002)
Payments for investments in subsidiary shares	-	-	-	(100)
Payments for intangibles	(26,133)	-	(24,063)	-
Payments for investments in listed securities	(21,039)	-	(21,039)	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(54,215)	(2,002)	(52,145)	(2,102)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net proceeds from share buy back	-	62,814	-	62,814
Payments to unmarketable parcel shareholders	-	(56,739)	-	(56,739)
Payment in relation to share buy back	-	(64,511)	-	(64,511)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	-	(58,436)	-	(58,436)
NET INCREASE/(DECREASE) IN CASH ASSETS HELD	(450,748)	(427,751)	(447,994)	(427,751)
Add opening cash assets brought forward	1,695,962	2,707,393	1,692,619	2,707,393
CLOSING CASH ASSETS AT END OF PERIOD	19 1,245,214	2,279,642	1,244,625	2,279,642

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2003

1. BASIS OF PREPARATION

This general purpose financial report for the interim half-year reporting period ended 31 December 2003 has been prepared in accordance with Accounting Standard AASB 1029 *Interim Financial Reporting*, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2003 and any public announcements made by Fast Scout Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted in the preparation of this Half Year Report are consistent with those adopted and disclosed in the financial statements for the year ended 30 June 2003.

The accounting policies adopted in the preparation of this half year financial report are consistent with those adopted and disclosed in the financial statements for the year ended 30 June 2003.

Comparatives in relation to items appearing on the Statement of Financial Position are as at the last balance date, being 30 June 2003. Comparatives in relation to items appearing on the Statement of Financial Performance are for the previous corresponding period, being for the half year ended 31 December 2002.

2. LOSS FROM ORDINARY ACTIVITIES

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

	Consolidated Entity		Company	
	31 Dec 03	31 Dec 02	31 Dec 03	31 Dec 02
	\$	\$	\$	\$
(a) Operating revenue				
Sales revenue				
Virtual Web	13,971	7,500	-	-
Other revenue				
Interest received - other	35,860	61,820	35,860	61,820
	<u>49,831</u>	<u>69,320</u>	<u>35,860</u>	<u>61,820</u>
(b) Non-operating revenue				
Proceeds from sale of assets	-	43	-	43
Total revenue	<u>49,831</u>	<u>69,363</u>	<u>35,860</u>	<u>61,863</u>
(c) Expenses				
Cost of sales	5,150	2,055	2,379	2,055
Operating expenses				
Classification and development works	620,152	374,879	620,152	374,879
Occupancy costs	13,673	16,123	13,673	16,123
Finance costs	1,506	1,999	1,434	1,069
Borrowing costs - interest paid	22	125	22	125
Administration costs				
Communications	11,026	13,380	11,026	13,380
Consultancy fees	30,462	43,763	30,462	43,763
Corporate costs				
Takeover and related matters	-	(47,107)	-	(47,107)
Professional fees	8,502	33,172	8,502	33,172
Depreciation - property plant and equipment	10,674	12,288	10,674	12,288
Personnel costs	148,448	128,660	148,448	128,660
Provision for employee entitlements	8,283	4,241	8,283	4,241
Write back/ (Diminution) in share investments	(162,266)	-	(203,367)	160,023
Provision for non recovery	-	-	(21,729)	-
Write-down of Portal Technology	-	192,446	-	192,446
Other corporate expense	24,205	43,224	24,005	43,224
Equity share of Associate's losses	47,811	115,356	-	-
Write back of provision for diminution in value of investment in Associate	(142,060)	-	-	-
	<u>625,588</u>	<u>934,604</u>	<u>653,964</u>	<u>978,341</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2003

3. SALE OF ASSETS

Sale of assets in the ordinary course of business have given rise to the following profit:

		Consolidated Entity		Company	
		31 Dec 03	31 Dec 02	31 Dec 03	31 Dec 02
		\$	\$	\$	\$
(a) Net Gain:	Assets	-	43	-	43

4. CURRENT RECEIVABLES

Amounts receivable from

Trade debtors	8,768	16,527	-	-
Goods and services tax recoverable	14,667	13,540	15,344	11,859
Others	19,883	19,366	19,883	19,366
	43,318	49,433	35,227	31,225

5. OTHER CURRENT ASSETS

Prepayments	289	579	289	579
-------------	-----	-----	-----	-----

6. NON - CURRENT RECEIVABLES

Bonds and guarantees	14,266	14,266	14,266	14,266
----------------------	--------	--------	--------	--------

7. PROPERTY, PLANT AND EQUIPMENT

Consolidated and Company

	Plant and Equipment	Leasehold Improve-ments	Total
	\$	\$	\$
Gross Carrying Amount			
Balance at 30 June 2003	146,532	21,788	168,320
Additions	7,043	-	7,043
Balance at 31 December 2003	153,575	21,788	175,363
Accumulated Depreciation			
Balance at 30 June 2003	(83,128)	(9,060)	(92,188)
Depreciation expense	(9,717)	(957)	(10,674)
Balance at 31 December 2003	(92,845)	(10,017)	(102,862)
Net Book Value			
As at 30 June 2003	63,404	12,728	76,132
As at 31 December 2003	60,730	11,771	72,501

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2003

8. OTHER NON-CURRENT FINANCIAL ASSETS

	Consolidated Entity		Company	
	31 Dec 03	30 Jun 03	31 Dec 03	30 Jun 03
	\$	\$	\$	\$
Investments comprise:				
Shares and options in listed corporations - at cost	510,849	489,810	1,800,665	1,779,627
Shares in controlled entities - at cost	-	-	100	100
Less: provision for diminution	(113,775)	(276,040)	(603,477)	(806,844)
	<u>397,074</u>	<u>213,770</u>	<u>1,197,288</u>	<u>972,883</u>
Market value of investments:				
Shares in listed companies	<u>427,575</u>	<u>218,075</u>	<u>767,623</u>	<u>558,125</u>

(a) Investment in Controlled Entities

	Percentage of Ownership	
	31 Dec 03	30 Jun 03
Virtual Web Pty Ltd	100%	100%
Incorporated in Australia, on 28 November 2002.		
This company is currently engaged in providing the Virtual Web service.		
Fast Scout Inc.	100%	100%
Incorporated in Delaware, USA, on 17 November 2000.		
This company does not have any operations.		

Consolidation of the accounts of Fast Scout Inc. has not been performed because Fast Scout Inc. has not had any operations since incorporation and has no material assets and liabilities.

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name of Associate Entity	Principal Activity	Ownership Interest	Consolidated Carrying Amount	
			31 Dec 03	30 Jun 03
			\$	\$
Altera Capital Ltd (formerly Bigshop.com.au Ltd)	Software development and IT consultancy	32.25%	<u>800,115</u>	<u>705,866</u>

The Company's ownership interest in Altera Capital Ltd increased from 21.74% at 30 June 2003 to the current level of 32.25% as a consequence of Altera Capital Ltd cancelling 30,000,000 shares on 3 October 2003 pursuant to an Equal Access Scheme Share Buy-Back (which the company did not participate in).

Movement in Investments in Associates

Equity accounted amount of investment at the beginning of the half year	705,866	541,173
Share of losses from ordinary activities before income tax expense	(47,811)	(254,271)
Share of income tax expense related to ordinary activities	-	-
Write back of provision for diminution in value	142,060	418,964
Equity accounted amount of investment at the end of the half year	<u>800,115</u>	<u>705,866</u>
Market Value		340,049
Directors' valuation (as no "market value" due to ASX suspension)	<u>800,115</u>	

AEA was suspended from ASX on 12 June 2003. The last trade on ASX occurred on 12 June 2003 at 1.70 cents per share, valuing the investment held in AEA at \$340,049. This was reported as the market value at 30 June 2003.

The investment represents 32.25% (June 2003: 21.74%) of AEA's issued share capital and its last traded price on the 12 June 2003 is not necessarily indicative of the value of such a significant strategic parcel of shares.

The Company's share of the net asset value of AEA at 31 December 2003 was significantly in excess of the last traded ASX price of 1.70 cents per share. As at 31 December 2003, AEA's net tangible asset ("NTA") backing was 6.20 cents per share at consolidated level and 4.13 cents per share at company level - the Company's investment in AEA valued at such NTA backings would equal \$1,240,117 and \$826,118, respectively.

In light of the above, the Directors are of the opinion that a fair recoverable and "market" value of the investment in AEA is \$800,115 (or 4 cents per share).

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2003

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

Summarised Financial Position of Associates

	31 Dec 03	30 Jun 03
	\$	\$
Current assets:		
Cash	1,874,656	2,977,525
Receivables	40,777	22,593
Other	3,289	2,000
Non-current assets:		
Property, plant and equipment	32,099	33,616
Other financial assets	1,945,138	10,716
Investments equity accounted	-	2,408,869
Current liabilities:		
Payables	(38,430)	(1,031,433)
Provisions	(11,977)	(5,935)
Net assets	<u>3,845,552</u>	<u>4,417,951</u>
Net losses	<u>(176,410)</u>	<u>(1,169,714)</u>

Expenditure Commitments

The Consolidated Entity's share of expenditure commitments of its Associates are as follows:

	31 Dec 03	30 Jun 03
	\$	\$
Non-cancellable lease commitments		
Not longer than 1 year	<u>2,580</u>	<u>4,348</u>

10. PORTAL TECHNOLOGY

	Consolidated Entity		Company	
	31 Dec 03	30 Jun 03	31 Dec 03	30 Jun 03
	\$	\$	\$	\$
(a) Prepaid Classification Works	5,108,185	5,560,085	5,108,185	5,560,085
Recoverable Amount Written Down	(5,108,185)	(5,392,275)	(5,108,185)	(5,392,275)
Total Prepaid Classification Works	<u>-</u>	<u>167,810</u>	<u>-</u>	<u>167,810</u>
(b) Portal Technology Development Works:				
(i) Category Works	30,877	30,877	30,877	30,877
Recoverable Amount Written Down	(30,877)	(30,877)	(30,877)	(30,877)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(ii) Portal Delivery System Development Works	156,183	156,183	156,183	156,183
Recoverable Amount Written Down	(156,183)	(156,183)	(156,183)	(156,183)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(iii) Classification Works	4,178,428	4,178,428	4,178,428	4,178,428
Recoverable Amount Written Down	(3,756,446)	(3,472,356)	(3,756,446)	(3,472,356)
	<u>421,982</u>	<u>706,072</u>	<u>421,982</u>	<u>706,072</u>
Total Portal Technology Development Works	<u>421,982</u>	<u>706,072</u>	<u>421,982</u>	<u>706,072</u>
Summary of Portal Technology				
Prepaid Classification Works	5,108,185	5,560,085	5,108,185	5,560,085
Category Works	30,877	30,877	30,877	30,877
Portal Delivery System Development Works	156,183	156,183	156,183	156,183
Classification Works	4,178,428	4,178,428	4,178,428	4,178,428
Accumulated write-downs	(9,051,691)	(9,051,691)	(9,051,691)	(9,051,691)
Total Portal Technology	<u>421,982</u>	<u>873,882</u>	<u>421,982</u>	<u>873,882</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2003

10. PORTAL TECHNOLOGY (continued)

Pursuant to a Portal Classification Agreement, Data Base Systems Ltd is required to classify a total of 3,146,000 Internet website URL's (over a 5 ½ year period). As advised in the Company's IPO Prospectus dated 12 January 2000, the Company prepaid a portion of such classification costs by the issue of 50,301,800 fully paid ordinary shares at an issue price of 20 cents per share (representing a value of \$10,060,340) and was required to pay a further cash component being \$272,700 for the first 286,000 websites to be classified during the first 6 months from commencement of classification works (which began in November 2000). Thereafter, the Company is required to pay \$2,002,000 cash for the balance of 2,860,000 websites to be classified over the subsequent 60 month period (at a rate of \$0.70 per website URL classified).

All Classification, Category and Portal Delivery System development costs incurred up to the launch of the Fast Scout Portal and Virtual Web service on 9 April 2002 were capitalised as an asset. Thereafter, all such costs are expensed as incurred.

During the financial half year, the Company received a total of 151,521 classified business-related website URL's from Data Base at a cost of \$526,077 (December 2002: \$374,879), comprising:

- (i) \$451,900 drawn-down from prepayments (December 2002: \$307,555); and
- (ii) a cash component of \$74,177 (December 2002: \$67,324).

At the Balance Date, the Company has received a total of 1,700,127 classified business-related website URL's from Data Base.

The Company incurred total classification and development works expenses of \$620,152 during the financial half year, including the above costs.

The Company also incurred development costs associated with Virtual Web and its websites during the financial half year of \$26,133 (December 2002: \$nil).

The Company notes that the value of its investment in the Portal Technology assets at Balance Date comprising Prepaid Classification Works (\$5,108,186) and Classification Works (\$4,178,428) was written-down (expensed) to a carrying value of \$421,982 (30 June 2003: \$873,882; 31 December 2002: \$1,500,000).

11. NON-CURRENT INTANGIBLES

	Consolidated Entity		Company	
	31 Dec 03	30 Jun 03	31 Dec 03	30 Jun 03
	\$	\$	\$	\$
Internet website	2,070	-	-	-
Virtual Web development works	24,063	-	24,063	-
	26,133	-	24,063	-

12. CURRENT PAYABLES

	Consolidated Entity		Company	
	31 Dec 03	30 Jun 03	31 Dec 03	30 Jun 03
	\$	\$	\$	\$
Trade creditors	426	2,349	426	2,349
Other creditors and accruals	35,372	18,528	35,372	18,528
Amounts due to Directors and Director Related Entities	29,772	80,736	29,772	80,736
Unmarketable parcel trust account	5,726	5,726	5,726	5,726
	71,296	107,339	71,296	107,339

13. NON-CURRENT PROVISIONS

Provision for employee entitlements	4,992	2,190	4,992	2,190
Number of employees (including Executive Directors and Officers) at Balance Date	5	5	5	5

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2003

14. CONTRIBUTED EQUITY

	Consolidated Entity		Company	
	31 Dec 03	30 Jun 03	31 Dec 03	30 Jun 03
	\$	\$	\$	\$
(a) Issued and Paid-Up Capital				
81,593,281 fully paid ordinary shares (2003: 81,593,281)	16,414,372	16,414,372	16,414,372	16,414,372
(b) Movement in Ordinary Share Capital	No of shares			
Balance at beginning of half year	81,593,281	16,414,372	16,414,161	16,414,161
Add: share buy back cost	-	-	211	211
Balance at end of half year	81,593,281	16,414,372	16,414,372	16,414,372

Each fully paid ordinary share carries one vote per share and the right to participate in dividends.

15. ACCUMULATED LOSSES

	Consolidated Entity		Company	
	31 Dec 03	30 Jun 03	31 Dec 03	30 Jun 03
	\$	\$	\$	\$
Balance at beginning of the half year	(12,894,011)	(11,218,489)	(12,862,315)	(11,218,489)
Net loss for the first half of the financial year	(575,757)	(865,241)	(618,104)	(916,477)
Net loss for the second half of the financial year		(810,281)		(727,349)
Balance at end of half year	(13,469,768)	(12,894,011)	(13,480,419)	(12,862,315)

16. EARNINGS PER SHARE

	Consolidated Entity	
	31 Dec 03	31 Dec 02
	cents per share	
Basic loss per share (cents)	(0.71)	(1.06)
Net Loss	(575,757)	(865,241)
Weighted average number of ordinary shares outstanding during the period used in calculation of basic earnings per share	81,593,281	81,593,281

Diluted earnings per share has not been disclosed, as it does not show a position which is inferior to basic earnings per share.

17. EXPENDITURE COMMITMENTS

	Consolidated Entity		Company	
	31 Dec 03	30 Jun 03	31 Dec 03	30 Jun 03
	\$	\$	\$	\$
Cash Contractual Commitments				
Not longer than one year	449,827	442,581	449,827	442,581
Longer than one year and not longer than 2 years	449,827	442,581	449,827	442,581
Longer than 2 years and not longer than 5 years	112,457	331,935	112,457	331,935
	1,012,111	1,217,097	1,012,111	1,217,097

The above cash contractual commitments are pursuant to the Portal Classification Agreement with Data Base Systems Ltd to classify a total of 3,146,000 Internet website URL's over a 5 ½ year period (which commenced in November 2000). Please refer to Note 10 of the Financial Statements for more details about the nature of the agreement and contractual commitments therein.

At the Balance Date, the Company has received a net total of 1,700,127 classified business-related website URL's from Data Base.

The cash expenditure commitments of the Company pursuant to the Portal Classification Agreement as at the Balance Date may be summarised as follows:

Balance of website URL's to be classified by Data Base	1,445,873
Balance of cash commitment payable by Company	\$1,012,111

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2003

17. EXPENDITURE COMMITMENTS (continued)

Such balance of classification works is scheduled for completion by April 2006 at an average rate of ~53,551 website URL's per month.

The satisfaction of liabilities under the Portal Classification Agreement drawn from prepayments of \$10,060,340 is not included in the above Expenditure Commitments. However, the expenditure commitments in relation to the satisfaction of liabilities under the Portal Classification Agreement drawn from prepayments are as follows:

Contractual Commitments Drawn From Prepayments	Consolidated Entity		Company	
	31 Dec 03	30 Jun 03	31 Dec 03	30 Jun 03
	\$	\$	\$	\$
Not longer than one year	-	167,810	-	167,810

A significant portion of the Company's original Prepaid Classification Works of \$10,060,340 has been expensed/written-down over the last 2 financial years to nil as at Balance Date (30 June 2003: \$167,810; 31 December 2002: \$793,928) to reflect the carrying value of the overall Portal Technology "asset" as a whole, notwithstanding classifications works are still being performed.

18. SEGMENT REPORTING

The Consolidated Entity is based in Australia but offers its Virtual Web Internet related software for sale internationally via downloads from the Internet. The Consolidated Entity does not have an operations overseas though.

Segment Revenues & Results	External Revenue		Operating results	
	31 Dec 03	31 Dec 02	31 Dec 03	31 Dec 02
	\$	\$	\$	\$
Portal Technology /Virtual Web	13,971	7,500	(611,331)	(562,810)
Investments	-	-	256,515	(68,249)
	13,971	7,500	(354,816)	(631,059)
Unallocated	35,860	61,863	(220,941)	(234,182)
	49,831	69,363		
Loss from ordinary activities before income tax			(575,757)	(865,241)
Income tax expense relating to ordinary activities			-	-
Loss from ordinary activities after income tax			(575,757)	(865,241)

Segment Assets & Liabilities	Assets		Liabilities	
	31 Dec 03	30 Jun 03	31 Dec 03	30 Jun 03
	\$	\$	\$	\$
Portal Technology /Virtual Web	448,115	895,433	(51,035)	(80,735)
Investments	1,197,189	919,636	-	-
	1,645,304	1,815,069	(51,035)	(80,735)
Unallocated	1,375,588	1,814,821	(25,253)	(28,794)
	3,020,892	3,629,890	(76,288)	(109,529)

Other Segment Information	Portal Technology / Virtual Web		Investments	
	31 Dec 03	31 Dec 02	31 Dec 03	31 Dec 02
	\$	\$	\$	\$
Carrying value of investments accounted for using the equity method	-	-	800,115	425,817
Share of net losses of associate company accounted for under the equity method	-	-	(47,811)	(115,356)
Acquisition of segment assets	-	-	(21,039)	-
Other non-cash expenses				
Write down of segment assets	-	(192,445)	-	-
Write back diminution in share investments	-	-	162,266	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2003

19. STATEMENT TO CASH FLOWS

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 period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Consolidated Entity			Company		
	31 Dec 03	30 Jun 03	31 Dec 02	31 Dec 03	30 Jun 03	31 Dec 02
	\$	\$	\$	\$	\$	\$
Cash at bank	150,084	201,989	97,380	149,495	198,646	97,380
Bank bills	1,095,130	1,493,973	2,182,262	1,095,130	1,493,973	2,182,262
	<u>1,245,214</u>	<u>1,695,962</u>	<u>2,279,642</u>	<u>1,244,625</u>	<u>1,692,619</u>	<u>2,279,642</u>

20. CONTINGENT ASSETS AND LIABILITIES

The Consolidated Entity does not have any contingent assets or liabilities save for commitments pursuant to the Portal Classification Agreement disclosed in Note 17 above.

21. ASSOCIATES AND JOINT VENTURES

The Consolidated Entity did not undertake any investments in associated entities or joint ventures during the financial half year.

22. GAIN/LOSS OF CONTROL OF ENTITIES

There were no entities over which control had been gained or lost by the Consolidated Entity during the financial half year.

23. SUBSEQUENT EVENTS

There are no matters or circumstances that have arisen since the Balance Date that have significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Consolidated Entity.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Fast Scout Limited made pursuant to sub-section 303(5) of the *Corporations Act 2001*, we state that:

In the opinion of the directors:

- (a) The financial statements and notes of the Consolidated Entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2003 and of their performance for the half year ended on that date; and
 - (ii) complying with Accounting Standards and *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,



Farooq Khan
Chairman and Managing Director

Perth, Western Australia

24 February 2004



Victor Ho
Executive Director



STANTON PARTNERS

1 HAVELOCK STREET
WEST PERTH 6005
WESTERN AUSTRALIA

TELEPHONE: (08) 9481 3188

Facsimile: (08) 9321 1204

e-mail: australia@stanton.com.au

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF FAST SCOUT LIMITED

Scope

We have reviewed the financial report of Fast Scout Limited for the half-year ended 31 December 2003 as set out on pages 8 to 19. The financial report includes the consolidated financial statements of the consolidated entity comprising the disclosing entity and the entities it controlled at the end of the half year or from time to time during the half year. The disclosing entity's directors are responsible for the financial report. We have performed 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, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the disclosing entity to lodge the financial report with the Australian Securities & Investments Commission.

Our review has been conducted in accordance with Australian Auditing and Assurance Standards applicable to review engagements. A review is limited primarily to inquiries of the disclosing entity's personnel and analytical procedures applied to the 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.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Fast Scout Limited is not in accordance with:

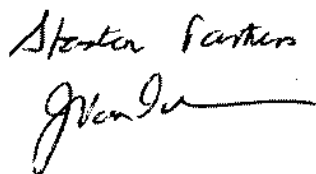
- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2003 and of its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

Inherent Uncertainty

Without qualification to the opinion expressed above, attention is drawn to the following matter.

Included in the Consolidated Statement of Financial Position are amounts of \$421,982 and \$26,133 in respect of Portal Technology Development Works and Intangibles. There is inherent uncertainty as to the recoverability of these amounts. The recoverability of these amounts is dependant upon the successful commercialisation of the Portal Technology and the generation of sufficient future economic benefits.

STANTON PARTNERS



J P Van Dieren
Partner

West Perth, Western Australia
24 February 2004