

31 August 2004
 Australian Stock Exchange
 By ASX Online

HALF-YEAR REPORT AND COMMENTARY

Euraust is pleased to inform the market of the half year results for the period to 30 June 2004.

SIGNIFICANT EVENTS SINCE 30 JUNE

Since the end of the half-year Euraust has entered into agreements to realise two of its investments

Ozlotteries

We have today settled on the sale of Euraust's interest in Ozlotteries and the related secured loan, receiving payment of \$400,000 with a further \$25,000 due on 31 December 2004.

Networks

Euraust has entered into agreements to sell its subsidiary company Networks Pty Ltd for a total of \$210,000. The settlement of these contracts is subject to the purchasers meeting the requirements of the ACT Gaming and Racing Commission. Upon completion the contingent liability of \$2,474,255 referred to in note 23 of the Annual Financial Report will be extinguished.

The following table sets out relevant amounts as shown in the half year report and corresponding pro-forma amounts based on the completion of the above matters.

| | Per half year report | Pro-forma on completion |
|--------------|---------------------------------|------------------------------------|
| | \$ | \$ |
| Cash | 296,494 | 931,494 |
| Profit | | 310,000 |
| Total Equity | 483,284 | 793,284 |

Michael O'Donnell
 Chairman

EURAUST LTD

A.C.N. 009 423 189

FINANCIAL

REPORT

For the half-year ended
30 June 2004

EURAUST LTD

DIRECTORS' REPORT FOR THE HALF YEAR ENDED 30 JUNE 2004

Your directors present their report on the consolidated entity consisting of Euraust Ltd and the entities it controlled at the end of, or during, the half-year ended 30 June 2004.

DIRECTORS

The following persons were directors of Euraust Ltd during the whole of the half year and up to the date of this report: -

| Name | Particulars |
|-------------------|-------------|
| Michael O'Donnell | Chairman |
| Jonathan Asquith | Director |
| John Pritchett | Director |

REVIEW OF OPERATIONS

The economic entity operates as an investment company in technology businesses.

The consolidated entity incurred an after tax operating loss for the half year ended 30 June 2004 of \$211,646 (30 June 2003: loss \$789,001).

During the half year the consolidated entity made an issue of options to raise working capital of \$31,503.

Market United Pty Ltd, a digital marketing agency in which Euraust has a one third interest operated very successfully during the half year and continues to meet high levels of expectations.

In July 2004, the company entered into agreements to sell its subsidiary company Networks Pty Ltd and to eliminate further amounts due in relation to the purchase of Networks Pty Ltd which ceased operating in November 2003. The settlement of these contracts is subject to the purchasers meeting the probity requirements of the ACT Gaming and Racing Commission.

In August 2004, Euraust entered into an agreement with TMS Global Services Pty Ltd for the repayment of the secured loan and for the sale of Euraust's interest in the website www.ozlotteries.com. The anticipated proceeds of the repayment and sale are \$425,000.

This report is made in accordance with a resolution of the directors.



Jonathan Asquith
Director
Perth
Dated this 31st day of August 2004

EURAUST LTD
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF-YEAR ENDED 30 JUNE 2004

| | <u>30 June 2004</u> | <u>30 June 2003</u> |
|---|---------------------|---------------------|
| | Consolidated | Consolidated |
| | \$ | \$ |
| Revenue from ordinary activities | 8,927 | 85,273 |
| Share of profit/(loss) of associated company | 50,188 | (4,278) |
| Depreciation and amortisation | (8,275) | (16,460) |
| Asset acquisition costs expensed | (25,860) | - |
| Employment expenses | - | (325,398) |
| Consulting and professional fees | (168,071) | (108,165) |
| Provisions | (8,750) | - |
| Intangibles written off | - | (132,954) |
| Marketing and website | - | (136,452) |
| Loss on de-consolidation of subsidiary | - | (30,068) |
| Other expenses from ordinary activities | (44,749) | (120,499) |
| | <hr/> | <hr/> |
| Loss from ordinary activities before income tax expense | (196,590) | (789,001) |
| Income tax attributable to operating loss | (15,056) | - |
| | <hr/> | <hr/> |
| Loss after income tax | (211,646) | (789,001) |
| | <hr/> | <hr/> |
| Total changes in equity other than those resulting from transactions with owners as owners | (211,646) | (789,001) |
| | <hr/> | <hr/> |
| Basic loss per share (Cents per share) | (1.83) | (7.82) |

Diluted earnings per share does not represent an inferior view of the consolidated entity's performance and is not disclosed for this reason

The above statement should be read in conjunction with the accompanying notes.

EURAUST LTD
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2004

| | <u>30 June 2004</u> Consolidated \$ | <u>31 December 2003</u> Consolidated \$ |
|--|---|---|
| Current Assets | | |
| Cash assets | 296,494 | 406,262 |
| Receivables | 348,652 | 34,615 |
| Total Current Assets | <u>645,146</u> | <u>440,877</u> |
| Non Current Assets | | |
| Receivables | - | 334,092 |
| Investments accounted for using the equity method of accounting | 114,419 | 83,037 |
| Property, Plant and Equipment | 17,795 | 28,571 |
| Total Non Current Assets | <u>132,214</u> | <u>445,700</u> |
| Total Assets | <u>777,360</u> | <u>886,577</u> |
| Current Liabilities | | |
| Payables | 264,076 | 201,139 |
| Total Current Liabilities | <u>264,076</u> | <u>201,139</u> |
| Non-Current Liabilities | | |
| Provisions | 30,000 | 20,000 |
| Total Non-Current Liabilities | <u>30,000</u> | <u>20,000</u> |
| Total Liabilities | <u>294,076</u> | <u>221,139</u> |
| Net Assets | <u>483,284</u> | <u>665,438</u> |
| Equity | | |
| Issued Capital | 24,737,655 | 24,737,655 |
| Option Premium Reserve (Note 3) | 29,493 | - |
| Accumulated Losses | (24,283,864) | (24,072,217) |
| Total Equity | <u>483,284</u> | <u>665,438</u> |

The above statement should be read in conjunction with the accompanying notes.

EURAUST LTD
STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2004

| | <u>30 Jun 2004</u> Consolidated \$ | <u>30 June 2003</u> Consolidated \$ |
|--|--|---|
| Cash Flows from Operating Activities | | |
| Receipts from customers and other revenue received | - | 790,940 |
| Payments to suppliers and employees | (196,429) | (1,917,901) |
| Interest received | 7,986 | 28,133 |
| Indirect taxes refunded | 17,172 | 21,331 |
| | <hr/> | <hr/> |
| Net cash used in operating activities | (171,271) | (1,077,497) |
| Cash Flows from Investing Activities | | |
| Proceeds from sale of investments | - | 16,948 |
| Loans to other entities | - | (325,000) |
| Loans from other entities | 30,000 | |
| Other | - | (31,239) |
| | <hr/> | <hr/> |
| Net cash provided by/(used in) investing activities | 30,000 | (339,291) |
| Cash Flows from Financing Activities | | |
| Proceeds from issue of shares and options | 31,503 | - |
| | <hr/> | <hr/> |
| Net cash provided by financing activities | 31,503 | <hr/> |
| Net decrease in Cash Held | (109,768) | (1,416,788) |
| Cash at the Beginning of the Half Year | 406,262 | 2,757,338 |
| | <hr/> | <hr/> |
| Cash at the End of the Half Year | 296,494 | 1,340,550 |

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

EURAUST LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies that have been adopted in the preparation of this financial report are:

(a) Basis of preparation

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001; Accounting Standard AASB 1029: Interim Financial reporting, Urgent Issues Group consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 31 December 2003 and any public announcements made by Euraust Ltd and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the entities in the economic entity and are consistent with those applied in the 31 December 2003 annual report.

The half-year report does not include the full disclosures of the type normally included in an annual financial report.

2. Contributed Equity

There were no movements in the issued and paid up ordinary capital of the economic entity during the half year ended 30 June 2004.

3. Option Premium Reserve

| | |
|---------------------------------|----------------|
| | \$ |
| Issue of options – January 2004 | 31,503 |
| Capital raising costs | <u>(2,010)</u> |
| Option Premium reserve | <u>29,493</u> |

4. Dividends

No dividends have been paid or provided for in the period.

EURAUST LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2004

5. Contingencies and commitments

Following a judicial hearing, the amount claimed by an ex-employee of Betworks Pty Ltd was settled for \$4,046.

In July 2004, the company entered into agreements to sell its subsidiary company Betworks Pty Ltd and to eliminate further amounts due in relation to the purchase of Betworks Pty Ltd. The settlement of these contracts is subject to the purchasers meeting the probity requirements of the ACT Gaming and Racing Commission.

Except for the foregoing, there have been no changes to the contingent liabilities of the economic entity as disclosed in the financial statements for the year ended 31 December 2003.

6. Segment Information

The economic entity operates within Western Australia in the investment industry.

7. Events subsequent to Reporting Date

In August 2004, Euraust entered into an agreement with TMS Global Services Pty Ltd for the repayment of the secured loan and the sale of Euraust's interest in the website www.ozlotteries.com. The anticipated proceeds of the repayment and sale are \$425,000, of which \$400,000 is receivable on 31 August 2004 and \$25,000 is receivable on or before 31 December 2004.

Except for the foregoing, no matters or circumstances have arisen since the end of the half year which will significantly affect, or may significantly affect, the state of affairs or operations of the consolidated entity subsequent to the half year ended 30 June 2004.

8. Comparatives

The comparative loss per share for the half year ended 30 June 2003 has been re-stated as a result of the consolidation of capital in the year ended 31 December 2003

9. International Accounting Standards

The Australian Accounting Standards Board is adopting the Standards of the International Accounting Standards Board for application to reporting periods beginning on or after 1 January 2005. Pending Accounting standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' prescribes transitional provision for first-time adopters.

AASB 1047 'Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards' requires financial reports to disclose information about the impacts of any changes in accounting policies in the transition period leading up to the adoption date and will apply for December 2004 reporting.

EURAUST LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2004

The company has allocated internal resources and in conjunction with its auditors is assessing those accounting policies and key areas that are likely to be impacted by the transition to International Financial Reporting Standards (IFRS). As the company has a 31 December year end, priority has been given to the consideration of the impact of the Australian equivalents to the IFRS and the preparation of a balance sheet in accordance with those Australian equivalent standards as at 30 December 2004. This will form the basis of accounting for Australian equivalents of IFRS in the future, and is required when the company prepares its first fully IFRS compliant report for the year ended 31 December 2005. As required by AASB 1047, the key accounting policies which will change and may have an impact on the financial report of the company are set out below.

Goodwill

Under the Australian equivalents to IFRS 3 "Business Combinations" and IFRS 28 "Accounting for Investments in Associates", goodwill acquired on a business combination or in acquiring an investment in an associate company will no longer be able to be amortised, but instead will be subject to annual impairment testing. Under the new policy, amortisation will no longer be charged and if there is any impairment, it will be recognized immediately through the statement of financial performance.

Taxation

Under the Australian equivalent to IAS 12 "Income Taxes", a balance sheet approach will be adopted for calculating taxation, replacing the "statement of financial performance approach". This method recognizes deferred tax balances for all temporary differences arising between the carrying value of an asset or liability and its tax base. Whilst there will be enhanced disclosure of the composition of the deferred tax assets and liabilities it is not expected that there will be any significant impact in terms of the statement of financial position or performance.

Financial Instruments

Under AASB 139 "Financial Instruments: Recognition and Measurement" financial instruments will be required to be classified into five categories and to be measured based on the nature of the classification. The five categories and basis of measurement are:

- Financial asset or financial liability measured at fair value through the statement of financial performance
- Held to maturity investments measured at amortised cost, subject to impairment
- Loans and receivables measured at amortised cost, subject to impairment
- Available for sale assets measured at fair value with changes in fair value measured directly in equity
- Financial liability measured at amortised cost

This will result in a change in the current accounting policy that does not classify financial instruments.

EURAUST LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2004

Share based payments

The group currently does not recognize an expense for options issued to directors and staff. Under AASB 2 "Share Based Payments", the company will be required to recognize an expense for all share based remuneration, including options, and will amortise those expenses over the relevant vesting periods.

Intangible assets

Under the Australian equivalent to IAS 38 "Intangible Assets", intangibles acquired in a business combination and which have finite useful lives must be amortised over their useful lives. Internally generated goodwill, brands, costs related to research activities and items similar in substance may not be recognized as assets. All expenditure on research must be expensed when it is incurred. This will result in a change in the company's current accounting policy which allows for the capitalisation of costs incurred in the research phase of an internally generated intangible asset where future benefits are expected beyond a reasonable doubt. The derecognition of intangibles that do not qualify for recognition could impact significantly on the company's equity.

Impairment of Assets

Under the Australian equivalent to IAS 36 "Impairment of Assets" the recoverable amount of an asset is determined as the higher of net selling price and value in use. This will result in the company's current accounting policy which determines recoverable amount of an asset on the basis of discounted (undiscounted) cashflows. Under the new policy it is likely that the impairment of assets will be recognized sooner and the amount of write downs will be greater.

EURAUST LTD

Directors' Declaration

The Directors of Euraust Ltd declare that:

1. The financial statements and notes as set out on pages 1 to 8:
 - (a) comply with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2004 and of its results for the half-year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that Euraust Ltd will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

For and on behalf of the Board of Directors



Jonathan Asquith
Director

Dated this 31st day of August 2004



STANTON PARTNERS

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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 EURAUST LTD

Scope

We have reviewed the financial report of Euraust Ltd (the Company) for the half-year ended 30 June 2004 as set out on pages 2 to 9. 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 and Investments Commission.

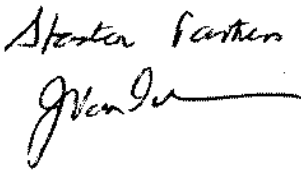
Our review has been conducted in accordance with Australian Auditing and Assurance Standards applicable to review engagements. A review is limited primarily to inquiries of the disclosing entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the 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 Euraust Ltd 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 30 June 2004 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.

STANTON PARTNERS



J P Van Dieren
Partner

West Perth, Western Australia
31 August 2004

EURAUST LTD
ADDITIONAL STOCK EXCHANGE INFORMATION

The additional information is required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report.

For announcement to the market

| <i>Extracts from this report for announcement to the market (see note 1).</i> | \$A'000 |
|--|---------|
| 2.1 Revenues from ordinary activities (<i>item 1.1</i>) | 9 |
| 2.2 Loss from ordinary activities after tax attributable to members (<i>item 1.22</i>) | 212 |
| 2.3 Net Loss for the period attributable to members (<i>item 1.11</i>) | 212 |

2.4 Dividends (distributions)

The company has not declared a dividend for the period.

Brief explanation of any of the figures reported above (see Note 1) and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

None

3.0 Net tangible assets per security 30.6.04: 4.2 Cents (31.12.03: 5.7 Cents)

4.0 No new entities were acquired during the period

5.0 No dividends were paid during the period

6.0 The company does not have a dividend re-investment plan

7.0 Associated Company

Euraust owns 33.33% of the share capital of Market United Pty Ltd. Euraust's share of the profit after tax of Market United for the 6 months ended 30 June 2004 was \$35,132.