



FAST SCOUT LIMITED

ABN 94 088 488 724

Appendix 4E
Preliminary Final Report

For Year Ended 30 June 2003

www.fastscout.com

www.virtualweb.com.au

RESULTS FOR ANNOUNCEMENT TO MARKET

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

Current Reporting Period: 30 June 2003

Previous Corresponding Period: 30 June 2002

For and on behalf of the directors,



.....
Victor Ho
Company Secretary

Date: 11 September 2003

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue and Net Profit (Loss)

Revenue from ordinary activities	down	21%	to	\$132,630
Profit (loss) from ordinary activities after tax attributable to members	down	84%	to	(\$1,675,522)
Net profit (loss) for the period attributable to members	down	84%	to	(\$1,675,522)

Dividends

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

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

The Consolidated Entity incurred classification works costs of \$1,168,613 during the current reporting period (2002: \$241,376) and wrote-down the carrying value of its investment in the Portal Technology assets to a combined value of \$873,882 as at 30 June 2003 (31 December 2002: \$1.5m; 30 June 2002: \$2m). The amount written-down (expensed) was \$192,445 for the current reporting period (2002: \$8,859,246).

The Company had commercially launched the Fast Scout Portal and Virtual Web service on 9 April 2002. All development costs incurred up to the launch date were capitalised as an asset in the Company's accounts (with a review of its carrying value conducted as at 31 December and 30 June each year). Thereafter, all such costs have been expensed as incurred.

The Consolidated Entity also expensed \$254,271 losses attributable to its Associate, Altera Capital Limited (formerly Bigshop.com.au Ltd) (2002: (\$58,913)).

COMMENTARY ON RESULTS AND OTHER SIGNIFICANT INFORMATION

Fast Scout Limited (“Company” or “Fast Scout”) has prepared a consolidated financial report incorporating the entities that it controlled during the financial year. Controlled entities are Virtual Web Pty Ltd ABN 12 102 978 370 (controlled from incorporation on 28 November 2002) and Fast Scout, Inc. (controlled throughout the financial year).

Fast Scout has also accounted for its 21.74% interest in ASX listed Altera Capital Limited ABN 55 082 541 437 (formerly Bigshop.com.au Ltd) as at 30 June 2003 as an investment in an Associate entity (on an equity accounting basis) 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 sale and marketing and on-going development of the Virtual Web Employee Internet Management (“EIM”) service and management of its share investments.

OPERATING RESULTS

	Consolidated Entity	2002
	2003	2002
	\$	\$
Net profit (loss) from ordinary activities after tax attributable to members reported for the 1st half year	(\$865,241)	(\$730,428)
Net profit (loss) from ordinary activities after tax attributable to members for the 2nd half year	(\$810,281)	(\$9,980,316)
Net profit (loss) from ordinary activities after tax attributable to members for financial year	(\$1,675,522)	(\$10,710,744)

EARNINGS PER SHARE

	Consolidated Entity	2002
	2003	2002
Basic earnings per share (cents)	(2.05)	(12.56)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted earnings per share	81,593,281	85,281,479

NET TANGIBLE ASSET BACKING

	Consolidated	Company
	2003	2002
Net assets	\$3,520,361	\$5,195,672
Less intangible assets – Portal Technology:		
Prepaid classification works	(\$167,810)	(\$1,216,950)
Portal development works	(\$706,072)	(\$783,050)
Net tangible assets	\$2,646,479	\$3,195,672
Fully paid ordinary shares on issue at balance date	81,593,281	81,593,281
Net tangible asset backing per fully paid ordinary share as at Balance Date (cents)	3.24	3.92

COMMENTARY ON RESULTS AND OTHER SIGNIFICANT INFORMATION

REVIEW OF OPERATIONS

1. Commercialisation of Virtual Web

Sales of Virtual Web, an Employee Internet Management (EIM) service, 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 and Dale Christian School), as well as the City of Perth local council 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. Based upon its experiences over the last 12 months, it has become clear that in order to reach the volume of sales necessary to justify continued commitment to this business, the Company needs to make the Virtual Web service available across a range of customer platforms and utilise a range of additional sales channels to promote the service. Accordingly the Company's focus over the next 6 months, in addition to continuing to promote Virtual Web in its current form, is to develop versions of Virtual Web that can be easily installed by customers on their own hardware platforms. Subject to the commercial viability of such version of Virtual Web, the Company will investigate appropriate distribution channels and reseller partners to actively promote these products.

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 conducted a thorough strategic review of the commercial advancement of Virtual Web after the end of the financial year. Following this review it was decided to undertake the development of a software-only version of Virtual Web and continue to support the business model. The Company will review its plans for this business model towards the end of the current calendar year, giving the Company sufficient time to test the market with the new software versions of Virtual Web.

2. On-Market Buy-Back Of Shares

On 26 June 2002, the Company announced an intention to commence an on-market "within 10/12 limit" share buy-back pursuant to Part 2J.1 Division 2 of the Corporations Act 2001. That is, the Company is permitted to buy-back on-market up to 10% of its issued ordinary share capital within a 12 month period. The Directors note that the buy-back of shares at prices below the Company's net tangible asset backing per share will improve the net tangible asset backing per share for remaining shareholders.

To this end, 3,708,519 fully paid ordinary shares were bought-back on 28 June 2002 at a cost of \$63,872 (including transaction costs) with such shares being cancelled on 4 July 2002.

The Company was authorised to buy-back up to a further 4,821,661 shares by 26 June 2003. However, the Company did not buy-back any further shares during the financial year and announced the end of this on-market buy-back effective 26 June 2003.

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2003

	Note	Consolidated	Company	
		Entity	2003	2002
		2003	2003	2002
		\$	\$	\$
Sales revenue	2	22,525	-	1,595
Cost of sales	2	(17,500)	-	(600)
Gross Profit		<u>5,025</u>	<u>-</u>	<u>995</u>
Other revenue from ordinary activities	2	110,105	109,905	165,444
Non-operating revenue	2	43	43	13,991
Classification works costs	2	(1,168,613)	(1,168,613)	(241,376)
Occupancy costs	2	(33,509)	(33,509)	(29,809)
Finance costs	2	(3,259)	(2,266)	(2,162)
Borrowing costs	2	(200)	(200)	(64)
Corporate costs - Diminution in share investments	2	(17,769)	(218,893)	(748,582)
Corporate costs - Portal Technology amortisation	2	(192,445)	(192,446)	(8,859,245)
Corporate costs - others	2	(376,624)	(408,375)	(837,383)
Administration costs	2	(162,969)	(148,436)	(113,640)
Equity share of associate net losses	2 & 6	(254,271)	-	(58,913)
Write back of provision for diminution in value of investment in Associate	2 & 6	418,964	418,964	-
Loss from ordinary activities before income tax expense		<u>(1,675,522)</u>	<u>(1,643,826)</u>	<u>(10,710,744)</u>
Income tax expense relating to ordinary activities		-	-	-
Net loss attributable to members of the company	10	<u>(1,675,522)</u>	<u>(1,643,826)</u>	<u>(10,710,744)</u>
Total changes in equity other than those resulting from transactions with owners as owners		<u>(1,675,522)</u>	<u>(1,643,826)</u>	<u>(10,710,744)</u>
Earnings per share				
Basic (cents per share)	11	(2.05)	(2.01)	(12.56)

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

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2003

	Note	Consolidated	Company	
		Entity	2003	2002
		2003	2003	2002
		\$	\$	\$
Cash	18(b)	1,695,962	1,692,619	2,707,393
Receivables	3	49,433	31,225	109,744
Other		579	579	35,768
TOTAL CURRENT ASSETS		1,745,974	1,724,423	2,852,905
NON CURRENT ASSETS				
Receivables		14,266	14,266	13,776
Property, plant and equipment	4	76,132	76,132	94,923
Other financial assets	5	213,770	972,883	28,943
Investments accounted for using equity method	6	705,866	-	541,173
Portal technology:				
Prepaid classification works	7	167,810	167,810	1,216,950
Other development works	7	706,072	706,072	783,050
TOTAL NON CURRENT ASSETS		1,883,916	1,937,163	2,678,815
TOTAL ASSETS		3,629,890	3,661,586	5,531,720
CURRENT LIABILITIES				
Payables	8	107,339	107,339	335,060
Provisions		2,190	2,190	988
TOTAL CURRENT LIABILITIES		109,529	109,529	336,048
NET ASSETS		3,520,361	3,552,057	5,195,672
EQUITY				
Contributed Equity	9	16,414,372	16,414,372	16,414,161
Accumulated losses	10	(12,894,011)	(12,862,315)	(11,218,489)
TOTAL EQUITY		3,520,361	3,552,057	5,195,672

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2003

	Note	Consolidated	Company	
		Entity	2003	2002
		2003	2003	2002
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers		5,998	-	1,755
Payments to suppliers and employees		(923,470)	(920,516)	(816,537)
Interest received		116,300	116,101	161,741
Interest paid		(200)	(200)	(64)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	18(a)	(801,372)	(804,615)	(653,105)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for plant & equipment		(7,506)	(7,506)	(26,027)
Proceeds from sale of equipment		43	43	-
Payments for portal technology development works		-	-	(393,504)
Payments for investments in listed securities		(202,596)	(202,596)	(912,110)
Payments for investment in subsidiary		-	(100)	-
Payments for other investments		-	-	(115,500)
Proceeds from sale of investments		-	-	13,991
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(210,059)	(210,159)	(1,433,150)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment for share buy back		-	-	(64,575)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		-	-	(64,575)
NET INCREASE/(DECREASE) IN CASH ASSETS HELD		(1,011,431)	(1,014,774)	(2,150,830)
Add opening cash assets brought forward		2,707,393	2,707,393	4,858,223
CLOSING CASH ASSETS AT END OF YEAR	18(b)	1,695,962	1,692,619	2,707,393

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

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

1. BASIS OF PREPARATION

This Preliminary Final Report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

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

	Consolidated Entity 2003 \$	Company 2003 2002 \$ \$	
2. LOSS FROM ORDINARY ACTIVITIES			
The operating loss from ordinary activities before income tax includes the following items of revenue and expense:			
(a) Operating revenue			
Sales revenue			
Virtual Web	22,525	-	1,595
Other revenue			
Interest received - other	110,105	109,905	165,444
	<u>132,630</u>	<u>109,905</u>	<u>167,039</u>
(b) Non-operating revenue			
Proceeds from sale of assets	43	43	-
Proceeds from sale of investments	-	-	13,991
	<u>43</u>	<u>43</u>	<u>13,991</u>
Total revenue	<u>132,673</u>	<u>109,948</u>	<u>181,030</u>
(c) Expenses			
Cost of sales	17,500	-	600
Operating expenses			
Classification works	1,168,613	1,168,613	241,376
Occupancy costs	33,509	33,509	29,809
Finance costs	3,259	2,266	2,162
Borrowing costs - interest paid	200	200	64
Administration costs			
Communications	20,505	20,505	25,648
Consultancy fees	142,464	127,931	87,992
Corporate costs			
Takeover and related matters	(47,107)	(47,107)	306,904
Cost of shares sold	-	-	21,693
Cost of assets sold	84	84	-
Depreciation - property, plant and equipment	26,213	26,213	36,269
Write-off - other investments	-	-	117,000
Personnel costs	259,741	259,741	216,994
Provision for employee entitlements	11,163	11,163	7,287
Provision for diminution - share investments	17,769	218,893	748,582
Provision for non recovery	7,445	39,200	-
Write-down of Portal Technology	192,445	192,446	8,859,245
Other corporate expense	119,085	119,081	131,236
Equity share of Associate's losses	254,271	-	58,913
Write back of provision for diminution in value of investment in Associate	(418,964)	(418,964)	-
	<u>1,808,195</u>	<u>1,753,774</u>	<u>10,891,774</u>

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

3. CURRENT RECEIVABLES	Consolidated	Company	
	Entity	2003	2002
	2003	2003	2002
	\$	\$	\$
Amounts receivable from			
Trade debtors	16,527	-	-
Sundry debtors	-	-	69,009
Directors and Director Related Entities	-	-	6,363
Goods and services tax recoverable	13,540	11,859	15,006
Others	19,366	19,366	19,366
	<u>49,433</u>	<u>31,225</u>	<u>109,744</u>

4. PROPERTY, PLANT AND EQUIPMENT

	Plant and	Leasehold	Total
	Equipment	Improve- ments	
	\$	\$	\$
Consolidated Entity			
Gross Carrying Amount			
Balance at 30 June 2002	139,135	21,788	160,923
Additions	7,506	-	7,506
Disposals	(109)	-	(109)
Balance at 30 June 2003	<u>146,532</u>	<u>21,788</u>	<u>168,320</u>
Accumulated Depreciation			
Balance at 30 June 2002	(59,186)	(6,814)	(66,000)
Depreciation expense	(23,967)	(2,246)	(26,213)
Disposals	25	-	25
Balance at 30 June 2003	<u>(83,128)</u>	<u>(9,060)</u>	<u>(92,188)</u>
Net Book Value			
As at 30 June 2002	79,949	14,974	94,923
As at 30 June 2003	<u>63,404</u>	<u>12,728</u>	<u>76,132</u>

5. OTHER NON-CURRENT FINANCIAL ASSETS	Consolidated	Company	
	Entity	2003	2002
	2003	2003	2002
	\$	\$	\$
Investments comprise:			
Shares and options in listed corporations - at cost	489,810	1,779,627	287,215
Shares in private companies - at cost	-	-	54,211
Shares in controlled entities - at cost	-	100	-
Less: provision for diminution	(276,040)	(806,844)	(312,483)
	<u>213,770</u>	<u>972,883</u>	<u>28,943</u>
Market value of investments at 30 June 2003:			
Shares in listed companies	218,075	558,125	28,943

(a) Investment in Controlled Entities

	Percentage of Ownership	
	2003	2002
Virtual Web Pty Ltd (ABN 12 102 978 370)	100%	0%
Incorporated in Western 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 is not currently engaged in any activities. Consolidation of the accounts of Fast Scout Inc. has not been performed because Fast Scout Inc. has not engaged in any activities since incorporation and has no material assets and liabilities.		

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

6. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name of Associate Entity	Principal Activity	Ownership Interest	Consolidated Carrying Amount	
			2003	2002
Altera Capital Ltd (formerly Bigshop.com.au Ltd) ("AEA")	Project management, software development and IT consultancy services and management of its investments	21.74%	\$ 705,866	\$ 541,173

Movement in Investments in Associates

Equity accounted amount of investment at the beginning of the financial year	541,173	600,086
Share of losses from ordinary activities before income tax expense	(254,271)	(58,913)
Share of income tax expense related to ordinary activities	-	-
Write back of provision for diminution in value	418,964	-
Equity accounted amount of investment at the end of the financial year	705,866	541,173
Market value as at 30 June 2003	340,049	600,086

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.

Based on such last closing price of 1.70 cents per share, the value of the Company's investment in AEA as at 30 June 2003 was \$340,049.

Notwithstanding the above, the Directors are of the opinion that the recoverable value of the investment in AEA is at least equal to the carrying value of \$705,886 (or 3.53 cents per share) for the reasons stated below:

- The investment represents 21.74% of AEA's issued share capital and its last traded price (being 18 days before the Balance Date) is not necessarily indicative of the value of such a significant strategic parcel of shares held as a non-current investment;
- The Company's share of the net asset value of AEA at 30 June 2003 was significantly in excess of the last traded ASX price of 1.70 cents per share. As at 30 June 2003, AEA's net tangible asset ("NTA") backing was 4.80 cents per share, valuing the investment at \$960,371;
- AEA has advised that the NTA backing of the company should rise upon the conclusion of its buy-back as the buy-back price of 4.20 cents is likely to be below the NTA backing per share of the company at the time of completion of the buy-back on 17 September 2003.

Summarised Financial Position of Associates

	2003	2002
	\$	\$
Current assets:		
Cash	2,977,525	4,209,613
Receivables	22,593	58,408
Other	2,000	2,000
Non-current assets:		
Property, plant and equipment	33,616	65,889
Other financial assets	10,716	-
Investments equity accounted	2,408,869	-
Others	-	2,905,024
Current liabilities:		
Payables	(1,031,433)	(1,753,888)
Provisions	(5,935)	(65,241)
Net assets	4,417,951	5,421,805
Net losses	(1,169,714)	(1,944,184)

Expenditure Commitments

	2003	2002
	\$	\$
The Consolidated Entity's share of expenditure commitments of its Associate are as follows:		
Non-cancellable lease commitments		
Not longer than 1 year	4,348	5,217
Longer than 1 year and not longer than 2 years	-	4,348
	4,348	9,565

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

7. PORTAL TECHNOLOGY

	Consolidated		Company	
	Entity			
	2003	2003	2002	
	\$	\$	\$	
(a) Prepaid Classification Works	5,560,085	5,560,085	6,493,758	
Recoverable Amount Written Down	(5,392,275)	(5,392,275)	(5,276,808)	
Total Prepaid Classification Works	167,810	167,810	1,216,950	
(b) Portal Technology Development Works:				
(i) Category Works	30,877	30,877	30,877	
Recoverable Amount Written Down	(30,877)	(30,877)	(30,877)	
(ii) Portal Delivery System Development Works	156,183	156,183	156,183	
Recoverable Amount Written Down	(156,183)	(156,183)	(156,183)	
(iii) Classification Works	4,178,428	4,178,428	4,178,428	
Recoverable Amount Written Down	(3,472,356)	(3,472,356)	(3,395,378)	
Total Portal Technology Development Works	706,072	706,072	783,050	

Summary of Portal Technology

Prepaid Classification Works	5,560,085	5,560,085	6,493,758
Category Works	30,877	30,877	30,877
Portal Delivery System Development Works	156,183	156,183	156,183
Classification Works	4,178,428	4,178,428	4,178,428
Accumulated write-downs	(9,051,691)	(9,051,691)	(8,859,246)
Total Portal Technology	873,882	873,882	2,000,000

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 year, the Company received a total of 291,973 (2002: 466,984) classified business-related website URL's from Data Base Systems Ltd at a cost of \$1,138,054 (2002: \$1,820,220), comprising:

- (i) \$933,673 drawn-down from prepayments (2002: \$1,493,331); and
- (ii) a cash component of \$204,381 (2002: \$326,889).

The Company incurred total classification works expenses of \$1,168,613 during the financial year, including the above costs.

The Company notes that the commercial Virtual Web service has only been effectively marketed for 12 months (since the appointment of the Sales and Marketing Manager in August 2002) and the Internet sector in which the Company operates is inherently uncertain and that the ultimate recoverability of the Portal Technology assets is highly dependent upon the success of their commercialisation and the generation of sufficient future economic benefits from the same.

In light of such factors and a review of the commercial prospects of the Virtual Web service, the Board has also determined to expense (write-down) the carrying value of its investment in the Portal Technology assets to a combined value of \$873,882 as at 30 June 2003 (31 December 2002: \$1.5m; 30 June 2002: \$2m). The amount written-down (expensed) during the financial year was \$192,446 (2002: \$8,859,246).

(The Board had previously expensed/written-down the value of the Portal Technology to \$1.5m as at the half-year ended 31 December 2002. Accordingly, the movement of (\$1,126,118) between 30 June 2002 and Balance Date balances is as a result of the \$933,673 drawn-down from prepayments during the financial year and a \$192,445 write-down in the recoverable amount of the Portal Technology (inclusive of the write-down to 31 December 2002)).

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

8. CURRENT PAYABLES

	Consolidated Entity 2003	Company	
	2003	2003	2002
	\$	\$	\$
Trade creditors	2,349	2,349	72,879
Other creditors and accruals	18,528	18,528	164,453
Amounts due to Directors and/or Director Related Entities	80,736	80,736	34,216
Unmarketable parcel trust account	5,726	5,726	63,512
	<u>107,339</u>	<u>107,339</u>	<u>335,060</u>

9. CONTRIBUTED EQUITY

(a) Issued and Paid-Up Capital

81,593,281 fully paid ordinary shares (2002: 81,593,281)	<u>16,414,372</u>	<u>16,414,372</u>	<u>16,414,161</u>
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No of shares

(b) Movement in Ordinary Share Capital

Balance at beginning of financial year	81,593,281	16,414,161	16,478,033
Add: share buy back cost	-	211	(63,872)
Balance at end of financial year	<u>81,593,281</u>	<u>16,414,372</u>	<u>16,414,161</u>

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

10. ACCUMULATED LOSSES

	Consolidated Entity 2003	Company	
	2003	2003	2002
	\$	\$	\$
Balance at beginning of the year	(11,218,489)	(11,218,489)	(507,745)
Net loss	(1,675,522)	(1,643,826)	(10,710,744)
Balance at end of financial year	<u>(12,894,011)</u>	<u>(12,862,315)</u>	<u>(11,218,489)</u>

11. EARNINGS PER SHARE

Basic loss per share (cents)	<u>(2.05)</u>	<u>(2.01)</u>	<u>(12.56)</u>
Net Loss	<u>(1,675,522)</u>	<u>(1,643,826)</u>	<u>(10,710,744)</u>
Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share	<u>81,593,281</u>	<u>81,593,281</u>	<u>85,281,479</u>

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

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

12. EXPENDITURE COMMITMENTS

	Consolidated	Company	
	Entity	2003	2002
	2003	2003	2002
	\$	\$	\$
Cash Contractual Commitments			
Not longer than one year	442,581	442,581	380,814
Longer than one year and not longer than 2 years	442,581	442,581	400,400
Longer than 2 years and not longer than 5 years	331,935	331,935	640,264
	<u>1,217,097</u>	<u>1,217,097</u>	<u>1,421,478</u>

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) at a cash cost of \$0.70 per URL. At the Balance Date, 1,407,290 URL's have been classified. There remains a further 1,738,710 URL's to be classified over the balance of the term of the agreement (scheduled for completion in April 2006). The above cash contractual commitments are based on such balance of classification works at an average rate of ~52,688 website URL's per month. Please refer to Note 7 for more details about the nature of the agreement and contractual commitments therein.

The satisfaction of liabilities under the Portal Classification Agreement drawn from prepayments of \$10,060,340 is not included in the above Expenditure Commitments. The Company notes that 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 only \$167,810 as at Balance Date (2002: \$1,216,950) (as described in Note 7). Accordingly, 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	Company	
	Entity	2003	2002
	2003	2003	2002
	\$	\$	\$
Not longer than one year	167,810	167,810	326,021
Longer than one year and not longer than 2 years	-	-	342,789
Longer than 2 years and not longer than 5 years	-	-	548,140
	<u>167,810</u>	<u>167,810</u>	<u>1,216,950</u>

13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Consolidated Entity does not have any contingent assets or liabilities, save for commitments pursuant to the Portal Classification Agreement disclosed in Note 12.

14. ASSOCIATES AND JOINT VENTURES

The Consolidated Entity did not undertake any investments in associated entities or joint ventures during the financial year, save as disclosed in Note 6 (Investments Accounted For Using The Equity Method).

15. DISCONTINUING OPERATIONS

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

16. GAIN/LOSS OF CONTROL OF ENTITIES

There were no entities over which control had been gained or lost by the Consolidated Entity during the financial year, save as disclosed in Note 5 (Other Non-Current Financial Assets).

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

17. SEGMENT REPORTING

The Consolidated Entity currently operates in the geographical region of Australia within the Internet portal technologies industry.

Segment Revenues & Results	External Revenue		Operating results	
	2003	2002	2003	2002
	\$	\$	\$	\$
Portal Technology	22,525	1,595	(1,432,178)	(9,099,626)
Investments	-	13,991	(224,933)	(932,197)
	22,525	15,586	(1,657,111)	(10,031,823)
Unallocated	110,148	165,444	(18,411)	(678,921)
	132,673	181,030		
Loss from ordinary activities before income tax			(1,675,522)	(10,710,744)
Income tax expense relating to ordinary activities			-	-
Loss from ordinary activities after income tax			(1,675,522)	(10,710,744)

Segment Assets & Liabilities	Assets		Liabilities	
	2003	2002	2003	2002
	\$	\$	\$	\$
Portal Technology	895,433	2,000,000	(80,735)	(126,650)
Investments	919,636	570,116	-	-
	1,815,069	2,570,116	(80,735)	(126,650)
Unallocated	1,814,821	2,961,604	(28,794)	(209,398)
	3,629,890	5,531,720	(109,529)	(336,048)

Other Segment Information	Portal Technology		Investments	
	2003	2002	2003	2002
	\$	\$	\$	\$
Carrying value of investments accounted for using the equity method	-	-	705,866	541,173
Share of net losses of associate company accounted for under the equity method	-	-	(254,271)	(58,913)
Acquisition of segment assets	-	1,602,394	(202,596)	1,027,611
Depreciation and amortisation of segment assets	-	26,374	-	-
Other non-cash expenses				
Write down of segment assets	(192,445)	(8,859,245)	-	-
Write off of segment assets	-	-	-	(117,000)
Diminution of segment assets	-	-	(17,769)	(748,582)

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

18. STATEMENT TO CASH FLOWS

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

	Consolidated	Company	
	Entity	2003	2002
	2003	2003	2002
	\$	\$	\$
Operating loss after tax	(1,675,522)	(1,643,826)	(10,710,744)
Depreciation - property, plant & equipment	26,213	26,213	36,269
Classification works	1,168,613	1,168,613	241,376
Loss on sale of investments	-	-	7,702
Loss on sale of assets	41	41	-
Write-off - investments	-	-	117,000
Provision for diminution - share investments	17,769	218,893	748,582
Write-down of Portal Technology	192,445	192,446	8,859,245
Equity share of Associate's losses	254,271	-	58,913
Write back of provision for diminution in value of investment in Associate	(418,964)	(418,964)	-
Decrease/(Increase) in assets:			
Receivables	(194,270)	(176,060)	(12,411)
Other current assets	-	-	(5,405)
Increase in liabilities:			
Trade creditors and accruals	(173,170)	(171,971)	7,263
Provisions	1,202	-	(895)
Net cash outflows from operating activities	<u>(801,372)</u>	<u>(804,615)</u>	<u>(653,105)</u>

(b) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

Cash at bank	201,989	198,646	77,337
Bank bills	1,493,973	1,493,973	2,630,056
	<u>1,695,962</u>	<u>1,692,619</u>	<u>2,707,393</u>

STATUS OF AUDIT

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

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

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

None noted