

**SINO SECURITIES INTERNATIONAL LIMITED**  
**(ABN 99 006 620 739)**

**APPENDIX 4E**  
**PRELIMINARY FINAL REPORT**

Please note the following information required under ASX Listing Rule 4.3A.

1. Current reporting period                    30 June 2004  
    Previous corresponding period        30 June 2003

**2. Results for announcement to the market**

	Compared with the previous corresponding period			
2.1 Revenues from ordinary activities	DOWN	4.6%	to	\$1,815,997
2.2 Loss from ordinary activities after tax attributable to members	UP	159.3%	to	(\$2,715,560)
2.3 Net loss for the period attributable to members	UP	159.3%	to	(\$2,715,560)
2.4 No dividends is proposed or paid during the reporting period and the previous corresponding period.				
2.5 Not applicable				
2.6 For explanation relating to item 2.1, 2.2 and 2.3 please see <b>item 14</b>				

### 3. STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2004

	Note	30 Jun 04 \$	30 Jun 03 \$
<b>Revenues from ordinary activities</b>	3.1	<b>1,815,997</b>	1,902,580
Sharebroking and underwriting expenses		<b>(51,710)</b>	(38,847)
Virtual Internet Service network operating expense		<b>(295,117)</b>	(561,382)
Marketing expense		<b>(38,601)</b>	(60,075)
Employee benefits expense		<b>(2,044,096)</b>	(2,205,621)
Depreciation and amortisation expenses	3.2	<b>(326,852)</b>	(451,854)
Research and development expense		<b>(4,995)</b>	(3,683)
Provision for diminution in equity investments	3.2	<b>(2,913,000)</b>	–
Share of net losses of associates accounted for using the equity method	4.3	<b>(5,896)</b>	(3,922)
Other expenses from ordinary activities	3.2	<b>(720,043)</b>	(973,564)
<b>Profit (Loss) from ordinary activities before income tax expense</b>		<b>(4,584,313)</b>	(2,396,368)
Income tax expense relating to ordinary activities	3.3	–	–
<b>Net profit (loss)</b>		<b>(4,584,313)</b>	(2,396,368)
Net loss attributable to outside equity interest		<b>1,868,753</b>	1,349,283
<b>Net profit (loss) attributable to members of the Parent Entity</b>		<b>(2,715,560)</b>	(1,047,085)
<b>Total revenues, expenses and valuation adjustments attributable to members of the Parent Entity and recognised directly in equity</b>		<b>–</b>	<b>–</b>
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>		<b>(2,715,560)</b>	(1,047,085)
<b>Basic earnings (loss) per share</b>	3.4	<b>(18.2) cents</b>	(7.0) cents
<b>Diluted earnings (loss) per share</b>	3.4	<b>(18.2) cents</b>	(7.0) cents

Please refer to Attachment "A" for notes to the Statement of Financial Performance.

#### 4. STATEMENT OF FINANCIAL POSITION

As at 30 June 2004

	Note	30 Jun 04 \$	30 Jun 03 \$
<b>Current assets</b>			
Cash assets		506,188	69,779
Receivables	4.1	636,477	146,255
Other financial assets	4.2	163,611	3,076,611
Other	4.5	44,498	46,815
<b>Total current assets</b>		<b>1,350,774</b>	<b>3,339,460</b>
<b>Non-current assets</b>			
Investments accounted for using the equity method	4.3	222	6,118
Property, plant and equipment	4.4	198,753	523,456
<b>Total non-current assets</b>		<b>198,975</b>	<b>529,574</b>
<b>Total assets</b>		<b>1,549,749</b>	<b>3,869,034</b>
<b>Current liabilities</b>			
Payables	4.6	912,283	622,512
Provisions	4.7	351,968	346,756
<b>Total current liabilities</b>		<b>1,264,251</b>	<b>969,268</b>
<b>Non-current liabilities</b>			
Provisions	4.7	7,029	6,721
<b>Total non-current liabilities</b>		<b>7,029</b>	<b>6,721</b>
<b>Total liabilities</b>		<b>1,271,280</b>	<b>975,989</b>
<b>Net assets</b>		<b>278,469</b>	<b>2,893,045</b>
<b>Equity</b>			
Parent Entity interest			
– Contributed equity	4.8	11,248,753	11,248,753
– Reserves	4.9	16,643,873	16,643,873
– Accumulated losses	4.9	(27,659,313)	(24,943,753)
Total Parent Entity interest in equity		233,313	2,948,873
Total outside equity interest		45,156	(55,828)
<b>Total equity</b>		<b>278,469</b>	<b>2,893,045</b>

Please refer to Attachment "B" for notes to the Statement of Financial Position.

## 5. STATEMENT OF CASH FLOWS

For the year ended 30 June 2004

	Note	30 Jun 04 \$	30 Jun 03 \$
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		995,173	1,058,516
Cash payments in the course of operations		(2,995,623)	(3,369,898)
Interest received		2,945	17,507
Interest paid		(6,573)	–
<b>Net cash (used in) operating activities</b>	5.1	<b>(2,004,078)</b>	<b>(2,293,875)</b>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of financial assets		962,836	203,064
Purchase of property, plant and equipment		(3,709)	(11,083)
Payment for investment in associates		–	(10,000)
Payment for investment in controlled entities		–	(56,637)
Payment for financial assets		(162,091)	–
Proceeds from disposal of investment in controlled entities		–	500,000
<b>Net cash provided by (used in) investing activities</b>		<b>797,036</b>	<b>625,344</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of ordinary shares		1,608,451	751,980
Proceeds from borrowings		70,000	35,000
Repayment of borrowings		(35,000)	–
<b>Net cash provided by financing activities</b>		<b>1,643,451</b>	<b>786,980</b>
Net increase (decrease) in cash held		436,409	(881,551)
Add opening cash brought forward		69,779	951,330
Closing cash carried forward	5.2	<b>506,188</b>	<b>69,779</b>

Please refer to Attachment "C" for notes to the Statement of Cash Flows

**6. Details of individual and total dividends**

The directors do not recommend the declaration of a dividend for the year ended 30 June 2004.

**7. Details of Dividend or distribution reinvestment plans**

Not applicable.

**8. Statement of retained earnings**

Please refer to Attachment "B" note 4.9(c)

	<b>Full year ended</b>	
	<b>30 Jun 04</b>	<b>30 Jun 03</b>
<b>9. Net tangible asset per security</b>	<b>1.6 cents</b>	<b>19.7 cents</b>

**10. Details of entities over which control was gained / lost during the year**

10.1	Name of the entity	N/A	
10.2	The date of loss of control		
10.3	Contribution of the entity to the consolidated entity's results from ordinary activities during the current period		
	Profit (Loss) of the entity during the whole of the previous corresponding period		

**11. Details of associates and joint venture entities**

11.1	Name of the associate or joint venture entity		
11.2	Details of the consolidated entity's percentage holding in the entity	<b>Current period \$A'000</b>	<b>Previous corresponding period - \$A'000</b>
11.3	Aggregate share of profits (losses) of the entity		
	- Details of contribution to net profit		

**12. Any other significant information**

Please see item 14 of this Appendix.

**13. Foreign companies**

Not Applicable.

**14. Commentary on the results for the period**

**Basis of Accounts Preparation**

The consolidated financial statements have been prepared on an accruals basis and are based on historical costs in accordance with applicable Accounting Standards. The accounting policies, estimation methods and measurement bases used in this report are the same as those used in the last annual report, unless otherwise stated.

The adoption of Australian International Financial Reporting Pronouncements (AIFRPs) will be first reflected in the Consolidated Entity's financial statements for the half-year ending 31 December 2005 and year ending 30 June 2006. Changes in accounting policies resulting from the adoption of AIFRPs are not expected to cause any material impact to future operating results to be reported.

**Review of Operations**

Sino Securities International Limited ("SSI") and its controlled entities (together "the Sino Group") continued to develop its financial services and Internet media businesses during the year under review. For the financial year ended 30 June 2004, consolidated revenue from ordinary activities from the Sino Group declined 4.6 per cent to \$1,815,997 from \$1,902,580 of the previous corresponding year. Consolidated net loss attributable to shareholders rose 159.3 per cent to \$2,715,560 as opposed to a loss of \$1,047,085 from the previous year.

This loss was predominately affected by the sale of the Multelink Services Pty Ltd business by the parent company Multelink Australia Ltd ("Multelink"), in whom SSI had a 19.4 per cent investment. Following this sale, the operations of Multelink ceased to exist and SSI announced on 21 June 2004 that a full write-off of its investment in Multelink to the value of \$2,913,000 would be made. SSI does not envisage any recovery of this investment.

– **GoConnect Ltd**

GoConnect Ltd ("GCN") reported a net loss for the financial year ended 30 June 2004 of \$1,839,795 representing a 21.7 per cent improvement on the previous corresponding period's net loss of \$2,350,311. The operating result of the period reflects the early stage of the development of additional online media revenue streams.

GCN has successfully extended the distribution of the fixed line Internet GoTrek Technology application to mobile telephony devices for the transmission of video and audio messages to users of these mobile devices. In September 2003, GCN commenced its marketing of a wireless GoTrek subscription service, branded as m-Vision to Pocket PCs and Pocket PC phones that run on the Microsoft Windows Mobile operating platform. The m-Vision video service has also gone live on the Microsoft Smartphone since mid February this year. The important task ahead of GCN's management is to continue to promote m-Vision to become the universally accepted standard system for delivering video infotainment to mobile devices powered by the Windows Mobile operating system. In line with this strategy, GCN has commenced a strategy of entering into promotional and distribution agreements with equipment and software distributors.

GCN is currently reviewing the ISP operation with the objective of adding ADSL broadband and/or wireless broadband to the service mix within the next few months.

During the year under review, GCN continued its re-engineering of "Direct Assist", a telephone directory search tool for mobile phone users. The software application was launched in the local and US markets on 18 August 2004 and is being directly marketed to consumers online, as well as through online software distribution channels and original equipment manufacturers. Development work is continuing to extend the markets for the software in a number of European and Asian countries.

**14. Commentary on the results for the period (continued)**

**Review of Operations** (continued)

During this reporting period, GCN completed the 2003 series of TheBestMix online music competition culminating in a finalists' concert held at the National Theatre in Melbourne, called TheBestMix Showcase with 20 finalists performing in front of a large live audience and judges from the music industry. The success of the Showcase in late November 2003 demonstrates to aspiring talents that TheBestMix is a compelling platform for their discovery and for them to gain exposure to an international online audience and the professionals in the industry. At present, management is negotiating with a media partner to extend the profile of TheBestMix competition.

GCN raised \$2,227,186 of additional capital by private placement of new shares during the year under review, demonstrating that it continues to be able to access additional capital in its own right when required.

– **Pharmasafe Pty Ltd (“Pharmasafe”)**

Following changes in the Therapeutic Goods Administration approval process, Pharmasafe has withdrawn its application for a herbal based product for the treatment of hepatitis B in order to undertake further evaluations and trials. It is expected that the application shall be re-submitted for approval in the coming months.

## 14.4 Segment Information

### (a) Primary Segment – Business segment

	Financial Services		Equity Investments		Internet Media		Elimination		Consolidated Entity	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>										
Operating revenue derived from external customers	95,764	121,921	–	–	496,304	564,576	–	–	592,068	686,497
Other revenue	89,364	86,409	853,385	144,985	281,180	242,219	–	–	1,223,929	473,613
Inter-segment revenue	28,859	37,599	41,748	4,415	–	–	(70,607)	(42,014)		
Total segment revenue	213,987	245,929	895,133	149,400	777,484	806,795	(70,607)	(42,014)		
Unallocated revenue									–	742,470
Total revenue									1,815,997	1,902,580
<b>Results</b>										
Segment result	(636,787)	(735,038)	(2,078,471)	16,926	(1,839,796)	(2,350,310)	(28,859)	(37,599)	(4,583,913)	(3,106,021)
Unallocated expenses									(400)	(32,817)
Unallocated revenue									–	742,470
Net loss									(4,584,313)	(2,396,368)
<b>Assets</b>										
Segment assets	339,479	379,033	1,254	2,914,341	1,208,996	575,640	–	–	1,549,729	3,869,014
Unallocated assets									20	20
Total assets									1,549,749	3,869,034
<b>Liabilities</b>										
Segment liabilities	590,338	455,660	112,294	15,436	568,648	504,893	–	–	1,271,280	975,989
Unallocated liabilities									–	–
Total liabilities									1,271,280	975,989
<b>Other segment information</b>										
Acquisition of property, plant and equipment and other non-current assets	65	–	–	–	2,085	12,636	–	–	2,150	12,636
Depreciation	15,711	23,940	–	–	311,141	427,914	–	–	326,852	451,854
Non-cash expenses other than depreciation and amortisation	14,802	203,628	2,913,000	87,040	(2,861)	28,377	–	–	2,924,941	319,045

Segment information for the prior year ended 30 June 2003 was reclassified to reflect changes in the basis for identifying segments and changes in the basis for allocating revenues and expenses to segments for the year ended 30 June 2004.

**15. Statement in relation to the accounts which are in the process of being audited**

The information included within this report is in the process of being audited by the external auditors.

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Ian A Johnston  
Acting Managing Director

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31 August 2004  
Date

**ATTACHMENT “A”**

**Notes to the Statement of Financial Performance**

	<b>Note</b>	<b>30 Jun 04</b> \$	<b>30 Jun 03</b> \$
<b>Note 3.1 – Revenues from Ordinary Activities</b>			
<b>(a) Revenues from operating activities</b>			
Financial services revenue		95,764	83,556
Paid ISP subscriptions revenue		441,739	554,702
Media subscriptions revenue		36,597	–
Advertising revenue		17,969	9,874
R & D tax offset rebate		239,207	228,728
Export market development grant		39,899	–
Other revenue		88	33,347
Proceeds on disposal of share investments		937,042	228,857
		<u>1,808,305</u>	<u>1,139,064</u>
<b>(b) Revenues from non-operating activities</b>			
Interest income			
– Other corporations		2,945	15,934
Gain on consolidation on loss of control of subsidiaries		–	661,689
Gain on consolidation on changes in equity interest in a controlled entity		–	80,368
Other		4,747	5,525
		<u>7,692</u>	<u>763,516</u>
<b>Total revenues from ordinary activities</b>		<u>1,815,997</u>	<u>1,902,580</u>

**ATTACHMENT “A”**

**Notes to the Statement of Financial Performance (continued)**

	<b>Note</b>	<b>30 Jun 04</b> \$	30 Jun 03 \$
<b>Note 3.2 – Expenses and Losses (Gains)</b>			
<b>(a) Expenses</b>			
Provision for employee entitlements		5,521	54,884
Depreciation of non-current assets		326,852	451,854
Rental expense relating to operating lease		129,846	118,404
<b>(b) Losses (Gains)</b>			
Net loss (gain) on disposal of financial assets		<b>(830,672)</b>	31,381
<b>(c) Significant items</b>			
Profit (Loss) from ordinary activities before income tax expense includes the following material revenues and expenses whose disclosure is relevant in explaining the financial performance of the Consolidated Entity:			
(i) Gain on consolidation on changes in equity interest in a controlled entity		–	80,368
(ii) Gain on consolidation on disposal of investment in controlled entities		–	661,689
(iii) Provision for diminution in share investments		<b>2,913,000</b>	–

A full provision of \$2,913,000 was made against the Consolidated Entity’s investment in Multelink Australia Ltd (“Multelink”) after the board of Multelink advised the Consolidated Entity that the business of its wholly owned operating entity, Multelink Services Pty Ltd, was sold and the business would cease to operate with little prospect of any returns to shareholders.

**ATTACHMENT “A”**

**Notes to the Statement of Financial Performance (continued)**

	<b>Note</b>	<b>30 Jun 04</b>	<b>30 Jun 03</b>
		<b>\$</b>	<b>\$</b>
<b>Note 3.3 – Income Tax Expense</b>			
<b>(a) The prima facie tax (credit) on profit (loss) from ordinary activities before income tax is reconciled to the income tax (credit) as follows:</b>			
Prima facie tax payable (credit provided) on profit (loss) from ordinary activities before income tax at 30 per cent		<b>(1,375,294)</b>	(718,910)
<b>Tax effect of Permanent Differences</b>			
Gain on change in equity interest in a controlled entity		–	(24,110)
Gain on loss of control of subsidiaries		–	(198,508)
Net loss of associates		<b>1,769</b>	–
Non-assessable income		<b>(34,981)</b>	–
Non-deductible expenses		<b>2,361</b>	3,008
Future income tax benefits not brought to account		<b>1,406,145</b>	938,520
Income tax expense (benefit) attributable to operating profit (loss)		<b>–</b>	<b>–</b>
<b>(b) The Directors estimate that the potential future income tax benefit at 30 June 2004 in respect of tax losses not brought to account is:</b>			
		<b>6,164,452</b>	5,642,173

This benefit for tax losses will only be obtained if:

- (i) the Consolidated Entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, and
- (ii) the Consolidated Entity continues to comply with the conditions for deductibility imposed by tax legislation, and
- (ii) no changes in tax legislation adversely affect the Consolidated Entity in realising the benefit from the deductions for the losses.

Sino Securities International Ltd and its wholly-owned Australian controlled entities have decided to implement the tax consolidation legislation as of 1 July 2003. The Australian Taxation Office have not yet been notified of this decision.

ATTACHMENT “A”

Notes to the Statement of Financial Performance (continued)

	Note	30 Jun 04 \$	30 Jun 03 \$
<b>Note 3.4 - Earnings (Losses) per security</b>			
<b>(a) The following reflects the income (loss) data used in the calculation of basic and diluted earnings (loss) per share</b>			
Net profit (loss)		<b>(4,584,313)</b>	(2,396,368)
Net loss (profit) attributable to outside equity interest		<b>1,868,753</b>	1,349,283
Earnings (Loss) used in the calculation of basic earnings (loss) per share		<b>(2,715,560)</b>	(1,047,085)
<i>Add:</i>			
Imputed earnings after income tax on funds receivable on exercise of options issued		—	—
Earnings (Loss) used in the calculation of diluted earnings (loss) per share		<b>(2,715,560)</b>	(1,047,085)
		<b>Number of shares</b>	Number of shares
<b>(b) The following reflects the share data used in the calculation of basic and diluted earnings (loss) per share</b>			
Weighted average number of ordinary shares used in the calculation of basic earnings (loss) per share		<b>14,957,130</b>	14,957,130
<i>Effect of dilutive securities:</i>			
Weighted average number of potential ordinary shares relating to share options issued		—	—
Weighted average number of potential ordinary shares used in the calculation of diluted earnings (loss) per share		<b>14,957,130</b>	14,957,130

**ATTACHMENT “B”**

**Notes to the Statement of Financial Position**

	<b>Note</b>	<b>30 Jun 04</b>	<b>30 Jun 03</b>
		<b>\$</b>	<b>\$</b>
<b>Note 4.1 – Receivables</b>			
<b>Current</b>			
Trade debtors		9,427	6,009
Other receivables		552,050	65,246
Amounts other than trade debts receivable from related parties:			
Directors and director-related entities			
– directors		75,000	75,000
		<u>636,477</u>	<u>146,255</u>

Terms and conditions relating to the above financial instruments are as follows:

- (i) Trade debtors are non-interest bearing and generally on 14 to 30 day terms.
- (ii) Other receivables are non-interest bearing and have repayment terms between 30 and 90 days.

**Note 4.2 – Other Financial Assets**

<b>Current</b>			
Investments in unlisted shares, at cost		2,913,000	2,913,000
Less: Provision for diminution	3.2(c)(iii)	<u>(2,913,000)</u>	–
		–	2,913,000
Investments in shares listed on a prescribed stock exchange, at cost or directors' valuation		<u>163,611</u>	163,611
		<u>163,611</u>	<u>3,076,611</u>

Listed shares are readily saleable with no fixed terms. There would be no material capital gains tax payable if these assets were sold at the reporting date.

ATTACHMENT “B”

Notes to the Statement of Financial Position (continued)

	Note	30 Jun 04 \$	30 Jun 03 \$
<b>Note 4.3 - Investments Accounted for Using the Equity Method</b>			
<b>Non-Current</b>			
Investment in associates	4.3(a)	<u>222</u>	6,118

**(a) Investments in associates**

Interests are held in the following associates

Name of company	Principal activity	Ownership interest		Consolidated carrying amount	
		2004 %	2003 %	2004 \$	2003 \$
The Best Mix Entertainment Group Pty Ltd	Entertainment, music talent search	50	50	222	6,118
Pharmasafe Pty Ltd	Manufacture, license, market and distribute Chinese medicines	40	40	–	–
				<u>222</u>	<u>6,118</u>

(i) Movements during the year in equity accounted investment in associates

Balance at beginning of the financial year	6,118	–
Add: New investments during the year	–	10,000
Add: Investee became associate subsequent to initial acquisition of an ownership interest	–	40
Less: Share of associates' loss from ordinary activities after income tax	<u>(5,896)</u>	<u>(3,922)</u>
Carrying amount at the end of the financial year	<u>222</u>	<u>6,118</u>

(ii) Retained earnings (Accumulated losses) attributable to associates

Share of associates' profits (loss) from ordinary activities before income tax expense	(5,896)	(3,922)
Share of associates' income tax expense	–	–
Share of associates' profits (loss) from ordinary activities after related income tax	<u>(5,896)</u>	<u>(3,922)</u>
Share of retained profits at beginning of the financial year	<u>(3,922)</u>	–
Share of retained profits (losses) at end of the financial year	<u>(9,818)</u>	<u>(3,922)</u>

(iii) Reserve attributable to associates	–	–
(iv) Share of associates' contingent liabilities	–	–
(v) Share of associates' expenditure commitments	–	–

**ATTACHMENT “B”**

**Notes to the Statement of Financial Position (continued)**

	Note	30 Jun 04 \$	30 Jun 03 \$
<b>Note 4.4 – Property, Plant and Equipment</b>			
Office and computer equipment – at cost		<b>1,621,752</b>	1,619,667
Accumulated depreciation		<b>(1,532,915)</b>	(1,247,685)
	4.4(a)	<b>88,837</b>	371,982
Motor vehicles – at cost		<b>215,832</b>	215,832
Accumulated depreciation		<b>(185,256)</b>	(176,379)
	4.4(a)	<b>30,576</b>	39,453
Furniture and fittings – at cost		<b>246,706</b>	246,707
Accumulated depreciation		<b>(167,603)</b>	(135,004)
	4.4(a)	<b>79,103</b>	111,703
Staff amenities – at cost		<b>955</b>	891
Accumulated depreciation		<b>(718)</b>	(573)
	4.4(a)	<b>237</b>	318
Total written down amount		<b>198,753</b>	523,456

**(a) Reconciliation for 2004**

	Office & Computer Equipment	Motor Vehicles	Furniture & Fittings	Staff Amenities	Total
	\$	\$	\$	\$	\$
Carrying amount at beginning of year	371,982	39,453	111,703	318	523,456
– Additions	2,084	–	–	65	2,149
– Adjustment	–	–	–	–	–
– Depreciation expense	(285,229)	(8,877)	(32,600)	(146)	(326,852)
Carrying amount at end of year	<b>88,837</b>	<b>30,576</b>	<b>79,103</b>	<b>237</b>	<b>198,753</b>

**Note 4.5 – Other Assets**

**Current**

ASIC refundable deposit	<b>20,000</b>	20,000
Prepayments	<b>24,498</b>	26,815
	<b>44,498</b>	46,815

**ATTACHMENT “B”**

**Notes to the Statement of Financial Position (continued)**

	Note	30 Jun 04 \$	30 Jun 03 \$
<b>Note 4.6 – Payables</b>			
<b>Current</b>			
Trade creditors		102,541	118,198
Other creditors		724,408	377,904
Withholding tax payable		52,371	101,457
Accruals		32,963	24,953
		<u>912,283</u>	<u>622,512</u>

Terms and conditions relating to the above financial instruments are as follows:

- (i) Trade creditors are non-interest bearing and are normally settled on 14 to 30 day terms.
- (ii) Other creditors are non-interest bearing and have an average term of 18 months.
- (iii) Accruals are non-interest bearing and have an average term of 90 days.

**Note 4.7 – Provisions**

**Current**

Employee entitlements		<u>351,968</u>	346,756
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**Non-current**

Employee entitlements		<u>7,029</u>	6,721
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**Note 4.8 – Contributed Equity**

**(a) Issued and paid up capital**

Fully paid ordinary shares		11,220,253	11,220,253
Partly paid ordinary shares with 49 cents per share outstanding		28,000	28,000
Partly paid ordinary shares with 79.9 cents per share outstanding		500	500
		<u>11,248,753</u>	<u>11,248,753</u>

**(b) Share options**

During the financial year, no options were issued over ordinary shares. At the end of the financial year, there was nil (2003: nil) unissued ordinary shares in respect of which options were outstanding.

**Note 4.9 – Reserves and Retained Profits (Accumulated Losses)**

General reserve	4.9(a)	16,641,873	16,641,873
Forfeited shares reserve	4.9(b)	2,000	2,000
		<u>16,643,873</u>	<u>16,643,873</u>
Accumulated losses	4.9(c)	<u>(27,659,313)</u>	<u>(24,943,753)</u>

**ATTACHMENT “B”**

**Notes to the Statement of Financial Position (continued)**

	<b>Note</b>	<b>30 Jun 04</b>	<b>30 Jun 03</b>
		<b>\$</b>	<b>\$</b>
<b>Note 4.9 – Reserves and Retained Profits (Accumulated Losses) (continued)</b>			
<b>(a) General reserve</b>			
(i) Nature and purpose of reserve			
The general reserve contains amounts of retained profits arose from gain on reduction of equity interest in a controlled entity.			
(ii) Movements in reserve			
Balance at the beginning of the financial year		<b>16,641,873</b>	16,561,505
Transfer from retained profits		–	80,368
Balance at the end of the financial year		<b>16,641,873</b>	16,641,873
<b>(b) Forfeited shares reserve</b>			
(i) Nature and purpose of reserve			
The forfeited share reserve is used to record shares forfeited.			
(ii) Movements in reserve			
Balance at the beginning of the financial year		<b>2,000</b>	2,413
Movements during the year		–	(413)
Balance at the end of the financial year		<b>2,000</b>	2,000
<b>(c) Accumulated losses</b>			
Balance at the beginning of the financial year		<b>(24,943,753)</b>	(23,816,300)
Net profit (loss) attributable to members of the Parent Entity		<b>(2,715,560)</b>	(1,047,085)
Total available for appropriation		<b>(27,659,313)</b>	(24,863,385)
Aggregate of amounts transferred to the general reserve		–	(80,368)
Balance at the end of the financial year		<b>(27,659,313)</b>	(24,943,753)

**ATTACHMENT “C”**

**Notes to the Statement of Cash Flows**

	<b>30 Jun 04</b>	30 Jun 03
	<b>\$</b>	\$
<b>Note 5.1 - Reconciliation of cash flows from operations with operating profit (loss) after income tax</b>		
Operating profit (loss) after income tax	<b>(4,584,313)</b>	(2,396,368)
<b>Non-cash flows in operating profit (loss):</b>		
Net (profit) loss on disposal of financial assets	<b>(830,672)</b>	31,381
Bad debts	<b>525</b>	–
Depreciation of non-current assets	<b>326,852</b>	451,854
Gain on changes in equity interest in a controlled entity	–	(80,368)
Gain on consolidation on disposal of investment in controlled entities	–	(661,689)
Net loss of associates	<b>5,896</b>	3,922
Write off of forfeited share reserve	–	(413)
Provision for diminution in equity investments	<b>2,913,000</b>	–
<b>Changes in assets and liabilities, net of the effects of purchase and disposal of controlled entities:</b>		
(Increase) Decrease in receivables	<b>2,679</b>	5,856
(Increase) Decrease in prepayments	<b>2,316</b>	52,321
(Increase) Decrease in property, plant and equipment	–	1,103
Increase (Decrease) in payables and accruals	<b>154,118</b>	243,642
Increase (Decrease) in provision for employee entitlement	<b>5,521</b>	54,884
<b>Net cash (used in) operating activities</b>	<b>(2,004,078)</b>	(2,293,875)
<b>Note 5.2 - Reconciliation of cash</b>		
Cash balance comprises:		
– Cash at bank	<b>506,188</b>	69,779
– Deposits at call	–	–
	<b>506,188</b>	69,779
<b>Note 5.3 - Non-cash financing and investing activities</b>		
There was no non-cash financing and investing activities during the financial year.		
<b>Note 5.4 - Financing facilities</b>		
There are no credit facilities with any financial institutions.		