Annual Report 2003

CED Australasia Limited

(Formerly Cendant Australasia Limited)

ABN 26 073 979 272

directory

DIRECTORS

J A Nissen (Chairman)
J H Whiting
K D Whiteman

COMPANY SECRETARY

C J McKeown

REGISTERED OFFICE

Ormond Corporate Centre
Level 1, 596 North Road
Ormond, Victoria, 3204
Telephone +61 3 9578 5933

Email investors@cedaust.com.au

BANKERS

National Australia Bank Limited

AUDITORS

PKF
Chartered Accountants
Level 11
CGU Tower
485 La Trobe Street
Melbourne, Vic., 3000

SOLICITORS

Phillips Fox

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 12, 565 Bourke Street
Melbourne, Victoria, 3000
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STOCK EXCHANGE

Australian Stock Exchange Code: CED

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CED AUSTRALASIA LIMITED
DIRECTORS' REPORT

The directors of CED Australasia Limited present their report together with the financial reports of the parent entity and its controlled entities for the financial year ended 30 June 2003

Directors

The directors of the company during the year and to the date of this report are:

Mr John A Nissen - Chairman
Mr John H Whiting
Mr Ken D Whiteman

Particulars of the qualifications, experience and special responsibilities (if any) of each director, as at the date of this report, are set out on page 33 of this report.

Directors Meetings

The number of directors' meetings and number of meetings attended by each of the directors of the company during the financial year were:

	Directors Meetings		Audit Committee Meetings	
	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended
Mr J A Nissen	10	10	2	2
Mr J H Whiting	10	10	2	2
Mr K D Whiteman	10	10	-	-

There were a total of 10 Directors Meetings and 2 Audit Committee Meetings held.

Directors and Executive Officers Emoluments

The company's policy for determining the nature and amount of emoluments of board members and senior executives of the company is as follows:

Directors' Fees are paid to Non Executive Directors as approved from time to time by shareholders. The last increase was approved by shareholders at the Annual General Meeting held 25 October 1996 and allowed for a fixed sum not exceeding $165,000.

Emoluments paid to senior executives of the company are determined by the Chief Executive Officer and / or the Board of Directors. The broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Executive Directors and Executive Officers may receive bonuses based on the achievement of specific goals related to the performance of the consolidated entity or, in particular circumstances, a subsidiary company or business unit.

CED AUSTRALASIA LIMITED
DIRECTORS' REPORT

Details of the nature and amount of each major element of the emoluments of each director of the company and the consolidated entity are:

Non Executive Directors: Parent Entity	Directors Fees	Superanuation Contributions	Total
	$	$	$
J. A. Nissen	65,455	-	65,455
J. H. Whiting	33,000	3,000	36,000
K. D. Whiteman	33,000	3,000	36,000

Directors' Benefits

Particulars of Directors' Benefits are disclosed in Note 16 and Note 18.

Indemnification and Insurance of Directors and Officers

The parent entity has not taken out an insurance policy indemnifying directors and officers for the financial year nor has the company provided any indemnification during the year.

Interests of Directors

The relevant interest of each director in the share capital of the company as at the date of this report is:

Name	Ordinary Shares	Options
J A Nissen	2,192,916	NIL
J H Whiting	NIL	NIL
K D Whiteman	18,100	NIL

Principal Activities

The principal activities of the consolidated entity during the financial year were the delivery of account packaging programs for financial institutions, loyalty programs for corporate and retail clients, Shoppers Hotline, The Presidential Card discount program, and the development and commercialisation of the Golf Link National Handicap System.

There was no significant change in the nature of the consolidated entity's principal activities during the year.

Operating Results

The operating loss after income tax for the year ended 30 June 2003 was $1,379,637 (2002: Loss $11,554,788).

Dividends

No dividend has been paid or declared since the commencement of the financial year. The directors do not recommend the payment of a dividend.

Review of Operations

Company Name

On 9 December 2002 the company changed its name from Cendant Australasia Limited to CED Australasia Limited

CED Licences

At 30 June 2002 the two CED Licences held by the consolidated entity were recorded at fair value.

Fair value was calculated based on the agreements reached with CIMS Limited on 12 September 2002 for the sale of the two licences, which provided for a total payment of US$1,000,000 (A$1,839,820) and extinguishment of debts totalling $2,066,805 which were included in the consolidated entity's liabilities as at 30 June 2002.

Asian Operations

During the year ended 30 June 2003 the company concluded an agreement with local management in Singapore and the Philippines to sell 75% of the company's interest in those operations to the local country managers. The Company therefore retains a 25% shareholding in CAP Singapore, formerly Cendant Asia Pacific, which in turn holds a 25% interest in Cendant Philippines.

Golf Link

In the first half of the financial year the company completed negotiations with the AGU and other state-based golfing bodies to attempt to find a solution for the commercialisation and roll out of Golf Link. These negotiations culminated in the AGU Executive accepting the company's proposal for the introduction of a user-pays fee of $2.75 (GST inclusive) per annum per golfer utilising a new Internet based delivery system. This proposal was presented to each of the state-based golfing bodies in order to gain their support for the introduction of a fee.

With the support of the States and the AGU, the fee proposal was presented to the AGU's Annual General Meeting held on 19 September 2002. The company's fee proposal was accepted and the company is now planning the implementation of the Internet based system to all AGU affiliated golf clubs.

This outcome allows the company to separate operational and marketing components of the Golf Link project as the fee will provide sufficient funding for the ongoing support and operations of Golf Link, while marketing activities can be undertaken without the added burden of having to provide returns to cover Golf Link operational costs.

The Presidential Card & Shoppers Hotline

The Shoppers Hotline operation provided an improved product turnover for the year ended 30 June 2003 thanks primarily to the success of the AdvantEdge program, which has approximately 90,000 members as at 30 June 2003. Merchandise sales were in excess of $320,000 during the year, demonstrating the value of the company's shopping service to its member base.

The Presidential Card business encountered further difficulties during the year with client losses and fee pressure arising due to new competition in the market. Management is currently reappraising all aspects of the Presidential Card operations in order to increase market share and return the division to profitability.
The company is now actively exploring alternative models for the business and will continue to develop new opportunities as they arise.

Significant Changes in the State of Affairs

No significant changes in the state of affairs of the consolidated entity occurred during the financial year, other than those set out in this report.

Significant After Balance Date Events

Share Placement

At an extraordinary meeting held on 9th July 2003 shareholders approved the placement of 50 million shares. The placement of these shares was completed on 29th August 2003 and raised $1.5 million.

CED AUSTRALASIA LIMITED
DIRECTORS' REPORT

Significant After Balance Date Events (cont.)

Other

Apart from the matters set out above, no matter or circumstance has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future financial years.

Share Options

On 21st January 2003 options over 17,350,000 unissued ordinary shares expired and thus no ordinary shares were issued.

During or since the end of the financial year no share options have been granted over unissued shares in the parent company or any controlled entity.

Likely Developments

The particular information required by s299(1) of the Corporations Act (2002) has not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Environmental Issues

The consolidated entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Signed at Melbourne this 30th day of September 2003 in accordance with a resolution of the Board of Directors.

J A Nissen
Director

CED AUSTRALASIA LIMITED
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2003

CED Australasia Limited is a company incorporated in Victoria, Australia

Registered Office and Principal Place of Business:

Level 1
596 North Road
Ormond VIC 3204

Refer to the Directors' Report for nature of operations and principal activities

There were 8 employees of the parent entity as at 30 June 2003.

CED AUSTRALASIA LIMITED
STATEMENTS OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2003

	Note	Consolidated		Parent Entity	
		2003	2002	2003	2002
		$	$	$	$
Sales Revenue	3	1,208,038	3,441,686	682,927	1,484,402
Cost of Sales	3	(667,314)	(1,502,653)	(457,664)	(924,036)
Gross Profit		540,724	1,939,033	225,263	560,366
Employee Related expenses		(791,672)	(2,570,650)	(473,195)	(1,280,506)
Occupancy Expenses		(125,100)	(416,960)	(125,100)	(252,105)
Communications Expenses		(228,798)	(517,907)	(74,974)	(147,390)
Operating Lease Minimum Lease Payments		(165,853)	(263,345)	(165,853)	(263,345)
Depreciation		(228,453)	(401,734)	(126,076)	(172,738)
Amortisation of Intangibles		-	(493,280)	-	-
Professional & Corporate Services		(317,255)	(516,456)	(292,410)	(304,055)
Write-off Presidential Card Trademark	10	-	(1,962,185)		-
Write-off Investment in Subsidiary	8	-	-	-	(8,515,261)
Write-down Intercompany Loans	6	-	-	-	(8,872,188)
Write-down Goodwill on Consolidation	10	-	(6,400,702)	-	-
Redundancy Costs		-	(100,000)	-	(100,000)
Revenue from Disposal of Licences		3,906,625	-	2,375,886	-
Carrying Value of Licenses Sold		(3,906,625)	-	(2,375,886)	-
Other Expenses from Ordinary Activities		(73,790)	(392,563)	(19,124)	(60,423)
Loss on Disposal of Controlled Entity		(179,230)	-	-	-
Other Revenue from Ordinary Activities	3	190,060	522,881	151,889	529,360
Profit/(Loss) from ordinary activities before income tax expense	4	(1,379,367)	(11,573,868)	(899,579)	(18,878,285)
Income tax expense relating to ordinary activities	5	-	-	-	65,562
Profit/(Loss) from ordinary activities after related income tax expense		(1,379,367)	(11,573,868)	(899,579)	(18,812,723)
Profit/(Loss) from extraordinary items after related income tax expense		-	-	-	-
Net Profit/(Loss)		(1,379,367)	(11,573,868)	(899,579)	(18,812,723)
Net (Profit)/Loss attributable to outside equity interests	15	-	19,080	-	-
Net Profit/(Loss) attributable to members of the parent entity		(1,379,367)	(11,554,788)	(899,579)	(18,812,723)
Increase in Asset Revaluation Reserve		-	3,906,625	-	2,375,886
Net exchange difference on translation of financial reports of self-sustaining foreign operations		-	(8,652)	-	-
Total revenues, expenses and valuation adjustments attributable to members of the parent entity and recognised directly in equity	2, 14	-	3,897,973	-	2,375,886
Total changes in equity other than those resulting from transactions with owners as owners	14	(1,379,367)	(7,656,815)	(899,579)	(16,436,837)
Basic Earnings Per Share (Cents)		(2.0)	(21.8)		

The above Statements of Financial Performance are to be read in conjunction with the attached notes.

CED AUSTRALASIA LIMITED
STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2003

	Note	Consolidated		Parent Entity	
		2003	2002	2003	2002
		$	$	$	$
CURRENT ASSETS					
Cash Assets		478,585	299,162	34,728	153,977
Receivables	6	40,011	333,328	40,011	42,424
Inventories	7	12,315	147,423	4,264	41,757
TOTAL CURRENT ASSETS		530,911	779,913	79,003	238,158
NON-CURRENT ASSETS					
Receivables	6	-	-	596,044	251,403
Investments	8	10	6,311	263	263
Property, Plant and Equipment	9	215,476	488,778	166,320	288,274
Intangibles	10	-	3,906,625	-	2,375,886
TOTAL NON-CURRENT ASSETS		215,486	4,401,714	762,627	2,915,826
TOTAL ASSETS		746,397	5,181,627	841,630	3,153,984
CURRENT LIABILITIES					
Payables	11	101,045	2,584,052	110,526	1,506,422
Provisions	12	49,428	118,689	32,158	94,293
TOTAL CURRENT LIABILITIES		150,473	2,702,741	142,684	1,600,715
NON-CURRENT LIABILITIES					
Payables	11	-	567,979	695,948	695,948
Provisions	12	24,285	23,911	13,907	23,911
TOTAL NON-CURRENT LIABILITIES		24,285	591,890	709,555	719,859
TOTAL LIABILITIES		174,758	3,294,631	852,239	2,320,574
NET ASSETS		571,639	1,886,996	(10,609)	833,410
EQUITY					
Issued Capital	13	25,420,010	25,364,450	25,420,010	25,364,450
Reserves	14	-	3,800,475	-	2,375,886
Accumulated Losses	14	(24,848,371)	(27,269,479)	(25,430,619)	(26,906,926)
Shareholders' equity attributable to members of the parent entity		571,639	1,895,446	(10,609)	833,410
Outside equity interests in controlled entity	15	-	(8,450)	-	
TOTAL EQUITY	14	571,639	1,886,996	(10,609)	833,410

The above Statements of Financial Position are to be read in conjunction with the attached notes.

CED AUSTRALASIA LIMITED
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2003

	Note	Consolidated		Parent Entity	
		2003 $	2002 $	2003 $	2002 $
Cash Flows from Operating Activities:					
Receipts from Customers		1,481,928	3,543,246	758,897	1,594,299
Payments to Suppliers and Employees		(3,119,211)	(6,578,473)	(2,405,981)	(3,444,108)
Interest Received		26,863	22,643	23,697	46,714
Interest Paid		-	(27,000)	-	(27,000)
Net Cash (Used in) Provided by Operating Activities	2	(1,610,420)	(3,039,584)	(1,623,387)	(1,830,095)
Cash Flows from Investing Activities:					
Proceeds from sale of license		1,802,516	-	1,802,516	-
Proceeds from Sale of Plant and Equipment		-	6,549	-	4,037
Payment for Plant and Equipment		(39,296)	(4,862)	(9,297)	-
Loan from Controlled Entity		-	-	-	-
Loan to Controlled Entity		-	-	(344,641)	(583,108)
Aggregate Cash Flows from entity disposed of		(28,937)	-	-	-
Net Cash Provided by (Used in) Investing Activities		1,734,283	1,687	1,448,578	(579,071)
Cash Flows from Financing Activities:					
Share Issue		55,560	2,079,000	55,560	2,079,000
Proceeds from borrowings		300,000		300,000	
Repayment of borrowing		(300,000)		(300,000)	
Net Cash (Used in)/Provided by Financing Activities		55,560	2,079,000	55,560	2,079,000
Net Increase (Decrease) in Cash Held		179,423	(958,897)	(119,249)	(330,166)
Cash at beginning of year	1	299,162	1,274,791	153,977	484,143
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies		-	(16,732)	-	-
Cash at end of year	1	478,585	299,162	34,728	153,977

CED AUSTRALASIA LIMITED
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated		Parent Entity	
	2003	2002	2003	2002
NOTES TO THE STATEMENTS OF CASH FLOWS	$	$	$	$
1. Reconciliation of Cash				
For the purpose of the statements of cash flows, cash includes:				
Cash at Bank and on Hand	478,585	299,162	34,728	153,977
2. Reconciliation of Cash Flow from Operations with Operating Result After Income Tax				
Operating Profit/(Loss) after Income Tax	(1,379,637)	(11,573,868)	(899,579)	(18,812,723)
Non-Cash Flows in Operating Profit/(Loss):				
Amortisation	-	115,423	-	-
Depreciation	228,453	401,734	126,076	172,738
Amortisation of Goodwill	-	377,857	-	-
Write-off Presidential Card Trademark	-	1,962,185	-	-
Write-off Investment in Subsidiary	-	-	-	8,515,261
Write-down Intercompany Loans	-	-	-	8,872,188
Write-down Goodwill on Consolidation	-	6,400,702	-	-
Unrealised Exchange Loss	-	82,673	-	-
Employee Entitlements	(23,135)	(70,480)	(26,687)	(61,337)
Stock Obsolescence	-	(64)	-	(64)
Doubtful Debts	(3,542)	(20,596)	(3,542)	(40,596)
Restructure	(45,752)	(478,752)	(45,752)	(478,490)
Marketing Costs	-	(85,431)	-	-
Loss on Disposal of Controlled Entity	179,230	-	-	-
Loss on Sale of Fixed Assets	5,175	6,107	5,175	4,305
Profit on Sale of Fixed Assets	-	(344)	-	(344)
Foreign Currency Translation Movement	-	(8,652)	-	
Outside Equity Interest	8,450	-	-	-
Changes in Assets and Liabilities				
(Increase)/Decrease in Trade Debtors	139,169	86,361	5,955	109,779
(Increase)/Decrease in Prepayments and Other Debtors		365,578	-	62,067
(Increase)/Decrease in Inventories	46,491	69,879	37,493	1,088
(Decrease)/Increase in Trade Creditors	-	(138,356)	-	(7,019)
(Dccrease)/Increase in Creditors and Accruals	(764,661)	(201,612)	(821,865)	(96,528)
(Decrease) in Deferred Membership Income and Sales	(661)	(329,928)	(661)	(70,420)
Cash Flows Provided by/(Used in) Operations	(1,610,420)	(3,039,584)	(1,623,387)	(1,830,095)
3. Entities disposed of				
Consideration received	-	-	-	-
Carrying amount of assets at deemed date of disposal (1 July 2002)	-	-	-	-
Cash	28,937			
Debtors	154,148	-	-	-
Inventory	100,932	-	-	-
Investments	6,301	-	-	-
Plant and Equipment	78,970	-	-	-
Trade Creditors	(548,518)	-	-	-
	(179,230)	-	-	-

CED AUSTRALASIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

1. SUMMARY OF ACCOUNTING POLICIES

The financial report is a general purpose financial report which has been drawn up in accordance with applicable Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views, and the Corporations Act 2001.

The financial report has been prepared on the historical cost basis and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. Fair value means the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms length transaction. The recoverable amount of non current assets is assessed on the basis of the expected net cash flows which will be received from the asset's employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts, unless otherwise stated. The accounting policies have been consistently applied and, except where stated, are consistent with those of the previous year. Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and disclosures.

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

(a) Principles of Consolidation

The consolidated financial statements comprise the financial statements of CED Australasia Limited and all its controlled entities (refer note 8). Entities have been consolidated in the financial statements from the date that control exists. All intercompany balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation.

Outside equity interest comprises the aggregate of the equity of controlled entities, other than that held either directly or indirectly by the parent entity, after making adjustments for unrealised profits and losses of controlled entities and other adjustments necessary to comply with Accounting Standards.

On 2 June 2003 the group disposed of a 75% interest in CAP Singapore, formerly Cendant Asia Pacific Pte Ltd for nil consideration. It was not practical to obtain appropriate figures for the operations of this entity for the period up until its date of disposal for inclusion in the financial report at 30 June 2003. The directors believe the result for the period to 2 June 2003 was a loss which would have resulted in a corresponding gain on disposal and no net impact on the consolidated results.

The directors consider that the net revenues and expenses omitted from the annual report are not significant.

Although maintaining a 25% interest in the company the group has no direct involvement in the Asian operations, no board representation and no commitment to provide future funding. The investment has nil carrying value and the directors do not believe they are in a position to exert significant influence over the operations of the company.

(b) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first in first out basis.

(c) Investments

Investments are recognised in the financial statements at cost.

(d) Property, Plant and Equipment

Property, plant and equipment is included at cost, less where applicable, any accumulated depreciation or amortisation. The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it does not exceed the recoverable amount.

The depreciation rates used for each class of asset are as follows:
* Office Furniture and Equipment 13% - 33%
* Motor Vehicles 20%

The depreciable amount of all fixed assets is depreciated on a straight line basis over their estimated useful lives commencing from the time the asset is held ready for use.

1. SUMMARY OF ACCOUNTING POLICIES (Cont.)

(e) Intangibles

The carrying value of all intangible assets are assessed at least each reporting date to ensure they do not exceed their recoverable amount. Where the carrying value exceeds this recoverable amount the excess of the carrying value over the recoverable amount of the intangible asset is immediately recognised as an expense, except to the extent to which the decrement reverses an increment previously recognised in an Asset Revaluation Reserve.

(i) Trade Marks
Trademarks owned by the consolidated entity are recorded at cost and amortised on a straight line basis over 20 years, subject always to the recoverable amount test referred to above. In the previous financial year the Presidential Card trademark was written-off.

(ii) Goodwill
Goodwill, representing the excess of the purchase consideration over the fair value of the identifiable net assets acquired on the acquisition of a controlled entity, is amortised on a straight line basis over 20 years being the minimum period of time during which benefits are expected to arise.

(iii) Licences
Licences owned by the consolidated entity are recorded at fair value based on the Directors' assessment of the amount for which the assets could be exchanged between knowledgeable, willing parties in an arm's length transaction. Revaluations are made at least at each reporting date to ensure the carrying value of the assets do not differ materially from their fair values.

(f) Membership Income

Memberships are generally for a period of twelve months. Under the terms and conditions of membership, members are entitled to a full refund within forty-five days of renewal or take up of membership. The membership fees received are initially recorded as deferred income and amortised as income in equal instalments over the annual term of the membership.

(g) Membership Acquisition Costs

(i) Annual Memberships
Membership acquisition costs, which include costs associated with membership solicitations, mailings, membership kits, postage, printing and publications, are charged to the profit and loss account in the year in which they are incurred.
(ii) Long-term Memberships
Membership acquisition costs relating to Payment Card Protection programs operated by CED Asia Pacific Pte Ltd are amortised in equal instalments over the term of the membership.

(h) Receivables and Payables

Trade accounts receivable, amounts due from related parties and other receivables represent the principal amounts due at balance date plus accrued interest less, where applicable, any provisions for doubtful accounts.

Accounts payable represent the principal amounts outstanding at balance date plus, where applicable, any accrued interest.

(i) Employee Entitlements

The provisions for employee entitlements to wages, salaries and annual leave represent the amount which the consolidated entity has a present obligation to pay resulting from employees' services provided up to balance date. The provision has been calculated at nominal amounts and includes related on-costs.

The liability for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date.

CED AUSTRALASIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

1. SUMMARY OF ACCOUNTING POLICIES (Cont.)

(j) Income Tax

The consolidated entity adopts the liability method of tax-effect accounting whereby the income tax expense for the period is based on the operating result after adjusting for items which, as a result of their treatment under income tax legislation, create permanent differences between that result and the taxable income or loss.

Timing differences, which arise due to the different accounting periods in which items of revenue and expense are included in the determination of operating result, income tax and taxable income are brought to account as either provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income and comply with the conditions of deductibility imposed by the law to permit a future income tax benefit to be realised.

(k) Leases

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

Where assets are acquired by means of finance leases, the present value of minimum lease payments is established as an asset at the beginning of the lease term and amortised on a straight line basis over the expected economic life. A corresponding liability is also established and each lease payment is allocated between such liability and interest expense.

(l) Foreign Currency Transactions and Balances

Transactions in foreign currencies are initially measured and brought to account at the rate of exchange in effect at the date of each transaction. Exchange differences relating to monetary items are brought to account in the Statements of Financial Performance in the financial year in which the exchange rates change as exchange gains or losses.

(m) Translation of Controlled Foreign Entities

The Statements of Financial Position of overseas controlled entities that are self-sustaining foreign operations are translated at the rates of exchange ruling at balance date. The Statements of Financial Performance are translated at the average rates ruling during the year. Exchange differences arising on translation are taken directly to the foreign currency translation reserve.

(n) Revenue Recognition

(i) Sales Revenue
Sales Revenue comprises revenue earned from the provision of products or services to entities outside the consolidated entity. Sales revenue is recognised when the goods or services are provided or, in relation to Membership Income, as set out in 1(f).

(ii) Other Revenue - Direct Cost Recovery
Direct Cost Recovery revenue comprises revenue earned from the provision of services, the costs of which are directly recoverable from the client as they are incurred.

(iii) Interest Revenue
Interest Revenue is recognised as it accrues.

2. CHANGE IN ACCOUNTING POLICY

In 2002 the consolidated entity changed the measurement basis of the Cendant Licence from cost to fair value to reflect the impact of the agreement to dispose of the licences.

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	$	$	$	$
3. REVENUES FROM ORDINARY ACTIVITIES				
Sales Revenue				
Sale of Goods	326,223	853,494	326,223	853,494
Rendering of Services	881,815	2,588,192	356,704	630,908
Total Sales Revenue	1,208,038	3,441,686	682,927	1,484,402
Cost of Sales				
Cost of Goods Sold	317,384	808,371	317,384	808,371
Services Expenses (Benefits)	349,930	694,282	140,280	115,665
Total Cost of Sales	667,314	1,502,653	457,664	924,036
Non-operating revenue				
Reversal of Provisions/Accruals not required	121,993	478,490	121,993	478,490
Interest	26,863	22,643	23,697	46,714
Disposal of assets other than goods	5,175	6,549	5,175	4,037
Sundry revenue items	36,029	15,199	1,024	119
Total non-operating revenue	190,060	522,881	151,889	529,360
Interest from related parties included in total interest revenue				
Entities in the wholly-owned group				
Partly owned subsidiaries	-	-	-	29,585
4. LOSS FROM ORDINARY ACTIVITIES				
Loss from ordinary activities includes:				
Net losses on disposals of property, plant & equipment	8,773	6,107	8,773	4,305
Aggregate inventory write-downs and other losses	43,817	41,485	31,633	16,236
Amortisation of non-current assets				
Trademarks	-	115,423	-	-
Goodwill	-	377,857	-	-
		493,280		-
Bad and Doubtful Debts expense	3,083	23,934	(3,542)	(8,431)
Net expense resulting from deductions from the carrying amounts of assets	-	8,362,887	-	17,387,449
Net foreign currency exchange loss from ordinary operations	-	104,828	-	-

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	$	$	$	$
5. INCOME TAX				
The amount provided in respect of income tax differs from the amount prima facie payable on the operating result. The difference is reconciled as follows:				
Prima Facie Income Tax on the Operating Result Before Income Tax at 30%	(413,810)	(3,472,160)	(269,873)	(5,643,817)
(i) Tax Effect of Permanent Differences:				
Amortisation of Intangibles	-	147,984	-	-
Write-off Intangible Assets	-	2,508,866	-	-
Write-off Investment in Controlled Entity	-	-	-	2,661,656
Write-off Intercompany Debts	-	-	-	2,554,578
Other Non-Allowable Expenses	(695)	(20,307)	(695)	(20,324)
(ii) Future Income Tax Benefit not Recognised		(252,584)	-	(204,440)
(iii) Tax Losses not Carried Forward	414,505	1,088,201	270,568	586,785
Income Tax Expense/(Credit) Attributable to Result	-	-	-	(65,562)
The income tax expense/(credit) comprises amounts set aside to:				
Provision for Tax Payable	-	-	-	(65,562)
Provision for Deferred Tax	-	-	-	-
Future Income Tax Benefits	-	-	-	-
	-	-	-	(65,562)
The potential future income tax benefit arising from tax losses has not been recognised as an asset because recovery of tax losses is not virtually certain.	5,503,946	5,089,441	1,940,411	1,669,843

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	$	$	$	$
6. RECEIVABLES				
Current:				
Trade Debtors	76,059	261,304	49,434	47,438
Sundry Debtors	-	60,371	-	-
Provision for Doubtful Debts	(36,048)	(32,965)	(9,423)	(12,965)
Sub-total	40,011	288,710	40,011	34,473
Other Debtors and Prepayments	-	44,618	-	7,951
	40,011	333,328	40,011	42,424
Non-Current:				
Amounts Receivable from:				
Controlled Entities	-	-	596,044	251,403
	-	-	596,044	251,403
Included in the above are aggregate amounts receivable from Controlled Entities	-	-	596,044	251,403
7. INVENTORIES				
Finished Goods - at Cost	12,315	147,423	4,264	41,757

	Consolidated		Parent Entity	
	2003 $	2002 $	2003 $	2002 $
8. INVESTMENTS				
Shares in Controlled Entities				
- unquoted - at Cost	-	-	253	253
Shares - Other – unquoted				
at Cost	10	6,311	10	10
	10	6,311	263	263

During the year ended 30 June 2003 the company concluded an agreement with local management in Singapore and the Philippines to sell 75% of the company's interest in those operations to the local country managers. The Company therefore retains a 25% shareholding in CAP Singapore, formerly Cendant Asia Pacific, which in turn holds a 25% interest in Cendant Philippines.

Controlled Entities	**Holding 2003 %**	**Holding 2002 %**
CED Membership Services Pty Ltd (Inc in Victoria)	100	100
The Presidential Card Pty Ltd (Inc in Victoria)	100	100
Golf Link Partners Pty Limited (Inc in Victoria)	100	100
CUC Australasia Pty Ltd (Inc in Victoria)	100	100
CED Online Pty Ltd (Inc in Victoria)		
Golf Partners Australia Pty Ltd (Inc in Victoria)	100	100
Golf Partners International Pty Ltd (Inc in Victoria)	100	100
CED Asia Pacific Pte Ltd (Inc in Singapore)(Refer Note 1a)	25	100
CED Hong Kong Limited (Inc in Hong Kong)(1)	6.25	94.25
CED Philippines Inc (Inc in Philippines)(1)	6.25	94.25

(1) Owned by CED Asia Pacific Pte Ltd (the 6.25% represents CED Australasia Ltd's indirect interest

	Consolidated		Parent Entity	
	2003 $	2002 $	2003 $	2002 $
9. PROPERTY, PLANT AND EQUIPMENT				
Office Furniture and Equipment				
Cost	1,761,419	2,715,259	1,159,702	1,468,114
Accumulated Depreciation	(1,545,943)	(2,226,481)	(993,382)	(1,179,840)
Total Property, Plant and Equipment	215,476	488,778	166,320	288,274
Office Furniture and Equipment				
Movements during the year:				
Beginning of year	488,778	904,265	288,274	520,527
Additions	45,000	4,862	15,000	-
Disposals	(89,849)	(12,312)	(10,878)	(59,515)
Depreciation expense	(228,453)	(401,734)	(126,076)	(172,738)
Net foreign currency exchange differences arising on the translation of the financial statements of self-sustaining foreign operations	-	(6,303)	-	-
End of year	215,476	488,778	166,320	288,274
10. INTANGIBLES				
CED Licence:	-	3,906,625	-	2,375,886
Fair Value				
Total Intangible Assets	-	3,906,625	-	2,375,886

	Consolidated		Parent Entity	
	2003 $	2002 $	2003 $	2002 $
10. INTANGIBLES (Cont.)				
Trademark				
Movements during the year:				
Beginning of year	-	2,077,608	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
Amortisation expense	-	(115,423)	-	-
Write-offs	-	(1,962,185)	-	-
End of year	-	-	-	-
Goodwill on Consolidation				
Movements during the year:				
Beginning of year	-	6,720,151	-	-
Additions	-	58,408	-	-
Write-offs	-	(6,400,702)	-	-
Amortisation expense	-	(377,857)		
End of year	-	-	-	-
CED Licence				
Movements during the year:				
Beginning of year	3,906,625	-	2,375,886	-
Revaluation increment	-	3,906,625	-	2,375,886
Write-offs	3,906,625	-	(2,375,886)	-
End of year	-	3,906,625	-	2,375,886

CED Licences
At 30 June 2002 the two CED Licences held by the consolidated entity were recorded at fair value.

Fair value was calculated based on the agreements reached with CIMS Limited on 12 September 2002 for the sale of the two licences, which provided for a total payment of US$1,000,000 (A$1,839,820) and extinguishment of debts totalling $2,066,805 which were included in the consolidated entity's liabilities as at 30 June 2002.

	Consolidated		Parent Entity	
	2003 $	2002 $	2003 $	2002 $
11. PAYABLES				
Current:				
Trade Creditors	59,165	578,589	25,381	406,021
Other Creditors and Accruals	41,880	2,004,802	85,145	1,099,740
Deferred Membership Income and Sales	-	661	-	661
	101,045	2,584,052	110,526	1,506,422
Non-Current:				
Amounts Payable to:				
- Controlled Entities	-	-	695,948	695,948
Other Creditors	-	567,979	-	-
				-
	-	567,979	695,948	695,948
Included in the above are aggregate amounts payable to Controlled Entities	-	-	695,948	695,948
Accounts payable are non-interest bearing (2002: non-interest bearing)				
12. PROVISIONS				
Current:				
Employee Entitlements	49,428	72,937	32,158	48,541
Restructure	-	45,752	-	45,752
				-
	49,428	118,689	32,158	94,293
Non-Current:				
Employee Entitlements	24,285	23,911	13,607	23,911
Aggregate Employee Entitlements	73,713	96,848	45,765	72,452

	Consolidated		Parent Entity	
	2003 $	2002 $	2003 $	2002 $
13. ISSUED CAPITAL				
Issued and Paid Up Capital: 67,478,527 (2002: 65,626,525) Fully Paid Ordinary Shares	25,420,010	25,364,450	25,420,010	25,364,450
Movements during the year: Opening Balance	25,364,450	23,285,450	25,364,450	23,285,450
Share Placement	55,560	2,079,000	55,560	2,079,000
Closing Balance	25,420,010	25,364,450	25,420,010	25,364,450

(i) Share Placements
On 30 May 2003 the parent entity issued 1,852,002 fully paid ordinary shares at 3 cents per share in the capital of CED Australasia Limited under the Shareholder Purchase Plan. The issue raised $55,560.

On 29th August 2003 the parent entity finalised the issue of 50,000,000 fully paid ordinary shares at 3 cents per share in the capital of CED Australasia Limited, following approval by shareholders at a General Meeting of the company held on 9th July 2003. The issue was undertaken for the purpose of raising additional capital to invest in and develop future business operations.

In September 2003 a further 412,216 fully paid ordinary shares were issued by the parent entity at 5.337 cents per share in the capital of CED Australasia limited under the Shareholder purchase plan. The issue raised $22,000.

(ii) Share Options
No share options were granted over unissued shares in CED Australasia Limited during the current or previous financial year. No shares have been issued by virtue of an exercise of an option during the year or to the date of this report.

At the end of the year there were no unissued ordinary shares in respect of which options were outstanding. During the course of the financial year 17,350,000 options previously issued under the Executive Share Option Plan expired.

(iii) Employee Share Option Plan
No shares have been issued by virtue of an exercise of an option during the year or to the date of this report.

	Consolidated		Parent Entity	
	2003 $	2002 $	2003 $	2002 $
14. RESERVES, RETAINED PROFITS AND TOTAL EQUITY				
Reserves				
Foreign Currency Translation Reserve	-	(106,150)	-	-
Asset Revaluation Reserve	-	3,906,625	-	2,375,886
	-	3,800,475	-	2,375,886
Foreign Currency Translation Reserve				
Movements during the year:				
Opening Balance	(106,150)	(97,498)	-	-
Adjustment arising from the translation of foreign controlled entity's financial statements	-	(8,652)	-	-
Transfer to Retained Profits/Losses	106,150	-		
Closing Balance	-	(106,150)	-	-
Asset Revaluation Reserve				
Movements during the year:				
Opening Balance	3,906,625	-	2,375,886	-
Increase (decrease) recognised in the statement of financial performance on revaluation of assets	-	3,906,625	-	2,375,886
Transer to Retained Profits on Write off on sale of license	(3,906,625)	-	(2,375,886)	-
Closing Balance	-	3,906,625	-	2,375,886
Retained Profits/(Losses)				
Balance at beginning of year	(27,269,479)	(15,714,691)	(26,906,926)	(8,094,203)
Net Profit/(Loss) attributable to members of the parent entity	(1,379,367)	(11,554,788)	(899,579)	(18,812,723)
Transfers from Asset Revaluation Reserve	3,906,625	-	2,375,886	-
Transfers from Foreign Currency Translation Reserve	(106,150)	-	-	-
Balance at end of year	(24,848,371)	(27,269,479)	(25,430,619)	(26,906,926)
Total Equity				
Total Equity at beginning of year	1,886,996	7,359,886	833,410	15,191,247
Total Changes in Equity recognised in the Statement of Financial Performance	(1,379,367)	(7,656,815)	(899,579)	(16,436,837)
Transactions with owners as owners Contribution of Equity	55,560	2,079,000	55,560	2,079,000
Total changes in Outside Equity Interest	8450	104,925	-	-
Total Equity at end of year	571,639	1,886,996	(10,609)	833,410

CED AUSTRALASIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated		Parent Entity	
	2003 $	2002 $	2003 $	2002 $
15. OUTSIDE EQUITY INTERESTS IN CONTROLLED ENTITY				
Outside equity interests comprise:				
Interest in accumulated losses at the beginning of the financial year	(8,450)	(113,375)	-	-
Interest in operating loss after income tax	-	(19,080)	-	-
Dilution of outside equity interest on acquisition of additional equity	-	89,607	-	-
Transfer on disposal of controlled entity	8,450			
Interest in accumulated losses at the end of the financial year	-	(42,848)	-	-
Interest in Share capital	-	33,477	-	-
Interest in Reserves	-	921	-	-
Total outside equity interests	-	(8,450)	-	-
16. DIRECTORS' REMUNERATION				
Total income paid or payable, or otherwise made available to all directors of the company and all directors of each entity in the consolidated entity from the company or any related party	131,455	448,112	131,455	337,333
Number of directors of the parent entity whose total income falls within the following bands:				
$ 0 - $ 9,999			-	2
$ 10,000 - $ 19,999			-	-
$ 20,000 - $ 29,999			-	-
$ 30,000 - $ 39,999			2	2
$ 40,000 - $ 49,999			-	-
$ 50,000 - $ 59,999			-	-
$ 60,000 - $ 69,999			1	1

Directors of the parent entity who have held office during the financial year are:
John A Nissen
John H Whiting
Ken D Whiteman

CED AUSTRALASIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated		Parent Entity	
	2003 **$**	**2002** **$**	**2003** **$**	**2002** **$**
17. EXECUTIVES REMUNERATION				
Total income received or due and receivable by executive officers whose total income exceeds $100,000	-	859,745	-	616,506
Number of executive officers whose total income exceeds $100,000				
$100,000 - $109,999	-	1	-	-
$110,000 - $119,999	-	1	-	1
$120,000 - $129,999	-	1	-	1
$130,000 - $139,999	-	2	-	1
$230,000 - $239,999	-	-	-	1
18. RELATED PARTY TRANSACTIONS				
(a) Controlled Entities				
Loan to Controlled Entities - Non-Current	-	-	596,044	251,403
Loan from Controlled Entities - Current	-	-	-	-
Loan from Controlled Entities - Non-Current	-	-	695,948	695,948
These loans are interest free.				
There are no fixed terms of repayment.				
Charges by Controlling Entity				
Interest	-	-	-	29,586
These fees are charged on a commercial basis.				
(b) Purchases from Controlled Entities	-	-		15,058
Purchases from controlled entities were made on a commercial basis.				
			No.	No.
(c) Shares Held by Directors.				
Aggregate number of shares held by directors and their related entities in CED Australasia Limited at balance date			2,211,016	2,211,016
Aggregate number of shares purchased by directors and their related entities during the year				35,600
Aggregate number of shares disposed of by directors and their related entities during the year				1,000

	Consolidated		Parent Entity	
	2003 $	**2002 $**	**2003 $**	**2002 $**
19. FOREIGN CURRENCY MONETARY ITEMS				
Current Liabilities not effectively hedged:				
- US Dollar	-	264,423	-	264,423

20. FINANCIAL INSTRUMENTS

The financial assets and liabilities are recognised in the financial statements at values approximating their net fair values. The company has no significant concentration or exposure to credit risk. The maximum credit risk exposure of financial assets is represented by the carrying amount of the assets in the balance sheet.

21. STATEMENT OF OPERATIONS BY SEGMENT

Year ended 30 June 2003

The consolidated entity operates within Australia in the provision of membership-based business and consumer services. All sales are to customers outside the consolidated entity.

Year ended 30 June 2002 **Operating Revenue**	**Australia** **$**	**Asia** **$**	**Total** **$**
Sales to customers outside the consolidated entity	3,213,942	750,625	3,964,567
Inter-segment sales	-	-	-
Unallocated Revenue	-	-	-
Total Revenue	3,213,942	750,625	3,964,567
Segment results	(3,736,122)	(1,143,184)	(4,879,306)
Unallocated Expenses	-	-	(6,694,562)
Consolidated Operating Loss before Tax	(3,736,122)	(1,143,184)	(11,573,868)
Segment Assets	3,265,806	1,915,821	5,181,627
Unallocated Assets (eliminations)	-	-	-
Total Assets	3,265,806	1,915,821	5,181,627

	Consolidated		Parent Entity	
	2003 $	2002 $	2003 $	2002 $
22. COMMITMENTS FOR EXPENDITURE				
(a) Operating Lease Commitments				
Payable:				
- Not later than one year	110,825	195,195	110,825	195,195
- Later than one year but not later than five years	281,532	443,300	281,532	443,300
- Later than five years	-	5,038	-	5,038
	392,357	643,533	392,357	643,533

(b) Golf Link

In accordance with the parent entity's agreement with the Australian Golf Union the consolidated entity retains a commitment to rollout the Golf Link National Handicap System to all AGU affiliated golf clubs in Australia however the future liability in relation to this commitment is unable to be quantified as at 30 June 2003.

(c) Financial Support

The parent entity has undertaken to provide ongoing financial support to its controlled entity CED Asia Pacific Pte Ltd, which as from 12 September 2003 is a wholly owned subsidiary of the parent entity.

23. EARNINGS PER SHARE

	Consolidated Entity 2003	Consolidated Entity 2002
Basic Earnings Per Share (cents per share)	(2.0)	(21.8)
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share:	65,849,373	53,101,046
Earnings used in the calculation of basic earnings per share:	($1,379,367)	($11,554,788)

24. EVENTS SUBSEQUENT TO REPORTING DATE

SHARE ISSUES

On 29th August 2003 the parent entity finalised the issue of 50,000,000 fully paid ordinary shares at 3 cents per share in the capital of CED Australasia Limited, following approval by shareholders at a General Meeting of the company held on 9th July 2003. The issue was undertaken for the purpose of raising additional capital to invest in and develop future business operations.

In September 2003 a further 412,216 fully paid ordinary shares were issued by the parent entity at 5.337 cents per share in the capital of CED Australasia limited under the Shareholder purchase plan. The issue raised $22,000.

	Consolidated		Parent Entity	
	2003 $	2002 $	2003 $	2002 $
25. AUDITOR'S REMUNERATION				
Auditors of the Parent Entity	25,000	35,620	25,000	22,120
Other Services from Auditors of the Parent Entity	3,850	19,909	3,850	19,909
Other Auditors	-	31,648	-	-
Other Services from Other Auditors	-	3,261	-	-
The auditors received no other fees or benefits.				

CED AUSTRALASIA LIMITED
DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes of the company and of the economic entity:

   (a) comply with Accounting Standards and the Corporations Act 2001; and

   (b) give a true and fair view of the company's and consolidated entity's financial position as at 30 June 2003 and of their performance for the year ended on that date;

2. in the directors' opinion, there are reasonable grounds to believe that the company 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.

J A Nissen
Director

Dated this 30th day of September 2003
Melbourne

A Member Firm of PKF International

PKF

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& Business Advisers

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INDEPENDENT AUDIT REPORT
TO MEMBERS OF CED AUSTRALASIA LIMITED

Scope

The Financial Report and Directors' Responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both CED Australasia Limited the company and the consolidated entity, for the year ended 30 June 2003. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

(a) examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and

(b) assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit Opinion

In our opinion, the financial report of CED Australasia Limited is in accordance with:

(a) the Corporations Act 2001, including:

  (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2003, and of their performance for the year ended on that date, and

  (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

PKF
Chartered Accountants

R A Dean
Partner

30 September 2003
Melbourne

A Victorian Partnership

board of directors

Mr John A Nissen
Non-executive Chairman - appointed 2 March 1989

John Nissen has been in the Securities industry for the past twenty-nine years and was formerly an Associate Director with a leading Melbourne stockbroker. He is Managing Director of Rhys Capital Pty Ltd, an investment and corporate advisory business; a Non-executive Director of Poltech International Limited and Chairman of two Victorian based resort companies. He is Chairman of the Audit Committee. Age 55

Mr John H Whiting
Non-executive Director - appointed 12 December 1997

John Whiting's career focus has been in retailing. From 1972-1980 he was employed by McEwans in store management and merchandising positions. After running his own manufacturing and importing business from 1980-1989, John began consulting to a wide variety of retailers and their suppliers. Clients included McEwans, Coles Myer, Mitre 10, Westralian Forest Industries, Black and Decker, Dulux and George Patterson Advertising. These projects covered a range of retail product categories, including hardware, office supplies, clothing, timber and pharmaceutical. Age 54

Mr Ken D Whiteman
Non-executive Director - appointed 15 May 2003

Ken Whiteman has worked as a Self – Employed Consultant advising various businesses for the past 8 years. Prior to that he was a partner in an Accounting Practice. Ken is a Certified Practising Accountant. Age 35

additional information

1. SHAREHOLDING – 29SEPTEMBER 2003

(a) Distribution of Shareholders

Category	Holders
1 - 1,000	32
1,001 - 5,000	30
5,001 - 10,000	20
10,001 - 100,000	50
100,001 and over	31
	163

(b) Shareholdings less than Marketable Parcels

The number of shareholdings on the company's register as at 29 September 2003 which are less than a marketable parcel is 115.

(c) Twenty Largest Shareholders

Name	Shareholding	%
Nefco Nominees Pty Ltd	39,940,655	33.88
National Nominees Limited	27,152,539	23.03
Grande Dame Pty Ltd	12,000,000	10.18
Sidcorp Pty Ltd	10,000,000	8.48
Moggs Creek Pty Ltd (Superannuation Account)	5,292,651	4.49
ANZ Nominees Limited	3,786,633	3.21
Grange Investments Pty Ltd	3,000,000	2.54
CUC Asia Holdings	2,024,676	1.72
Stichting Stroeve Global	2,000,000	1.70
Moggs Creek Pty Ltd (Superannuation Account)	1,766,667	1.50
Citicorp Nominees Pty Limited	1,493,105	1.27
Consolidated Investments Australasia Pty Ltd	1,000,000	0.85
Prime Endevour Pty Ltd	915,000	0.78
CED Australasia Limited-Marketable Sale Facility	754,151	0.64
Westpac Custodian Nominees Limited	736,518	0.62
Mr Geoffrey Sinclair	550,000	0.47
Cyrtha Corporation NV	425,000	0.36
DEODEO Corporation	400,000	0.34
Stannington Pty Ltd	390,600	0.33
Ms Laurence Isabelle Ducoin	300,000	0.25
TOTAL	113,928,195	96.64

(d) Substantial Shareholders

Nefco Nominees	39,940,655
National Nominees Limited	27,152,539
Grande Dame Pty Ltd	12,000,000
Sidcorp Pty Ltd	10,000,000
Moggs Creek Pty Ltd (Superannuation Account)	7,059,318

(e) Voting Rights

All shares have equal voting rights.

additional information (cont.)

2. CORPORATE GOVERNANCE

Board of Directors

The Board of Directors is responsible for the Corporate Governance of the company including:

* Establishing strategic direction
* Approval of budgets and related business plans
* Monitoring of performance against these plans
* Reporting to shareholders.

Composition of the Board

The Board currently consists of 3 non-executive directors, including the chairman. Details of the directors currently in office are set out in the financial report. The constitution of the company provides that one third of the directors retire from office at the Annual General Meeting each year. Such retiring directors may be eligible for re-election.

If a casual vacancy is created during the year, the Board identifies appropriate candidates and may appoint them as directors during the year. Such candidates must stand for election at the next Annual General Meeting.

The Board reviews the remuneration of the chief executive officer and senior executives after obtaining appropriate professional advice. Non-executive directors are remunerated from the aggregate amount approved by shareholders at an Annual General Meeting. The amount paid to a director may vary depending on the level of the Board responsibilities. Details of the remuneration of directors are set out in the financial report.

Audit Committee

The current members of the Audit Committee are:

* Mr J A Nissen
* Mr J H Whiting

The external auditors, chief executive officer, company secretary and other relevant personnel may be invited to attend meetings when required.

The Committee's responsibilities include:

* Reviewing accounting policies and controls
* Reviewing financial budgets and business plans
* Reviewing the financial statements
* Liaising with external parties on relevant issues.

The Committee reviews the external auditor's terms of engagement including remuneration and makes recommendations to the Board.

Ethical Standards

The company acknowledges the requirement of both directors and employees to adhere to the highest standards of corporate responsibility, referred to in the company's employee handbook.