



C3 Preliminary Final Report

Building blocks to commercialisation set in place

Friday 12th September 2003, PERTH, AUSTRALIA: Clinical Cell Culture Ltd (C3, ASX:CCE) today announced its Preliminary Final Report for the period 1 January 2003 to 30 June 2003, reflecting C3's new year end of 30 June 2003.

Sales for the period were \$522,000, in line with the Company's expectations, and 80% higher compared to the same period last year (excluding revenues from Bali patients).

C3's management contained expenditure with operational expenses for the business increasing by approximately 8% compared to the same period last year.

The Company minimised its cash burn to a monthly average of approximately \$156,000 per month and as at 30 June 2003 the Company had approximately \$3 million in cash reserves (not including the \$7m equity raising completed in August 2003).

It is expected that C3's cash burn rate will increase in line with expectations, leading up to the launch and commercialisation of C3's products into the European and American markets. The Company anticipates it has sufficient reserves to reach break even point.

C3 Chief Executive Officer Troels Jordansen said the Company had continued to focus on its core business activity of skin Tissue Engineering.

"Over the past six months we have transformed C3 from a listed pooled development fund and now have a market capitalisation of approximately \$65 million, representing an increase of more than 450% from 1 January 2003," Troels Jordansen said.

"We have achieved a number of significant milestones which have been instrumental in laying the foundations for the commercialisation of our products in Europe for CellSpray and globally for ReCell. We will continue to concentrate meeting the timeframes for commercialisation and on building long term shareholder value," he said.

On 18 June 2003, C3 announced its intention to raise up to \$5m, inclusive of an approximate investment by Biotech Capital Ltd of \$3m. The equity raising was increased to \$7m in response to an overwhelming demand by institutional investors and C3 also allocated \$1m to existing shareholders through a Share Purchase Plan.

The capital raising was successfully completed on 18 August 2003 increasing C3's profile in the Australian capital markets and improving the Company's share registry to include a 50% equity holding by institutional investors and the Board.



The capital raised will be used to fund the commercial launch of C3 products into the European, Asia Pacific and American markets. At this stage, C3 does not anticipate a need to raise further capital.

C3 appointed several key personnel leading up to year end to further facilitate commercialisation milestones. This included the Chief Executive Officer Troels Jordansen who commenced in January 2003 and the expansion of the Company's management team in the areas of production, finance, marketing and European sales.

C3 has committed resources to the commercialisation of CellSpray®, CellSpray XP® and ReCell® and as a result has separately incorporated two Research & Development companies for its future product pipeline – EpiGrow Pty Ltd (for the treatment of chronic wounds) and Sterifast Pty Ltd (end point sterility testing service).

C3 does not plan to make significant direct expenditures on Research & Development. The funding for EpiGrow® and SteriFast® will be driven by a combination of government grants, external funding and joint venture alliances with other companies.

C3 recently signed two key supplier contracts to drive the internalisation and commercialisation of C3's products.

US Company Ventrex Inc was contracted to manufacture autologous skin cell harvesting device, ReCell®, which will be the first medical device of its kind globally and is targeted at the fast growing plastic and cosmetic surgery markets. C3 is committed to having a market presence in Europe for ReCell® by 2004 and is currently in discussions with potential distributors.

The second contract involved a manufacturing agreement with a subsidiary of US company, Cambrex Corporation (NYSE: CBM) for the manufacture of CellSpray® and CellSpray® XP for the European market. C3 is focused on establishing a market presence in Europe for CellSpray® by the first quarter of 2004 and have already submitted product regulatory dossier to the Belgium authorities.



About C3

Clinical Cell Culture is a publicly listed biomedical company, which develops and distributes tissue-engineered cellular products for autologous skin replacement.

The Company's lead products and product candidates are CellSpray®, cultured epithelial autograft spray suspension for the treatment of major burns, ReCell®, autologous cell harvesting kit for the treatment of small burns, pigment loss and scars and EpiGrow®, autologous epidermal derived fluid for the treatment of chronic wounds. C3's products have been used on more than 1,600 patients to date.

www.clinicalcellculture.com

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Appendix 4E

Preliminary final report

Name of entity

CLINICAL CELL CULTURE LIMITED

ABN or equivalent company reference

28 058 466 523

Half yearly
(tick)

Preliminary
final (tick)

Financial year ended ('current period')

30 June 2003

For announcement to the market

Extracts from this report for announcement to the market (see note 1).

\$A

Revenues from ordinary activities (<i>item 1.1</i>)	down	NA	to	946,241
Profit (loss) from ordinary activities after tax attributable to members (<i>item 1.22</i>)	down	NA	to	(1,983,430)
Profit (loss) from extraordinary items after tax attributable to members (<i>item 2.5(d)</i>)	gain (loss) of	-	to	-
Net profit (loss) for the period attributable to members (<i>item 1.11</i>)	down	NA	to	(1,983,430)

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend (<i>Preliminary final report only - item 15.4</i>) Interim dividend (<i>Half yearly report only - item 15.6</i>)	Nil ¢	Nil ¢
Previous corresponding period (<i>Preliminary final report - item 15.5; half yearly report - item 15.7</i>)	Nil ¢	Nil ¢

*Record date for determining entitlements to the dividend, (in the case of a trust, distribution) (see *item 15.2*)

Not Applicable

Due to the company altering its year end from 31 December to 30 June and the comparative period largely representing the former business activity of Ecat Developments Ltd, the percentage comparatives are not shown as they are not representative of the current business and period.

The company has changed its year end from 31 December to 30 June, this change was approved by the shareholders at the company's AGM on 28 May 2003. As a result, the current period represents 6 months from 1 January to 30 June 2003, whereas the comparative period represents 12 months from 1 January to 31 December 2002.

Condensed consolidated statement of financial performance

		Current period - \$A	Previous corresponding period - \$A
1.1	Revenues from ordinary activities (<i>see items 1.23 - 1.25</i>)	946,241	2,192,987
1.2	Expenses from ordinary activities (<i>see items 1.26 & 1.27</i>)	(2,923,720)	(4,352,453)
1.3	Borrowing costs	(5,951)	(4,038)
1.4	Share of net profits (losses) of associates and joint venture entities (<i>see item 16.7</i>)	-	(524,997)
1.5	Profit (loss) from ordinary activities before tax	(1,983,430)	(2,688,501)
1.6	Income tax on ordinary activities (<i>see note 4</i>)	-	-
1.7	Profit (loss) from ordinary activities after tax	(1,983,430)	(2,688,501)
1.8	Profit (loss) from extraordinary items after tax (<i>see item 2.5</i>)	-	-
1.9	Net profit (loss)	(1,983,430)	(2,688,501)
1.10	Net (profit) loss attributable to outside ⁺ equity interests	-	(65,114)
1.11	Net profit (loss) for the period attributable to members	(1,983,430)	(2,753,615)
<i>Non-owner transaction changes in equity</i>			
1.12	Increase (decrease) in revaluation reserves	-	-
1.13	Net exchange differences recognised in equity	-	-
1.14	Other revenue, expense and initial adjustments recognised directly in equity (attach details)	-	-
1.15	Initial adjustments from UIG transitional provisions	-	-
1.16	Total transactions and adjustments recognised directly in equity (items 1.12 to 1.15)	-	-
1.17	Total changes in equity not resulting from transactions with owners as owners	-	-

Earnings per security (EPS)	Current period	Previous corresponding period
1.18 Basic EPS	(2.24) cents	(4.03) cents
1.19 Diluted EPS	(2.24) cents	(4.03) cents

Notes to the condensed consolidated statement of financial performance

Profit (loss) from ordinary activities attributable to members

	Current period - \$A	Previous corresponding period - \$A
1.20 Profit (loss) from ordinary activities after tax (<i>item 1.7</i>)	(1,983,430)	(2,688,501)
1.21 Less (plus) outside ⁺ equity interests	-	(65,114)
1.22 Profit (loss) from ordinary activities after tax, attributable to members	(1,983,430)	(2,753,615)

Revenue and expenses from ordinary activities

(see note 15)

		Current period - \$A	Previous corresponding period - \$A
1.23	Revenue from sale of equities	100,000	1,358,262
	Sale of Goods	522,859	346,473
1.24	Interest revenue	86,234	258,803
1.25	Other relevant revenue	237,148	229,449
	TOTAL	946,241	2,192,987
1.26	Details of relevant expenses:		
	Cost of Goods Sold	495,949	176,488
	Clinical Affairs	121,146	-
	Sales & Marketing	345,742	218,157
	Regulatory	199,646	48,264
	Research & Development	84,320	12,700
	Administrative Costs	1,091,422	1,463,782
	Cost of sales of listed and unlisted shares	-	3,651,082
	Provision of diminution in value of investments (provision no longer required)	-	(1,417,420)
1.27	Depreciation and amortisation excluding amortisation of intangibles	82,875	31,860
	Amortisation of Intangible (see item 2.3)	502,620	167,540
	Total Expenses (items 1.26 and 1.27)	2,923,720	4,352,453
	Capitalised outlays		
1.28	Interest costs capitalised in asset values	-	-
1.29	Outlays capitalised in intangibles (unless arising from an *acquisition of a business)	-	-

Consolidated retained profits

		Current period - \$A	Previous corresponding period - \$A
1.30	Retained profits (accumulated losses) at the beginning of the financial period	(17,718,077)	(14,964,462)
1.31	Net profit (loss) attributable to members (<i>item 1.11</i>)	(1,983,430)	(2,753,615)
1.32	Net transfers from (to) reserves (<i>details if material</i>)	-	-
1.33	Net effect of changes in accounting policies	-	-
1.34	Dividends and other equity distributions paid or payable	-	-
1.35	Retained profits (accumulated losses) at end of financial period	(19,701,507)	(17,718,077)

Intangible and extraordinary items

		Consolidated - current period			
		Before tax \$A	Related tax \$A	Related outside + equity interests \$A	Amount (after tax) attributable to members \$A
2.1	Amortisation of goodwill	502,620	-	-	502,620
2.2	Amortisation of other intangibles	-	-	-	-
2.3	Total amortisation of intangibles	502,620	-	-	502,620
2.4	Extraordinary items (details)				-
2.5	Total extraordinary items				-

Comparison of half year profits

Preliminary final report only

		Current period - \$A	Previous year - \$A
3.1	Consolidated profit (loss) from ordinary activities after tax attributable to members reported for the 1st half year (<i>item 1.22 in the half yearly report</i>)	NA	NA
3.2	Consolidated profit (loss) from ordinary activities after tax attributable to members for the 2nd half year	NA	NA

Condensed consolidated statement of financial position		At end of current period \$A	As shown in last annual report \$A
Current assets			
4.1	Cash	3,003,700	3,943,525
4.2	Receivables	614,177	934,575
4.3	Investments	-	-
4.4	Inventories	48,622	52,509
4.5	Tax assets	-	-
4.6	Total current assets	3,666,499	4,930,609
Non-current assets			
4.7	Receivables	-	-
4.8	Investments	-	100,000
4.9	Other investments	-	-
4.10	Inventories	-	-
4.11	Exploration and evaluation expenditure capitalised (see para .71 of AASB 1022)	-	-
4.12	Development properties (+mining entities)	-	-
4.13	Other property, plant and equipment (net)	376,473	346,906
4.14	Intangibles (net)	9,382,220	9,884,840
4.15	Tax assets	-	-
4.16	Other (provide details if material)	-	-
4.17	Total non-current assets	9,758,693	10,331,746
4.18	Total assets	13,425,192	15,262,355
Current liabilities			
4.19	Payables	452,808	294,556
4.20	Interest bearing liabilities	179,572	64,660
4.21	Tax liabilities	-	-
4.22	Provisions exc. tax liabilities	99,831	65,281
4.23	Investment funds owed to C3	-	-
	Share Oversubscriptions	-	-
4.24	Total current liabilities	732,221	424,497
Non-current liabilities			
4.25	Payables	-	-
4.26	Interest bearing liabilities	-	134,362
4.27	Tax liabilities	-	-
4.28	Provisions exc. tax liabilities	-	-
4.29	Other (provide details if material)	-	-
4.30	Total non-current liabilities	-	134,362
4.31	Total liabilities	732,211	558,859
4.32	Net assets	12,692,981	14,703,496

Condensed consolidated statement of financial position Continued

	Equity		
4.33	Capital/contributed equity	30,207,793	30,234,878
4.34	Reserves	2,186,695	2,186,695
4.35	Retained profits (accumulated losses)	(19,701,507)	(17,718,077)
4.36	Equity attributable to members of the parent entity	12,692,981	14,703,496
4.37	Outside [†] equity interests in controlled entities	-	-
4.38	Total equity	12,692,981	14,703,496
4.39	Preference capital included as part of 4.37	-	-

Notes to the condensed consolidated statement of financial position

Exploration and evaluation expenditure capitalised

(To be completed only by entities with mining interests if amounts are material. Include all expenditure incurred.)

	Current period \$A	Previous corresponding period - \$A
5.1 Opening balance	-	-
5.2 Expenditure incurred during current period	-	-
5.3 Expenditure written off during current period	-	-
5.4 Acquisitions, disposals, revaluation increments, etc.	-	-
5.5 Expenditure transferred to Development Properties	-	-
5.6 Closing balance as shown in the consolidated balance sheet (item 4.12)	-	-

Development properties

(To be completed only by entities with mining interests if amounts are material)

	Current period \$A	Previous corresponding period - \$A
6.1 Opening balance	-	-
6.2 Expenditure incurred during current period	-	-
6.3 Expenditure transferred from exploration and evaluation	-	-
6.4 Expenditure written off during current period	-	-
6.5 Acquisitions, disposals, revaluation increments, etc.	-	-
6.6 Expenditure transferred to mine properties	-	-
6.7 Closing balance as shown in the consolidated balance sheet (item 4.13)	-	-

Condensed consolidated statement of cash flows

		Current period \$A	Previous corresponding period - \$A
Cash flows related to operating activities			
7.1	Receipts from customers	1,072,797	77,880
7.2	Payments to suppliers and employees	(2,147,487)	(2,235,597)
7.3	Dividends received from associates	-	-
7.4	Other dividends received	-	-
7.5	Interest and other items of similar nature received	86,234	258,803
7.6	Interest and other costs of finance paid	-	-
7.7	Income taxes paid	-	-
7.8	Other (provide details if material)	-	-
7.9	Net operating cash flows	(988,456)	(1,898,914)
Cash flows related to investing activities			
7.10	Payment for purchases of property, plant and equipment	(112,441)	(49,287)
7.11	Proceeds from sale of property, plant and equipment	-	4,573
7.12	Payment for purchases of equity investments	-	-
7.13	Payments for control of entity net of cash acquired	-	(2,967,837)
7.14	Proceeds from sale of equity investments	200,000	1,358,262
7.15	Loans to other entities	-	-
7.16	Loans repaid by other entities	-	-
7.17	Other (provide details if material)	-	-
7.18	Net investing cash flows	87,559	(1,654,289)
Cash flows related to financing activities			
7.19	Proceeds from issues of +securities (shares, options, etc.)	-	1,386,000
7.20	Proceeds from borrowings	-	-
7.22	Repayment of borrowings	(11,843)	(12,932)
7.23	Dividends paid	-	-
7.24	Other :		
	Capital Raising Expense	(27,085)	(175,000)
	Cash provided as security for borrowing	-	(216,423)
7.25	Net financing cash flows	(38,928)	981,645
7.26	Net increase (decrease) in cash held	(939,825)	(2,571,557)
7.27	Cash at beginning of period (see Reconciliation of cash)	3,943,525	6,515,082
7.28	Exchange rate adjustments to item 7.25.	-	-
7.29	Cash at end of period (see Reconciliation of cash)	3,003,700	3,943,525

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. (If an amount is quantified, show comparative amount.)

Not applicable

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current period \$A	Previous corresponding period - \$A
8.1 Cash on hand and at bank	3,003,700	3,943,525
8.2 Deposits at call	-	-
8.3 Bank overdraft	-	-
8.4 Other -Bank Bills & Term Deposits	-	-
8.5 Total cash at end of period (Item 7.29)	3,003,700	3,943,525

Other notes to the condensed financial statements

Ratios	Current period	Previous corresponding Period
9.1 Profit before tax / revenue Consolidated profit (loss) from ordinary activities before tax (item 1.5) as a percentage of revenue (item 1.1)	(209%)	(123 %)
9.2 Profit after tax / +equity interests Consolidated net profit (loss) from ordinary activities after tax attributable to members (item 1.11) as a percentage of equity (similarly attributable) at the end of the period (item 4.38)	(16 %)	(18 %)

Earnings per security (EPS)

- 10.** Details of basic and diluted EPS reported separately in accordance with paragraph 9 and 18 of AASB 1027: *Earnings Per Share* are as follows.

Weighted average ordinary shares used in the calculation of the basic earnings per share: 88,435,106
Weighted average ordinary shares used in the calculation of the diluted earnings per share: 88,435,106

The Company had 25,469,913 options over fully paid ordinary shares on issue at balance date. Options are considered to be potential ordinary shares. However, they are not considered to be dilutive in nature as their exercise will not result in a diluted earnings per share, showing an inferior view of the Company's earnings performance compared to the basic earning per share stated above. The options have not been included in the determination of basic earnings per share.

Prior year loss per share has been adjusted for the 3 for 1 consolidation.

NTA backing <i>(see note 7)</i>	Current period	Previous corresponding period
11.1 Net tangible asset backing per ⁺ ordinary security	\$0.046	\$0.054

Discontinuing Operations

(Entities must report a description of any significant activities or events relating to discontinuing operations in accordance with paragraph 7.5 (g) of AASB 1029: Interim Financial Reporting, or, the details of discontinuing operations they have disclosed in their accounts in accordance with AASB 1042: Discontinuing Operations (see note 17).)

12.1 Discontinuing Operations

Nil

Control gained over entities having material effect

13.1 Name of entity (or group of entities) Not Applicable

13.2 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was ⁺acquired

13.3 Date from which such profit has been calculated

13.4 Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period, being the 2001 calendar year.

Loss of control of entities having material effect

14.1	Name of entity (or group of entities)	Not Applicable
14.2	Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control	-
14.3	Date to which the profit (loss) in item 14.2 has been calculated	-
14.4	Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period	-
14.5	Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	-

Dividends (in the case of a trust, distributions)

15.1	Date the dividend (distribution) is payable	Not Applicable
15.2	+Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if +securities are not +CHES approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if +securities are +CHES approved)	Not Applicable
15.3	If it is a final dividend, has it been declared? <i>(Preliminary final report only)</i>	Not Applicable

Amount per security

		Amount per security	Franked amount per security at % tax (see note 4)	Amount per security of foreign source dividend
	<i>(Preliminary final report only)</i>			
15.4	Final dividend: Current year	-	-	-
15.5	Previous year	-	-	-
	<i>(Half yearly and preliminary final reports)</i>			
15.6	Interim dividend: Current year	-	-	-
15.7	Previous year	-	-	-

Total dividend (distribution) per security (interim plus final)

(Preliminary final report only)

	Current year	Previous year
15.8 +Ordinary securities	-	-
15.9 Preference +securities	-	-

Half yearly report - interim dividend (distribution) on all securities or

Preliminary final report - final dividend (distribution) on all securities

	Current period \$A	Previous corresponding period - \$A
15.10 +Ordinary securities <i>(each class separately)</i>	-	-
15.11 Preference+ securities <i>(each class separately)</i>	-	-
15.12 Other equity instruments <i>(each class separately)</i>	-	-
15.13 Total	-	-

The +dividend or distribution plans shown below are in operation.

Not Applicable

The last date(s) for receipt of election notices for the +dividend or distribution plans

Not Applicable

Any other disclosures in relation to dividends (distributions). *(For half yearly reports, provide details in accordance with paragraph 7.5(d) of AASB 1029 Interim Financial Reporting)*

Not Applicable

Details of aggregate share of profits (losses) of associates and joint venture entities

Group's share of associates' and joint venture entities':	Current period \$A	Previous corresponding period - \$A
16.1 Profit (loss) from ordinary activities before tax	-	(524,997)
16.2 Income tax on ordinary activities	-	-
16.3 Profit (loss) from ordinary activities after tax	-	(524,997)
16.4 Extraordinary items net of tax	-	-
16.5 Net profit (loss)	-	(524,997)
16.6 Adjustments	-	-
16.7 Share of net profit (loss) of associates and joint venture entities	-	(524,997)

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities. *(If the interest was acquired or disposed of during either the current or previous corresponding period, indicate date of acquisition ("from dd/mm/yy") or disposal ("to dd/mm/yy").)*

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss) <i>(item 1.9)</i>	
	Current period	Previous corresponding period	Current period \$A	Previous corresponding period - \$A
17.1 Equity accounted associates and joint venture entities				
17.2 Total				
17.3 Other material interests				
Boron Molecular Pty Ltd	0.0%	16.7%		

Issued and quoted securities at end of current period

(Description must include rate of interest and any redemption or conversion rights together with prices and dates)

Category of ⁺ securities	Total number	Number quoted	Issue price per security (see note 14) (cents)	Amount paid up per security (see note 14) (cents)
18.1 Preference ⁺securities (description)	-	-	-	-
Changes during current period				
18.2 (a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buybacks, redemptions	-	-	-	-
18.3 ⁺Ordinary securities	88,517,106	76,563,427	-	-
Changes during current period				
18.4 (a) Increases through issues	91,000	91,000	-	-
(b) Decreases through returns of capital, buybacks	-	-	-	-
18.5 ⁺Convertible debt securities (description and conversion factor)	-	-	-	-
Changes during current period				
18.6 (a) Increases through issues	-	-	-	-
(b) Decreases through securities matured, converted	-	-	-	-
18.7 Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date (if any)</i>
	2,000,000		\$0.45	30/10/05
	9,344,908		\$0.45	30/10/05
	8,333,341		\$0.60	31/12/04
	3,666,664		\$0.29	31/12/05
	300,000		\$0.29	28/5/06
	450,000		\$0.29	28/5/06
	1,375,000		\$0.29	28/5/06
18.8 Issued during current period	300,000		\$0.29	28/5/06
	450,000		\$0.29	28/5/06
	1,375,000		\$0.29	28/5/06
18.9 Exercised during current period	-	-	-	-
18.10 Expired during current period	-	-	-	-
18.11 Debentures (description)				
18.12 Changes during current period				
(a) Increases through issues	-	-		
(b) Decreases through securities matured, converted	-	-		

18.13	Unsecured notes <i>(description)</i>		
	Changes during current period		
18.14	(a) Increases through issues		
	(b) Decreases through securities matured, converted	-	-
		-	-

Segment reporting

(Information on the business and geographical segments of the entity must be reported for the current period in accordance with *AASB 1005: Segment Reporting* and for half year reports, *AASB 1029: Interim Financial Reporting*. Because entities employ different structures a pro forma cannot be provided. Segment information in the layout employed in the entity's ⁺accounts should be reported separately and attached to this report.)

Geographic Segments

The company operates in one geographic segment, Australia and New Zealand.

Comments by directors

(Comments on the following matters are required by ASX or, in relation to the half yearly report, by *AASB 1029: Interim Financial Reporting*. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) and may be incorporated into the directors' report and statement. For both half yearly and preliminary final reports, if there are no comments in a section, state NIL. If there is insufficient space to comment, attach notes to this report.)

Basis of financial report preparation

19.1 If this report is a half yearly report, it is a general purpose financial report prepared in accordance with the listing rules and *AASB 1029: Interim Financial Reporting*. **It should be read in conjunction with the last ⁺annual report and any announcements to the market made by the entity during the period.** The financial statements in this report are "condensed financial statements" as defined in *AASB 1029: Interim Financial Reporting*. This report does not include all the notes of the type normally included in an annual financial report. [Delete if preliminary final report.]

19.2 Material factors affecting the revenues and expenses of the economic entity for the current period. In a half yearly report, provide explanatory comments about any seasonal or irregular factors affecting operations.

The company has changed its year end from 31 December to 30 June, this change was approved by the shareholders at the company's AGM on 28 May 2003. As a result, the current period represents 6 months from 1 January to 30 June 2003, whereas the comparative period represents 12 months from 1 January to 31 December 2002.

19.3 A description of each event since the end of the current period which has had a material effect and which is not already reported elsewhere in this Appendix or in attachments, with financial effect quantified (if possible).

The company completed its capital raising on 20 August 2003 by issuing 66,666,189 shares at 10.5 cents each to raise \$7m gross. The funds will be used to expand the company's product into the European, Asia Pacific and American markets.

19.4 Franking credits available and prospects for paying fully or partly franked dividends for at least the next year.

Nil

19.5 Unless disclosed below, the accounting policies, estimation methods and measurement bases used in this report are the same as those used in the last annual report. Any changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows. (Disclose changes and differences in the half yearly report in accordance with AASB 1029: *Interim Financial Reporting*. Disclose changes in accounting policies in the preliminary final report in accordance with AASB 1001: *Accounting Policies-Disclosure*).

Nil

19.6 Revisions in estimates of amounts reported in previous interim periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous +annual reports if those revisions have a material effect in this half year.

Nil

19.7 Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last + annual report.

Nil

Additional disclosure for trusts

20.1 Number of units held by the management company or responsible entity or their related parties.

Not Applicable

20.2 A statement of the fees and commissions payable to the management company or responsible entity.

Identify:

- initial service charges
- management fees
- other fees

Not Applicable

Annual meeting

(Preliminary final report only)

The annual meeting will be held as follows:

Place

Convention Centre
 Technology Park
 Brodie Hall Drive
 Bentley WA 6102

Date

Provisionally set as 24 November 2003

Time

9am (WST)

Approximate date the *annual report will be available

15 October 2004

Compliance statement

- 1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX (see note 12).

Identify other standards used

- 2 This report, and the *accounts upon which the report is based (if separate), use the same accounting policies.

- 3 This report does give a true and fair view of the matters disclosed (see note 2).

- 4 This report is based on *accounts to which one of the following applies.

(Tick one)

- | | | | |
|-------------------------------------|---|--------------------------|---|
| <input type="checkbox"/> | The *accounts have been audited. | <input type="checkbox"/> | The *accounts have been subject to review. |
| <input checked="" type="checkbox"/> | The *accounts are in the process of being audited or subject to review. | <input type="checkbox"/> | The *accounts have <i>not</i> yet been audited or reviewed. |

- 5 If the audit report or review by the auditor is not attached, details of any qualifications are attached/will follow immediately they are available* (*delete one*). (*Half yearly report only - the audit report or review by the auditor must be attached to this report if this report is to satisfy the requirements of the Corporations Act.*)

- 6 The entity has formally constituted audit committee.

A handwritten signature in black ink, consisting of a stylized, cursive script.

Sign here:

Date: 12 September 2003

Print name: GABRIEL CHIAPPINI