

COMDEK

COMDEK LTD
ABN 91 059 950 337

NOTICE OF ANNUAL GENERAL MEETING & ANNUAL REPORT 2003



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY given for an Annual General Meeting (**Meeting**) of Comdek Limited (**Comdek** or **Company**) to be held at the offices of Security Transfers Registrars Pty Ltd at 770 Canning Highway, Applecross, Western Australia on 28 November 2003 at 2:00pm.

*The Proxy Form accompanying this Notice of Annual General Meeting (**Notice of Meeting**) is hereby incorporated in, and comprise part of, this Notice of Meeting.*

BUSINESS

Annual Report

To receive and consider the Company's 2003 Annual Report (including financial, director's and auditor's report for the year ended 30 June 2003).

That shareholders consider and, if thought fit, pass the following resolutions (with or without modification) as ordinary resolutions.

1. Re-election of Mr Jeff Garrett as a Director

"That Mr Jeff Garrett, who retires by rotation in accordance with Clause 11.1.3 of the Constitution of the Company and being eligible, be re-appointed as a director of the Company."

EXPLANATION: Clause 11.1.3 of the Constitution of the Company requires that at the Annual general Meeting, one third of the Directors for the time being shall retire from office. A retiring Director is eligible for re-election.

DATED this 31 October 2003

By Order of the Board



Haydn Collins
Managing Director

Comdek Limited

PROXY FORM

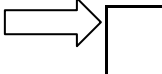
Shareholder's Name & Address

Please write your name(s) above			
Number & Street/PO Box Number			
City/Town		State	Post Code

Appointment of Proxy

I/We appoint as proxy to vote in accordance with the following directions (or if no directions have been given, as the proxy or Chairperson see fit) at the Meeting to be held at the offices of Security Transfers Registrars Pty Ltd at 770 Canning Highway, Applecross, Western Australia on 28 November 2003 at 2:00pm (and at any adjournment thereof).

<input type="text"/>	OR	<input type="text" value="the Chairperson of the Meeting"/>
Name of person you are appointing (if not the Meeting Chairperson)		

IF YOU DO NOT WISH TO DIRECT YOUR PROXY HOW TO VOTE, PLEASE PLACE A MARK IN THIS BOX * 

* The Chairman intends to vote undirected proxies in favour of all resolutions. By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.

	For	Against	Abstain**
1 Re-election of Mr Jeff Garrett as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item.

Appointing a Second Proxy (if applicable)

Contact Telephone Number

<input type="text"/>	OR	<input style="width: 50px;" type="text" value="%"/>	<input type="text"/>
The number of shares applicable to this proxy form		The percentage of your voting rights	Area Code Telephone Number

Signature(s)

Shareholder 1	Shareholder 2	Shareholder 3
<input type="text"/>	<input type="text"/>	<input type="text"/>
Director	Director/Secretary	Sole Director and Secretary

Company Seal (if required)

Proxies may be lodged either by facsimile on (08) 9214 5201, by mail to PO Box 445, West Perth, 6872, Western Australia or delivery to the registered office of the Company at the offices of Comdek Limited, Level 4, 673 Murray Street, West Perth, Western Australia. To be valid, a proxy form must be received by at the registered office of the Company not less than 48 hours before the time appointed for the Meeting. For assistance in completing this form, please refer to the rear of this form.

INSTRUCTIONS FOR COMPLETION OF THE PROXY FORM

Shareholder's Name & Address

This is the name and address of the shareholder as it appears on the Company's share register. In accordance with Section 1109N of the Corporations Law, shares will be taken to be held by those persons who are the registered holders thereof 48 hours before the time appointed for the commencement of the Meeting.

Appointment of Proxy

For the purposes of Section 249L of the Corporations Law members are advised that a shareholder entitled to attend and vote at the Meeting is entitled to appoint not more than two other persons (whether shareholders or not) as proxy or proxies to attend in the shareholder's place at the Meeting. The proxy has the same right as the shareholder to speak and vote at the Meeting. If you leave this section blank, the Chairperson of the Meeting will be your proxy to vote your shares even if you attend the Meeting (unless you revoke your proxy before the Meeting).

Vote on Resolutions

You may direct your proxy how to vote by placing a mark in one of the boxes opposite the resolution/s you wish to direct your proxy to vote on. If you do so, all your shares will be voted in accordance with your direction. You can split your vote on any resolution/s by inserting the number/s of shares you wish to vote in the appropriate box/es. Please ensure you clearly mark the box in black or blue ink by placing a mark or the number of shares you are voting.

Appointing a Second Proxy

If a shareholder appoints two proxies and the appointment does not specify the proportion or number of the shareholder's votes, each proxy may exercise half of the votes.

Contact Telephone Number

This will help us if there are any problems with your proxy form.

Signature(s)

Each shareholder must sign this form. If your shares are held in joint names, all shareholders must sign in the boxes. If you are signing as an Attorney, then the Power of Attorney must have been noted by the Company or be duly stamped and accompany this form. Only duly authorised officer/s can sign on behalf of a company. Please sign in the boxes provided which state the office held by the signatory.

**COMDEK LIMITED
CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2003**

Dear Shareholder,

Attached is the Annual Report and Notice of Annual General Meeting for Comdek Ltd (Comdek) for the financial period ended 30 June 2003.

Since this date Comdek has been Admitted to the Official List of the Australian Stock Exchange and commenced trading on the Australian Stock Exchange on 31 October 2003. The company code is CDS.

The float of Comdek provides significant opportunity for the Company to implement growth strategies outlined in the Prospectus dated 26 August 2003. The Directors of Comdek are now focused on successful implementation of these strategies with a view to increasing shareholder value.

Yours sincerely



Haydn Collins

Managing Director
31 October 2003

COMDEK LIMITED
MANAGING DIRECTORS LETTER
30 JUNE 2003

Your directors submit their report for the year ended 30 June 2003.

Directors

The names of directors in office during the financial year and until the date of signing this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Hendy Cowan (appointed 28th May 2003)
Chairman

Mr Cowan has a 30 year history as a West Australian political leader and spokesperson for the agricultural community. Mr Cowan has an impressive list of achievements including Deputy Premier of Western Australia for 8 years, Leader of the National Party for 23 years and Member of the Western Australian Legislative Assembly for 27 years. Mr Cowan brings a wealth of experience, skills and contacts in international markets, considered to be the key area of growth for the Company.

Mr Cowan also holds the positions of Chairman of the Committee of Management of the State Agricultural Biotechnology Centre at Murdoch University, Vice President of the Advisory Board of the Cancer Foundation, Director of the Export Grains Council, Chairman of the Board of the National Networked Tele Test Facility at Edith Cowan University. Mr Cowan has been awarded an Honorary Doctorate of Science by Murdoch University and an Honorary Doctorate of Commerce by Edith Cowan University.

Haydn Lee Collins
Managing Director

Mr Collins has over 20 years of experience in the electronics industry. Mr Collins has been instrumental in the development and management of all Comdek business units over the past 10 years. He has a strong engineering and project management background and provides a hands on approach to business management. Mr Collins was appointed Managing Director of Comdek in 1993. Mr Collins is involved in all aspects of the Company operations and has been the primary driver of the diversification of the Company into the satellite communications business where he has lead the technical development of the satellite solution.

Jeffrey Mark Garrett
Non-Executive Director

Mr Garrett has over 23 years of experience in the information technology and communications industries. Mr Garrett founded Comdek Computers (WA) Pty Ltd in May 1993. Since this time Mr Garrett has overseen the growth of the Company from a hardware wholesaler with one employee through to the diversified technology and communications company that it is today. Mr Garrett has been primarily responsible for technological research and development of the Company.

David Falconer (appointed 28th May 2003)
Non-Executive Director

David Falconer has a Bachelor of Science (Agric) and Bachelor of Commerce and is a CPA accountant. He is a Director of ConsultAg and AccountAg, providing consulting and accounting services to small and medium sized businesses.

Mr Falconer has 17 years experience in a broad range of agribusinesses, providing consulting and management services to farm businesses and industry. Mr Falconer has specialist skills in business planning, taxation, succession planning and finance.

COMDEK LIMITED
DIRECTORS REPORT (continued)
30 JUNE 2003

Peter Dale Collins

Non-executive Director (Resigned: 28 May 2003)

Bachelor of Education

Property Developer

Company Secretary

Haydn Lee Collins

Interest in the shares of Comdek Limited

At the date of this report, the interests of the directors in the shares of Comdek Limited were:

	Number of ordinary shares held
H. Cowan	249,840
H. Collins	6,000,000
J. Garrett	7,800,320
D. Falconer	939,840

Corporate Information

Corporate Structure

Comdek Limited is a company limited by shares that is incorporated and domiciled in Australia.

Comdek Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year (refer note 10 in the financial report).

The registered office of Comdek Limited at the date of signing this report is:

673 Murray Street
West Perth, Western Australia, 6005.

Employees

The consolidated entity employed 14 employees as at 30 June 2003 (2002: 27 employees).

Principal Activities

The principal activities of the consolidated entity during the period were the supply of computer hardware, support services and provision of internet services. Comdek Satellite Communications Pty Ltd also provides satellite based voice and data communications as well as supplying satellite communications infrastructure.

COMDEK LIMITED
DIRECTORS REPORT (continued)
30 JUNE 2003

Review and Results of Operations

Review

Comdek is a satellite communications and computer company whose objective is to enhance shareholder wealth through growth of its business units. The Company's focus is to facilitate and continue growth of its existing satellite communications business throughout national and international markets. Comdek will consider strategic acquisitions and joint venture arrangements to facilitate achieving this objective.

Comdek is a well established and successful business with a 18 year history. In the past 2 years Comdek has diversified into two core business units:

Comdek Satellite Communications which supplies telephony, data, fax, eftpos and internet to remote sites following the installation of satellite infrastructure.

Comdek Computers which provide complete technology solutions through the:

- manufacture and supply of computer hardware, personal computers, file servers and peripherals; and
- design, installation and support of network solutions including software/hardware upgrades and service contracts; and
- provision of dial-up and broadband internet services.

Results of Operations

The consolidated loss of the consolidated entity for the period after providing for income tax and eliminating outside equity interests amounted to \$338,887 (2002: profit \$279,573).

No recommendation has been made for the payment of a dividend.

Significant Changes in the State of Affairs

There have been no significant changes in the state of affairs of the chief entity or the consolidated entity during the financial year.

Significant Events after the Balance Date

No matters or circumstances have arisen since the end of the period which 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 periods.

Likely Developments and Expected Results

Other than as referred to in this report, further information as to likely developments in the operations of the consolidated entity would, in the opinion of the directors, be likely to result in unreasonable prejudice to the consolidated entity.

Environmental Regulation and Performance

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

Share Options

No options over issued shares or interests in the company or a controlled entity were granted during or since the end of the period and there were no options outstanding at the date of this report.

COMDEK LIMITED
DIRECTORS REPORT (continued)
30 JUNE 2003

Directors and Other Officers Emoluments

Remuneration policy

The Board of Directors is responsible for determining and reviewing compensation arrangements for the Chairman and Managing Director. The Chairman and Managing Director are responsible for determining and reviewing compensation arrangements for the Non Executive Directors and Executive Officers, in accordance with guidelines set out by the Board of Directors. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

The nature and amount of remuneration is linked to the company's operational and financial performance.

Details of the nature and amount of each element of the emoluments of each director and the executive officers of the company and the consolidated entity are as follows:

	Office	Annual Emoluments		Long Term Emoluments		Total
		Base Fee	Other	Super-annuation	Other	
		\$	\$	\$	\$	\$
H. Cowan	Chairman	-	-	-	-	-
H. Collins	Managing Director	81,000	12,000	8,276	-	101,276
J Garrett	Non-executive Director	61,000	-	5,400	-	66,400
P. Collins (Resigned 28 May 2003)	Non-executive Director	-	-	-	-	-
D. Falconer	Non-executive Director	-	-	-	-	-
R. Wolanski	Financial Controller	56,769	6,273	5,120	-	68,162

The terms 'director' and 'officer' have been treated as mutually exclusive for the purposes of this disclosure.

The elements of emoluments have been determined on the basis of the cost to the company and the consolidated entity.

Executives are those directly accountable and responsible for the operational management and strategic direction of the company and the consolidated entity.

The category 'Other' includes the value of any non-cash benefits provided, including shares issued as remuneration.

COMDEK LIMITED
DIRECTORS REPORT (continued)
30 JUNE 2003

Directors Meetings

The following table reflects the attendance at meetings during the year:

Directors	No. of Meetings Eligible to Attend	Number Attended
H. Cowan	1	1
H. Collins	6	6
J. Garrett	6	6
D. Falconer	1	1
P. Collins (Resigned 28 May 2003)	6	-

Tax Consolidation

For the purposes of income taxation, Comdek Limited and its 100% owned subsidiaries intend to form a tax consolidated group. At the date of signing the financial report, Comdek has not determined the date of entry into tax consolidation because this decision will be based upon the most favourable outcome in terms of the transitional rules in the tax consolidation legislation. The date of entry will be determined at the time the head company lodges in its tax return for the year ended 30 June 2003. The impact of the tax consolidation system on deferred tax balances of the economic entity will not be material to the economic entity.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Comdek Limited support and have adhered to the principles of Corporate Governance.

The company's corporate governance statement has been set out on pages 34 to 35 of this financial report.

Signed in accordance with a resolution of the directors.



Haydn Lee Collins
Managing Director

Perth, 29 October 2003

COMDEK LIMITED
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2003

		Consolidated Entity		Parent Entity	
		2003	2002	2003	2002
		\$	\$	\$	\$
	Notes				
REVENUES FROM ORDINARY ACTIVITIES					
	2	6,886,132	9,568,121	4,793,474	8,498,122
Raw materials and consumables used	3	(4,679,752)	(6,573,112)	(3,718,658)	(6,077,190)
Depreciation and amortisation expenses	3	(270,930)	(295,083)	(135,857)	(173,139)
Borrowing costs expense	3	(152,731)	(142,126)	(128,746)	(117,664)
Occupancy costs expense		(185,433)	(152,369)	(127,030)	(152,369)
Salaries and employee benefits expense		(1,134,364)	(1,268,109)	(522,433)	(675,509)
Administrative expenses	3	(741,406)	(766,760)	(380,542)	(536,637)
PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX		(278,484)	370,562	(219,792)	765,614
INCOME TAX RELATING TO ORDINARY ACTIVITIES	4	(62,355)	(193,174)	47,540	(252,639)
PROFIT/(LOSS) FROM ORDINARY ACTIVITIES AFTER INCOME TAX		(340,839)	177,388	(172,252)	512,975
NET LOSS ATTRIBUTABLE TO OUTSIDE EQUITY INTEREST	16	1,952	102,185	-	-
NET PROFIT/(LOSS) ATTRIBUTABLE TO MEMBERS OF COMDEK LIMITED	15	(338,887)	279,573	(172,252)	512,975

COMDEK LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2003

		Consolidated Entity		Parent Entity	
		2003	2002	2003	2002
		\$	\$	\$	\$
	Notes				
CURRENT ASSETS					
Cash assets		6,848	19,237	200	203
Receivables	5	597,858	1,755,255	349,229	1,305,038
Inventories	6	771,851	757,159	771,649	757,159
Other	7	130,276	78,040	72,291	47,711
TOTAL CURRENT ASSETS		1,506,833	2,609,691	1,193,369	2,110,111
NON-CURRENT ASSETS					
Receivables	5	198,450	86,352	1,726,652	895,308
Other financial assets	10	-	-	36,182	36,182
Plant and equipment	8	1,377,320	1,155,578	274,259	310,128
Intangible assets	9	128,465	145,564	39,563	44,904
Deferred tax assets	4	-	17,958	-	17,958
Other	7	232,760	168,104	95,710	99,221
TOTAL NON-CURRENT ASSETS		1,936,995	1,573,556	2,172,366	1,403,701
TOTAL ASSETS		3,443,828	4,183,247	3,365,735	3,513,812
CURRENT LIABILITIES					
Payables	11	858,728	1,507,753	662,568	1,171,340
Interest-bearing liabilities	12	828,214	1,132,632	690,916	641,820
Current tax liabilities	4	62,132	48,304	62,132	154,529
Provisions	13	36,462	43,567	36,462	43,567
TOTAL CURRENT LIABILITIES		1,785,536	2,732,256	1,452,078	2,011,256
NON-CURRENT LIABILITIES					
Interest-bearing liabilities	12	836,668	746,778	669,152	539,500
Deferred tax liabilities	4	-	43,799	-	43,799
TOTAL NON-CURRENT LIABILITIES		836,668	790,577	669,152	583,299
TOTAL LIABILITIES		2,622,204	3,522,833	2,121,230	2,594,555
NET ASSETS		821,624	660,414	1,244,505	919,257
EQUITY					
Contributed equity	14	1,419,600	922,100	1,419,600	922,100
Accumulated losses	15	(513,702)	(174,815)	(175,095)	(2,843)
Parent entity interest		905,898	747,285	1,244,505	919,257
Outside equity interest	16	(84,274)	(86,871)	-	-
TOTAL EQUITY		821,624	660,414	1,244,505	919,257

COMDEK LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2003

	Notes	Consolidated Entity		Parent Entity	
		2003	2002	2003	2002
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		7,873,305	8,860,871	5,608,791	8,182,562
Payments to suppliers and employees		(7,493,778)	(9,522,641)	(5,234,375)	(8,428,354)
Borrowings costs paid		(152,731)	(142,126)	(128,746)	(117,664)
Income tax paid		-	(5,944)	-	(5,944)
Net cash provided by/(used in) operating activities	17(d)	226,796	(809,840)	245,670	(369,400)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		4,070	11,375	4,070	2,875
Payment for property, plant and equipment		(475,573)	(662,336)	(94,647)	(89,682)
Payment for other non-current assets		(64,656)	-	-	-
Net cash used in investing activities		(536,159)	(650,961)	(90,577)	(86,807)
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from share issue		497,500	922,000	497,500	922,000
Oversubscription for share issue		-	68,000	-	68,000
Proceeds from borrowings			349,403		200,000
Advances from / (to) related parties		(196,239)	207,673	(882,918)	(554,351)
Proceeds from / (repayments of) finance leases		(138,747)	(71,194)	95,862	(101,994)
Net cash provided by financing activities		162,514	1,475,882	(289,556)	533,655
Net increase in cash held		(146,849)	15,081	(134,463)	77,448
Cash at beginning of period		(146,642)	(161,723)	(165,676)	(243,124)
Cash at end of period	17(a)	(293,491)	(146,642)	(300,139)	(165,676)

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial report is a general purpose financial report that has been prepared in accordance with the requirements of the Corporations Act 2001 including applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

The financial report has been prepared in accordance with the historical cost convention.

(b) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous year, except for the accounting policies with respect to employee benefits.

Employee Benefits

The consolidated entity has adopted the revised Accounting Standard AASB 1028 “Employee Benefits”, which has resulted in a change in the accounting policy for the measurement of employee benefit liabilities. Previously, the consolidated entity measured the provision for employee benefits based on remuneration rates at the date of recognition of the liability. In accordance with the requirements of the revised Standard, the provision for employee benefits is now measured based on the remuneration rates expected to be paid when the liability is settled. The effect of the revised policy has been immaterial on the consolidated entity.

(c) Principles of Consolidation

The consolidated financial statements are those of the consolidated entity, comprising Comdek Limited (the parent company) and all entities that Comdek Limited controlled from time to time during the year and at balance date.

Information from the financial statements of subsidiaries is included from the date the parent company obtains control until such time as control ceases. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent company has control.

Subsidiary acquisitions are accounted for using the purchase method of accounting.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

(d) Foreign currencies

Translation of foreign currency transactions

Transactions in foreign currencies of entities within the consolidated entity are converted to local currency at the rate of exchange ruling at the date of the transaction.

Amounts payable to and by the entities within the consolidated entity that are outstanding at the reporting date and are denominated in foreign currencies have been converted to local currency using rates of exchange ruling at the end of the financial year.

COMDEK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2003

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Cash and cash equivalents

Cash on hand and in banks and short-term deposits are stated at nominal value.

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 2 working days, net of outstanding bank overdrafts.

Bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues.

(f) Receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due.

(g) Investments

All non current investments are carried at the lower of cost and recoverable amount.

(h) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- | | |
|----------------------------------------------|---------------------------------------------------------------------------------------------------|
| - <i>raw materials</i> | purchase cost on a first in first out basis; and |
| - <i>finished goods and work in progress</i> | cost of direct material and labour and a portion of overheads based on normal operating capacity. |

(i) Recoverable amount

Non-current assets measured using the cost basis are not carried at an amount above their recoverable amount, and where carrying values exceed this recoverable amount assets are written down. In determining recoverable amount, the expected net cash flows have not been discounted to their present value.

(j) Plant and equipment

Plant and equipment is measured at cost.

Depreciation

Depreciation is provided on a straight line basis on all plant and equipment.

Major depreciation periods are consistent with the prior year and are as follows:

Plant and equipment	3 to 5 years
Satellite infrastructure	5 to 10 years

COMDEK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2003

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance Leases

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to the group are capitalised at the present value of the minimum lease payments and disclosed as property, plant and equipment under lease. A lease liability of equal value is also recognised.

(l) Intangibles

Goodwill

Goodwill represents the excess of the purchase consideration over the fair value of identifiable net assets acquired at the time of acquisition of a business or shares in a controlled entity.

Goodwill is amortised on a straight-line basis over the period during which benefits are expected to be received. This is taken as being 20 years.

(m) Other non current assets

Research and development costs

Research and development costs are expensed as incurred, except where future benefits are expected, beyond any reasonable doubt, to exceed those costs. Where research and development costs are deferred such costs are amortised over future periods on a basis related to expected future benefits. Unamortised costs are reviewed at each balance date to determine the amount (if any) that is no longer recoverable and any amount identified is written off.

Web Site development costs

Web Site development costs are expensed as incurred, except where future benefits are expected, beyond any reasonable doubt, to exceed those costs. Where Web Site development costs are deferred such costs are amortised over future periods on a basis related to expected future benefits. Unamortised costs are reviewed at each balance date to determine the amount (if any) that is no longer recoverable and any amount identified is written off.

(n) Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

Payables to related parties are carried at the principal amount.

COMDEK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2003

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Interest Bearing Liabilities

All loans are measured at the principal amount. Interest is charged as an expense as it accrues.

Convertible notes are carried at the principal amount.

Finance lease liabilities are determined in accordance with the requirements of AASB 1008 "Leases".

(p) Provisions

Provisions are recognised when the consolidated entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for warranty is recognised for all products under warranty at the reporting date based on sales volume and past experience of the level of repairs and returns. During 2002 the provision for warranty was phased out due to changes in warranty arrangements with the consolidated entities suppliers.

(q) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction in share proceeds received.

Preference shares

Preference shares are recognised at the fair value of the consideration received by the company.

(r) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Control of the goods has passed to the buyer.

Rendering of services

Where the service has been provided to the customer.

Interest

Control of the right to receive the interest payment.

COMDEK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2003

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Taxes

Income taxes

Tax-effect accounting is applied using the liability method whereby income tax is regarded as an expense and is calculated on the accounting profit after allowing for permanent differences. To the extent timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a future income tax benefit or a provision for deferred income tax. The net future income tax benefit relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(t) Employee Entitlements

Provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, sick leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave, sick leave and any other employee entitlements expected to be settled within twelve months of the reporting date are measured at the amount the liability is expected to be settled at. All other employee entitlement liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the interest rates attaching to government guaranteed securities, which have terms to maturity approximating the terms of the related liability, are used.

Employee entitlements expenses and revenues arising in respect of the following categories:

- wages and salaries, non-monetary benefits, annual leave, long service leave, sick leave and other leave entitlements; and
- other types of employee entitlements are charged against profits on a net basis in their respective categories.

(u) Comparatives

Where necessary comparatives have been reclassified and repositioned for consistency with current year disclosures.

COMDEK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated Entity		Parent Entity	
	2003	2002	2003	2002
	\$	\$	\$	\$
Notes				
2. REVENUE FROM ORDINARY ACTIVITIES				
Revenue from operating activities				
Revenue from sale of goods	6,471,876	8,731,342	4,421,400	7,765,040
Revenue from rendering of services	231,582	101,217	231,582	-
Total revenues from operating activities	6,703,458	8,832,559	4,652,982	7,765,040
Revenue from non-operating activities				
Rent	98,342	53,925	98,342	53,925
Warranty sales	-	641,429	-	641,429
Proceeds on disposal of plant and equipment	4,070	11,375	4,070	2,875
Other revenue	80,262	28,833	38,080	34,853
Total revenues from non-operating activities	182,674	735,562	140,492	733,082
Total revenue from ordinary activities	6,886,132	9,568,121	4,793,474	8,498,122
3. EXPENSES AND LOSSES/(GAINS)				
(a) Expenses				
Cost of goods sold	4,694,242	6,669,575	3,733,148	6,173,653
Depreciation of non current assets				
Plant and equipment	193,836	176,763	126,170	69,502
Amortisation of non current assets				
Goodwill	17,099	7,939	5,341	2,641
Leased plant and equipment	59,995	110,381	4,346	100,996
	77,094	118,320	9,687	103,637
Total depreciation and amortisation expenses	270,930	295,083	135,857	173,139
Borrowing costs expensed	152,731	142,126	128,746	117,664

COMDEK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated Entity		Parent Entity	
	2003	2002	2003	2002
	\$	\$	\$	\$
Notes				
3. EXPENSES AND LOSSES/(GAINS) (Continued)				
Bad and doubtful debts	(12,450)	2,388	(5,777)	2,388
(b) Losses/(gains)				
Net loss (gain) on disposal of plant and equipment	(4,070)	(845)	(4,070)	(845)
4. INCOME TAX				
The prima facie tax on profit/(loss) differs from the income tax provided in the financial statements as follows:				
Prima facie tax on profit/(loss) from ordinary activities at 30%	(83,545)	111,169	(65,938)	229,684
Tax effect of permanent differences				
Amortisation of Goodwill	5,129	2,382	1,602	792
Other	9,000	22,593	9,000	8,208
	(69,416)	136,144	(55,336)	238,684
Under/(over) provision for income tax in prior period	88,196	85,000	(21,699)	85,000
Utilisation of prior year losses	-	(71,045)	-	(71,045)
Reduction of deferred income tax balances as realisation not considered virtually certain	43,575	43,075	29,495	-
Income tax expense/(benefit) attributable to ordinary activities	62,355	193,174	(47,540)	252,639
Tax assets and liabilities				
Current tax payable	62,132	48,304	62,132	154,529
Provision for deferred income tax	-	43,799	-	43,799
Deferred tax asset	-	17,958	-	17,958

COMDEK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2003

	Notes	Consolidated Entity		Parent Entity	
		2003	2002	2003	2002
		\$	\$	\$	\$
5. RECEIVABLES					
CURRENT					
Trade debtors	(a)	542,380	1,724,360	359,699	1,259,674
Less provision for doubtful debts		(5,998)	(18,448)	(10,516)	(16,293)
		536,382	1,705,912	349,183	1,243,381
Other debtors	(a)	61,476	49,343	-	483
Amounts receivable from:					
- associated companies	(a)	-	-	46	61,174
		61,476	49,343	46	61,657
		597,858	1,755,255	349,229	1,305,038
NON CURRENT					
Amounts receivable from:					
- controlled entities	(a)	-	-	1,528,202	808,956
- director related parties	(a)	198,450	86,352	198,450	86,352
		198,450	86,352	1,726,652	895,308

(a) Terms and conditions

Terms and conditions of the above financial instruments

(i) Trade debtors are non interest bearing and generally on 30 day terms.

(ii) Other debtors are non interest bearing and have repayment terms between 30 and 90 days.

(iii) Details of the terms and conditions of related party receivables are set out in note 26.

6. INVENTORIES

Work in progress - at cost	-	166,054	-	166,054
Finished goods - at cost	771,851	591,105	771,649	591,105
	771,851	757,159	771,649	757,159

COMDEK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2003

	Notes	Consolidated Entity		Parent Entity	
		2003	2002	2003	2002
		\$	\$	\$	\$
7. OTHER ASSETS					
CURRENT					
Prepayments		25,351	78,040	25,351	47,711
Deferred IPO costs		104,925	-	46,940	-
		130,276	78,040	72,291	47,711
NON CURRENT					
Research and development – at cost	(a)	135,641	66,780	-	-
Web site development– at cost	(a)	95,710	85,105	95,710	85,105
Capitalised borrowing costs		1,409	16,219	-	14,116
		232,760	168,104	95,710	99,221
(a) Reconciliation of non current assets					
Research and development					
Costs capitalised at beginning of the year		66,780	129,323	-	-
Costs incurred during the year and deferred		68,861	66,780	-	-
			196,103	-	-
Costs transferred to goodwill on acquisition during the financial year		-	(129,323)	-	-
		135,641	66,780	-	-
Web Site development					
Costs capitalised at beginning of the year		85,105	84,205	85,105	84,205
Costs incurred during the year and deferred		10,605	900	10,605	900
		95,710	85,105	95,710	85,105

COMDEK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated Entity		Parent Entity	
	2003	2002	2003	2002
	\$	\$	\$	\$
Notes				
8. PLANT AND EQUIPMENT				
Plant and Equipment (at cost)	1,650,238	1,161,371	904,336	656,242
Accumulated depreciation	(778,219)	(563,344)	(669,309)	(430,794)
(a)	872,019	598,027	235,027	225,448
Leased plant and equipment (at cost)	645,466	669,554	43,578	196,967
Accumulated amortisation	(140,165)	(112,003)	(4,346)	(112,287)
(a)	505,301	557,551	39,232	84,680
Total plant and equipment	1,377,320	1,155,578	274,259	310,128
(a) Reconciliation of plant and equipment				
Plant and equipment				
Carrying amount at beginning	598,027	411,329	225,488	207,071
Additions	329,081	373,991	51,029	89,682
Disposals	-	(10,530)	-	(1,803)
Transfers from leased equipment	138,747	-	84,680	-
Depreciation expense	(193,836)	(176,763)	(126,170)	(69,502)
	872,019	598,027	235,027	225,448
Leased plant and equipment				
Carrying amount at beginning	557,551	379,587	84,680	185,676
Additions	146,492	288,345	43,578	-
Transfers to plant and equipment	(138,747)	-	(84,680)	-
Amortisation expense	(59,995)	(110,381)	(4,346)	(100,996)
	505,301	557,551	39,232	84,680
(b) Assets pledged as security				
Assets under lease are pledged as security for the associated lease liabilities.				
9. INTANGIBLE ASSETS				
Goodwill at cost	158,786	158,786	52,828	52,828
Accumulated amortisation	(30,321)	(13,222)	(13,265)	(7,924)
	128,465	145,564	39,563	44,904

COMDEK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated Entity		Parent Entity	
	2003	2002	2003	2002
	\$	\$	\$	\$
Notes				
10. OTHER FINANCIAL ASSETS				
Shares in controlled entities at cost	-	-	36,182	36,182
	-	-	36,182	36,182

Particulars relating to controlled entities:

Chief Entity	Country of incorporation	Percentage held of controlled entity		Chief entity investment	
		2003	2002	2003	2002
				\$	\$
Chief Entity: Comdek Limited					
Controlled entities:					
Comdek Satellite Communications Pty Ltd	Aus	80%	80%	80	80
Comdek Technology Pty Ltd	Aus	66%	66%	36,102	36,102
				36,182	36,182

11. PAYABLES

CURRENT

Trade creditors	(a)	807,866	1,029,898	662,568	733,660
GST Payable	(a)	11,856	101,905	-	101,030
Sundry creditors and accruals	(a)	39,006	375,950	-	336,650
		858,728	1,507,753	662,568	1,171,340

(a) Terms and conditions

Terms and conditions of the above financial instruments

(i) Trade creditors are non interest bearing and generally on 30 day terms.

(ii) Other creditors are non interest bearing and have repayment terms between 30 and 90 days.

(iii) Details of the terms and conditions of related party payables are set out in note 26.

COMDEK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2003

	Notes	Consolidated Entity		Parent Entity	
		2003	2002	2003	2002
		\$	\$	\$	\$
12. INTEREST BEARING LIABILITIES					
CURRENT					
<i>Unsecured liabilities</i>					
Convertible notes	(a)	339,500	339,500	339,500	339,500
Loan Director related entities	(a)	13,521	97,662	188	51,762
		353,021	437,162	339,688	391,262
<i>Secured liabilities</i>					
Lease liability	12(a),18	151,551	380,188	50,889	84,679
Other Loan	(a)	23,303	149,403	-	-
Bank overdrafts	17(b)	300,339	165,879	300,339	165,879
		475,193	695,470	351,228	250,558
		828,214	1,132,632	690,916	641,820
NON CURRENT					
<i>Unsecured liabilities</i>					
Convertible notes	(a)	339,500	339,500	339,500	339,500
Debenture	(a)	200,000	200,000	200,000	200,000
		539,500	539,500	539,500	539,500
<i>Secured liabilities</i>					
Lease liability	18	297,168	207,278	129,652	-
		297,168	207,278	129,652	-
		836,668	746,778	669,152	539,500

(a) Terms and conditions

Terms and conditions of the above financial instruments

(i) Lease agreements have an average lease term of 4 years at average commercial interest rates. The liability is secured over the leased assets.

(ii) Convertible notes

At 30 June 2003 there were 3,395,000 convertible notes on issue, amounting to \$679,000 (2001: \$679,000). Interest at 10% pa is paid quarterly on the balance of convertible notes at the end of each quarter. Each convertible notes is convertible into fully paid ordinary shares based on a formula which is dependent on the aggregate face value of all notes and the number of shares on issue immediately prior to the conversion. Should the company not list on the ASX before 31 March 2004, the convertible notes are repayable to at least 50% of the face value on or before 31 March 2004 and the balance of the face value on or before 31 March 2005.

(iii) Debenture

A registered debenture exists in relation to a borrowing of \$200,000 secured by a charge over the company. Interest is payable quarterly in arrears based on the standard business rate charged by the National Australia Bank. The debenture is repayable in full upon successful listing of the company on the ASX.

(iv) The other loan relates to the purchase of satellite communication units for plant and equipment. The liability is secured over the individual items of plant and equipment. The loan is for a term of 1 year at commercial rates.

(v) Details of the terms and conditions of related party payables are set out in note 26.

COMDEK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2003

	Notes	Consolidated Entity		Parent Entity	
		2003	2002	2003	2002
		\$	\$	\$	\$
13. PROVISIONS					
CURRENT					
Employee entitlements	22	<u>36,462</u>	43,567	<u>36,462</u>	43,567
		<u>36,462</u>	43,567	<u>36,462</u>	43,567
14. CONTRIBUTED EQUITY					
Issued and paid up capital					
24,000,000 Ordinary shares		100	-	100	-
75 A class ordinary shares fully paid		-	75	-	75
25 B class ordinary shares fully paid		-	25	-	25
		<u>100</u>	100	<u>100</u>	100
9,602,500 (2002:6,237,057) Preference shares paid to 14.78c		<u>1,419,500</u>	922,000	<u>1,419,500</u>	922,000
		<u>1,419,600</u>	922,100	<u>1,419,600</u>	922,100

(a) Movements in shares on issue

(i) Ordinary shares

There have been no movements in ordinary shares during the year.

(ii) Preference shares

During the year 3,365,443 preference shares were issued paid to 14.78c. The terms and conditions of the shares are set out below.

(b) Terms and conditions of contributed equity

(i) Ordinary shares

Ordinary shares have the right to receive dividends as declared and in the event of the winding up of the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares are entitled to one vote, either in person or by proxy, at a meeting of the company.

On 21 August 2002 a meeting of members approved a conversion of Class A and Class B shares into ordinary shares and a subsequent share split of 1000 shares for every share held.

On 30 May 2003 a meeting of members approved a share split to increase ordinary shares to a total of 24,000,000.

(ii) Preference shares

The preference shares are convertible to ordinary shares upon listing of the entity on the ASX.

COMDEK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2003

	Notes	Consolidated Entity		Parent Entity	
		2003	2002	2003	2002
		\$	\$	\$	\$
15. ACCUMULATED LOSSES					
Accumulated losses	(a)	(513,702)	(174,815)	(175,095)	(2,843)
(a) Accumulated losses					
Balance at the beginning of the year		(174,815)	(454,388)	(2,843)	(515,818)
Net profit/(loss) attributable to members of Comdek Limited		(338,887)	279,573	(172,252)	512,975
Balance at the end of the year		(513,702)	(174,815)	(175,095)	(2,843)
16. OUTSIDE EQUITY INTEREST					
Outside equity interest	(a)	(84,274)	(86,871)	-	-
(a) Outside equity interest					
Opening balance		(86,871)	(8,846)	-	-
Share of contributed equity		-	24,160	-	-
Other		4,549	-	-	-
Share of operating losses		(1,952)	(102,185)	-	-
Closing balance		(84,274)	(86,871)	-	-
17. STATEMENT OF CASH FLOWS					
(a) Reconciliation of Cash					
Cash at the end of the year as shown in the statements of cash flows is reconciled to the related items in the statement of financial position as follows:					
Cash at bank		6,848	19,237	200	203
Bank overdrafts	12	(300,339)	(165,879)	(300,339)	(165,879)
		(293,491)	(146,642)	(300,139)	(165,676)
(b) Financing facilities available to the consolidated entity					

At balance date the consolidated entity had access to a bank overdraft amounting to \$300,000 (2002: \$201,000). At balance date \$300,339 (2001: \$165,879) of the facility had been utilised.

COMDEK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated Entity		Parent Entity	
	2003	2002	2003	2002
	\$	\$	\$	\$
Notes				
17. Statement of Cash Flows				
(continued)				
(c) Non cash financing activities				
The consolidated entity and chief entity have not entered into any non cash financing activities other than the acquisition of plant and equipment by lease agreement as set out in notes 8 and 12.				
(d) Reconciliation of net cash flows from operations to the operating profit/(loss) after tax				
Profit/(loss) from operating activities after tax	(340,838)	279,573	(172,252)	512,975
Depreciation and amortisation	270,930	295,083	135,857	173,139
Charges to provisions	(7,105)	(713,563)	(7,105)	(713,563)
Write back of loans no longer payable	(55,000)	-	-	-
(Gain) / Loss on sale of plant and equipment	(4,070)	(845)	(4,070)	(1,072)
Other non cash items	4,548	(17,975)	3,511	(6,642)
Changes in assets and liabilities				
Receivables	1,164,070	(651,836)	955,809	(305,154)
Inventories	(14,692)	(96,463)	(14,490)	(96,463)
Other assets	(52,236)	(44,568)	(24,580)	(20,281)
Payables	(726,798)	(46,476)	(508,772)	(159,034)
Tax provisions	(12,013)	187,230	(118,238)	246,695
	226,796	(809,840)	245,670	(369,400)

COMDEK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2003

	Notes	Consolidated Entity		Parent Entity	
		2003	2002	2003	2002
		\$	\$	\$	\$
18. EXPENDITURE COMMITMENTS					
(a) Lease commitments					
Payable					
- not later than one year		160,702	407,510	55,056	87,243
- later than one year and not later than five years		315,107	215,947	140,267	-
Minimum Lease payments		475,809	623,457	195,323	87,243
Less future finance charges		(27,090)	(35,991)	(14,782)	(2,564)
		448,719	587,466	180,541	84,679
Represented by:					
Current liability	12	151,551	380,188	50,889	84,679
Non-current liability	12	297,168	207,278	129,652	-
		448,719	587,466	180,541	84,679

Lease agreements have an average term of 4 years at an average commercial interest rate. Assets, which are subject to leases, include a range of information technology equipment.

19. CONTINGENT LIABILITIES

Convertible note interest of \$226,333 is due and payable only on the Company's successful listing on the ASX. Accordingly no liability for this has been recorded on the statement of financial position.

There are no other contingent liabilities of the Company.

20. SEGMENT INFORMATION

The consolidated entity operates predominantly in one business segment, the supply of computer hardware and support services in one geographical segment, Australia.

21. ECONOMIC DEPENDENCY

The consolidated entity does not have any economic dependency with any one client or group of clients.

COMDEK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2003

	Notes	Consolidated Entity		Parent Entity	
		2003	2002	2003	2002
		\$	\$	\$	\$
22. EMPLOYEE ENTITLEMENTS AND SUPERANNUATION COMMITMENTS					
Employee Entitlements					
The aggregate employee entitlements liability is comprised of:					
Provisions (current)	13	36,462	43,567	36,462	43,567

Superannuation Commitments

Employees and the employer contribute to a number of complying accumulation funds at varying percentages of salaries and wages. The consolidated entity's contributions are not legally enforceable other than those payable in terms of ratified award obligations required by the Occupational Superannuation Act.

23. REMUNERATION OF DIRECTORS

Income paid or payable, or otherwise made available, in respect of the financial year, to all directors of each entity in the consolidated entity, directly or indirectly, by the entities of which they are directors or any related party

167,676 140,000

Income paid or payable, or otherwise made available, in respect of the financial year, to all directors of Comdek Limited, directly or indirectly, from the entity or any related party

167,676 140,000

The number of directors of Comdek Limited whose remuneration (including superannuation contributions) falls within the following bands is:

\$0 - \$9,999	3	-	3	-
\$60,000 - \$69,999	1	1	1	1
\$80,000 - \$89,999	-	1	-	1
\$100,000 - \$109,999	1	-	1	-

COMDEK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated Entity		Parent Entity	
	2003	2002	2003	2002
	\$	\$	\$	\$
Notes				
24. REMUNERATION OF EXECUTIVES				
Remuneration received or due and receivable by executive officers of the consolidated entity whose remuneration is \$100,000 or more, from entities in the consolidated entity or a related party, in connection with the management of the affairs of the entities in the consolidated entity whether as an executive officer or otherwise	101,276	-		
Remuneration received or due and receivable by executive officers of the company whose remuneration is \$100,000 or more, from the company or a related party, in connection with the management of the company or any of its subsidiaries whether as an executive officer or otherwise			101,276	-
The number of executives of Comdek Limited whose remuneration (including superannuation contributions) falls within the following bands is:				
\$100,000 - \$109,999	1	-	1	-
25. AUDITORS REMUNERATION				
Amounts received or due and receivable by Ernst & Young for:				
- an audit of the financial report of the entity and any other entity in the consolidated entity	20,000	20,000	20,000	20,000
- other services in relation to the entity and any other entity in the consolidated entity (independent reports)	40,000	-	40,000	-
	60,000	20,000	60,000	20,000

COMDEK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2003

**26. RELATED PARTY
DISCLOSURES**

Directors

The directors of Comdek Limited during the financial year were:

Haydn Collins
Jeffrey Garrett
Peter Collins (Resigned 28 May 2003)
Hendy Cowan (Appointed 28 May 2003)
David Falconer (Appointed 28 May 2003)

Group Transactions

During the year funds have been advanced between entities within the consolidated entity for the purposes of working capital requirements only. The aggregate of amounts due from controlled entities at balance date is made up of \$1,528,202 (2002: \$808,956) in loans and \$3,271 (2002: \$61,174) in trade debtors. All loans are interest free and have no fixed repayment date.

Goods and services amounting to \$180,502 (2002: \$348,829) have been sold by the parent entity to the controlled entities. These sales have been on commercial terms and conditions.

Director related transactions

Loans

Jaybold Pty Ltd, a company in which Mr J M Garrett and Mr H L Collins are directors and have a financial interest has a non-current unsecured loan of \$187,450 (2002: \$86,352) outstanding to the consolidated entity. The loan is interest free and has no fixed terms of repayment.

The Cassie Trust, an entity in which Mr J M Garrett is a beneficiary and has a financial interest, has a non-current unsecured loan of \$11,000 (2002: \$Nil) outstanding to the consolidated entity. The loan is repayable within 5 yrs and subject to normal commercial terms and conditions.

The HLC Trust, an entity in which Mr H L Collins is a beneficiary and has a financial interest, has a non-current unsecured loan of \$188 (2001: \$51,762) payable by the consolidated entity. The loan is repayable within 5 yrs and subject to normal commercial terms and conditions.

Debentures to the value of \$200,000 and convertible notes to the value of \$309,000 are held by related parties to the directors of the Company. The debenture and convertible notes were issued in arms length transactions and on no better terms and conditions than the other note holders.

Services

Jaybold Pty Ltd, a company in Mr J M Garrett and Mr H L Collins are directors and have a financial interest received rental income of \$158,876 (2002: \$144,000) from the consolidated entity. The amount is based on normal commercial terms and conditions.

COMDEK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2003

27. SUBSEQUENT EVENTS

Subsequent to 30 June 2003 the consolidated entity received repayment of related party receivables amounting to \$198,450, and settled related party payables of \$188. In addition the consolidated entity settled in full the \$200,000 debenture that was outstanding at 30 June 2003.

The number of ordinary shares was consolidated on 25 August 2003 to 15,500,000 (30 June 2003 24,000,000).

Other than as listed above, there are no matters or circumstances that have arisen since the end of the financial year which 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 the subsequent financial years.

COMDEK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2003

27. FINANCIAL INSTRUMENTS

(a) Interest rate risk

The consolidated entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at balance date, are as follows:

FINANCIAL INSTRUMENTS	FLOATING INTEREST RATE		1 YEAR OR LESS		OVER 1 TO 5 YEARS		MORE THAN 5 YEARS		NON-INTEREST BEARING		TOTAL		AVERAGE EFFECTIVE INTEREST RATE	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
FINANCIAL ASSETS														
Cash assets	-	-	-	-	-	-	-	-	6,848	19,237	6,848	19,237	-	-
Trade Receivables	-	-	-	-	-	-	-	-	542,380	1,724,360	542,380	1,724,360	-	-
Related party receivables	-	-	-	-	-	-	-	-	198,450	86,352	198,450	86,835	-	-
	-	-	-	-	-	-	-	-	747,678	1,829,949	747,678	1,830,432		
FINANCIAL LIABILITIES														
Bank overdraft Payables	300,339	165,879	-	-	-	-	-	-	-	-	300,339	165,879	10.6%	10.6%
Lease liabilities	-	-	151,551	380,188	297,168	207,278	-	-	-	-	448,719	587,466	7.1%	7.1%
Convertible notes	-	-	339,500	339,500	339,500	339,500	-	-	-	-	679,000	679,000	Xx%	10%
Related party Loans	-	-	-	-	-	-	-	-	13,521	97,622	13,521	97,622	-	-
Other loans	-	-	16,630	149,404	200,000	200,000	-	-	-	-	216,630	349,404	6.9%	6.9%
	300,339	165,879	507,681	869,092	836,668	746,778	-	-	862,099	1,605,375	2,506,787	3,387,124		

COMDEK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2003

27. FINANCIAL INSTRUMENTS (continued)

(b) Net fair values of financial assets and liabilities

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at balance date, is the same as the amount shown on the statement of financial position.

THE FOLLOWING METHODS AND ASSUMPTIONS ARE USED TO DETERMINE THE NET FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Recognised Financial Instruments

Cash and cash equivalent: The carrying amount approximates fair value because of their short-term maturity.

Trade receivables, payables and interest bearing liabilities: The carrying amount approximates fair value.

(c) Credit Risk Exposures

The consolidated entity's maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the carrying amount, net of any provision for doubtful debts, of those assets as indicated in the balance sheet.

Concentration of Credit Risk

The consolidated entity minimises concentrations of credit risk in relation to accounts receivable by undertaking transactions with a large number of customers. However, all of the customers are concentrated in Australia. The consolidated entity is not materially exposed to any individual overseas country or individual customer.

**COMDEK LIMITED
DIRECTORS DECLARATION
FOR THE YEAR ENDED 30 JUNE 2003**

In accordance with a resolution of the directors of Comdek Limited, I state that:

(1) In the opinion of the directors:

- (a) the financial statements and notes of the company and the consolidated entity are in accordance with 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 and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the board



Haydn Lee Collins
Managing Director

Perth, 29 October 2003

Independent audit report to members of Comdek 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 Comdek 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 preparing a financial report that gives a true and fair view of the financial position and performance of the company and the consolidated entity, and that complies with Accounting Standards in Australia, 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 of the financial report in order to express an opinion on it 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 in Australia, 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:

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

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgment of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

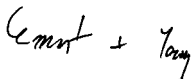
Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. In addition to our audit of the financial report, we were engaged to undertake other services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

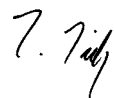
Audit opinion

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

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of Comdek Limited and the consolidated entity 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.



Ernst & Young



V W Tidy

Partner

Perth

Date: 29 October 2003

COMDEK LIMITED

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2003

This statement outlines the principle Corporate Governance Practices of Comdek Limited.

The key objectives of this Statement is to establish and maintain a framework for the corporate governance of Comdek, including of internal control, to ensure high standards of corporate conduct.

The Board of Directors

The Company's Board of directors is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives, and monitors performance against those objectives. The goals of the corporate governance process are to:

- (a) drive shareholder value;
- (b) ensure a prudential and ethical base to the Company's conduct and activities; and
- (c) ensure compliance with the Company's legal and regulatory obligations.

Consistent with these goals, the Board assumes the following responsibilities:

- (a) develop initiatives for profit and asset growth;
- (b) reviewing the corporate, commercial and financial performance of the Company on a regular basis;
- (c) acting on behalf of, and being accountable to the Shareholders;
- (d) identifying business risks and implementing actions to manage those risks; and
- (e) developing and effecting management and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to directors in a timely manner to facilitate directors' participation in the Board discussions on a fully informed basis.

Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting. However, subject thereto, the Company commits to the following principles:

- (a) the Board to comprise of directors with a blend of skills, experience and attributes appropriate for the Company and its business; and
- (b) the principal criterion for the appointment of new directors being their ability to add value to the Company and its business.

No formal nomination committee or procedures have been adopted for the identification, appointment and review of the Board membership, but an informal assessment process, facilitated by the Chairman in consultation with the Company's professional advisors, has been committed to by the Board.

Independent Professional Advice

Subject to the Chairman's approval (not to be unreasonably withheld), the directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

Remuneration Arrangements

The remuneration of executive directors will be decided by the Board, without the affected executive director participating in that decision making process. The maximum remuneration of non-executive directors is the subject of a Shareholder resolution in accordance with the Company's Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The apportionment of non-executive directors remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive director. The current limit, which may only be varied by shareholders in General Meeting, is an aggregate amount of \$100,000 per annum.

The Board may award additional remuneration to non-executive directors called upon to perform extra services or make special exertions on behalf of the Company.

**COMDEK LIMITED
CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2003**

External Audit

The Company in general meeting is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

Audit Committee

The Company is to have a separately constituted audit committee.

Identification and Management of Risk

The Board's collective experience will enable accurate identification of the principal risks which may affect the Company's business. Key operational risks and their management, will be recurring items for deliberation at Board meetings.

Ethical Standards

The Board is committed to the establishment and maintenance of appropriate ethical standards to underpin the Company's operations and corporate practices.

The Company intends to review and adopt appropriate corporate governance policies in line with ASX Listing Rules and ASIC Best Practice Guidelines for the financial year ending 30 June 2004.

COMDEK

COMDEK LTD
ABN 91 059 950 337

