

Comdek Ltd
ABN 91 059 950 337

Annual Report

Year ended 30 June 2004

Corporate Directory

Directors

Hendy Cowan
Jeff Garrett
Haydn Collins
David Falconer

Secretary

Haydn Collins

Operations Office

673 Murray Street
West Perth, Western Australia, 6005
Telephone: (08) 9214 5200
Facsimile: (08) 9214 5201

Email: info@comdek.net.au

Website: www.comdek.net.au

Registered Office

673 Murray Street
West Perth, Western Australia, 6005

Auditor

Ernst & Young
Level 34, 152 St Georges Terrace
Perth, Western Australia

Solicitors

Price Sierakowski
Level 24, St Martins Tower
44 St Georges Terrace
Perth, Western Australia

Share Registry

Security Transfer Registrars Pty Ltd
Suite 1/770 Canning Highway
Applecross, Western Australia
Telephone: (08) 9315 0933

COMDEK LIMITED
DIRECTORS REPORT
30 JUNE 2004

Dear Shareholder,

Attached is the Annual Report and Notice of Annual General Meeting for Comdek Ltd (Comdek) for the financial period ended 30 June 2004.

This is the first full year financial report since 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.

Comdek has successfully achieved each of the core objectives of the float and has ended the financial year with a greater future opportunity than at any previous time in its history. The Directors of Comdek are pleased to report an EBITDA result of \$459,683 for the financial year. The Directors note that Comdek incurred significant non recurring expenses resulting from the listing on ASX, the absence of which will see improved profitability in the current financial year. Comdek has taken steps to growing its market base and diversifying its product offering with a view to increasing turnover through access to customers Australia wide.

During the year Comdek acquired Vianetaip Pty Ltd, a corporate ISP specialising in ADSL. The acquisition has delivered increased revenues, and diversification of synergistic products, significant costs savings following integration and access to a larger market. The acquisition has transformed Comdek into a diversified data reticulation business capable of delivery data and voice to businesses throughout Australia and beyond.

As the acquisition occurred at the end of March 2004, Comdek will see a significant increase in revenue through its consolidation of the business for the full financial year in 2005.

Subsequent to the year end Comdek has announced that it has completed a memorandum of understanding for the acquisition of eSat Communications Pty Ltd. The acquisition allows Comdek to provide satellite delivered data and voice to regional Australia with the equipment at the user end, that was previously too expensive for the individual user to be practical, provided or subsidised by the Federal Government. Comdek sees significant potential growth in this business and notes that the consideration is non-cash with the number of shares issued as consideration directly related to the growth in the eSat business.

Yours sincerely



Haydn Collins

Managing Director

COMDEK LIMITED
DIRECTORS REPORT
30 JUNE 2004

The directors present their report together with the financial report of Comdek Ltd for the year ended 30 June 2004 and the auditor's report thereon.

Directors

Role of the Board

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.

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.

Hendy Cowan
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.

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Jeffrey Mark Garrett
Executive Director

Mr Garrett has over 24 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
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 18 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.

Directors' Meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	<i>Meetings of Directors</i>			
	<i>Directors Meetings</i>	<i>Audit</i>	<i>Remuneration</i>	<i>Governance</i>
Number of meetings held:	9	1	2	1
Number of meetings attended:				
H. Cowan	9	-	-	1
H. Collins	9	1	2	-
J. Garrett	9	1	2	1
D. Falconer	8	1	2	-

Committee Membership

As at the date of this report, the company had an Audit Committee, a Remuneration Committee, and a Governance Committee of the board of directors. The Committee's were formed on 14 November 2003 at the first Board Meeting following the listing on ASX. Members acting on the committees of the board during the year were:

	<i>Audit</i>	<i>Remuneration</i>	<i>Governance</i>
	H. Collins	H. Collins	H. Cowan
	J. Garrett	J. Garrett	J. Garrett
	D. Falconer	D. Falconer	

Directors' and Senior Executive's Remuneration

Remuneration Policy

It is the company's objective provide maximum stakeholder benefit from the retention of a high quality board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Remuneration Committee links the nature and amount of executive directors' and officers' emoluments to the company's financial and operational performance. The expected outcomes of the remuneration structure are:

- Retention and Motivation of key executives
- Attraction of quality management to the company

COMDEK LIMITED
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- Performance incentives which allow executives to share the rewards of the success of Comdek

In relation to the payment of bonuses, options or other incentive payments, discretion is exercised by the board, having regard to the overall performance of Comdek and the performance of the individual during the period.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

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:

		<i>Base Salary & Fees</i>	<i>Bonuses</i>	<i>Non-Cash benefits</i>	<i>Super Contributions</i>	<i>Options issued</i>	<i>Termination and retirement benefits</i>	<i>Total</i>
Directors		\$	\$	\$	\$	\$	\$	\$
H. Cowan	Chairman	16,667	-	-	1,500	-	-	18,167
H. Collins	Managing Director	117,729	-	-	9,020	-	-	126,749
J. Garrett	Executive Director	81,736	-	-	7,356	-	-	89,092
D. Falconer	Non-executive Director	16,667	-	-	1,500	-	-	18,167
Executives								
R. Wolanski	Chief Financial Officer	96,239	-	-	8,661	6,620	-	111,520

Options granted to directors' and senior executives

During or since the end of the financial year, the company granted options for no consideration over unissued ordinary shares in Comdek Ltd to the following directors and executives:

	<i>Number of Options Granted</i>	<i>Exercise Price</i>	<i>Expiry Date</i>
Directors			
H. Cowan	-	-	-
H. Collins	-	-	-
J. Garrett	-	-	-
D. Falconer	-	-	-
Executives			
R. Wolanski	100,000	14 cents	3 March 2007
	150,000	20 cents	3 March 2007

The Company uses the fair value measurement provisions of AASB 1046 "Director and Executive Disclosures for Disclosing Entities" and the pending AASB 2 "Share-based Payment" prospectively for all options granted to directors and relevant executives, which have not vested as at 1 July 2003. The fair value of such grants is being amortised and disclosed as part of director and executive emoluments on a straight-line basis over the vesting period. No adjustments have been or will be made to reverse amounts previously disclosed in relation to options that never vest (i.e., forfeitures).

From 1 July 2003, options granted as part of director and executive emoluments have been valued using the Black-Scholes option pricing model, which takes account of factors including the option exercise price, the current level and volatility of the underlying share price, the risk-free interest rate, expected dividends on the underlying share, current market price of the underlying share and the expected life of the option. See below for further details.

Fair values of options

The fair value of each option is estimated on the date of grant using the Black-Scholes option pricing model.

It should be noted that the Black-Scholes option pricing model is very sensitive to share price volatility, and as the Company's share price has been subject to volatility, the calculated value of the option is biased towards a higher

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value than would otherwise be the case. Assumptions made to determine the value were a volatility value of 60% and an interest rate of 5% pa.

The resulting fair values per option for those options vesting after 1 July 2003 are:

<i>Number of options</i>	<i>Exercise Price</i> <i>Cents</i>	<i>Grant date</i>	<i>Vesting date</i>	<i>Weighted average fair value</i> <i>Cents</i>
100,000	14.0	4 March 2004	1 November 2004	6.19
150,000	20.0	4 March 2004	1 November 2004	4.70

Currently, these fair values are not recognised as expenses in the financial statements. However, should these grants be expensed, they would be amortised over the vesting periods resulting in an increase in employee benefits expense of \$6,620 for the 2004 financial year (2003: nil). Note that no adjustments to these amounts have been made to reflect estimated or actual forfeitures (i.e., options that do not vest).

Unissued shares under option

At the date of this report unissued ordinary shares of the company under option are:

<i>Expiry Date</i>	<i>Exercise price</i>	<i>Number of shares</i>
3 March 2007	14 cents	180,000
3 March 2007	20 cents	150,000

Shares issued on exercise of options

During or since the end of financial year, the company issued ordinary shares as result of the exercise of options as follows:

<i>Number of shares</i>	<i>Amount paid on each share</i>
Nil	N/A

Directors Interests

The relevant interest of each director in the shares or options over instruments issued by the companies within the consolidated entity, as notified by the directors to the ASX at the date of this report is as follows:

	<i>Number of ordinary shares held</i>	<i>Options over ordinary shares</i>
H. Cowan	249,840	-
H. Collins	6,006,000	-
J. Garrett	9,051,320	-
D. Falconer	998,977	-

For further details regarding Director and Executive disclosures and transactions refer to Note 28 of the financial statements.

Corporate Governance Statement

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Comdek support and have adhered to the principles of corporate governance. The company's corporate governance statement is contained in the following section of this annual report.

Principal Activities

Comdek is a data reticulation 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 and corporate ISP 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 20 year history. 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. Comdek has three 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;

Vianetaip which supplies internet services through dial up and broadband to corporate and residential customers.

The consolidated entity employed 33 employees as at 30 June 2004 (2003: 14 employees).

Review and 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 \$415,855 (2003: loss \$338,887).

Comdek Ltd successfully listed on the ASX on 31 October 2003. Following the listing the company acquired Vianetaip Pty Ltd on 25 March 2004. Vianetaip offers corporate ISP services primarily delivered through ADSL technology. The business is synergistic to the satellite business and significant savings have been generated through the integration of the business into the existing premises of Comdek Ltd. The integration was largely complete by balance date.

The acquisition increased Comdek range of products and market place considerably and expanded the focus of the company of data reticulation via satellite only to include a number of terrestrial based delivery mechanisms such as ADSL and fibre.

Comdek Limited and its 100% owned subsidiaries are likely to form a tax consolidated group in the coming financial year. The Australian Taxation Office has not at this time been formally advised of this decision.

Significant Changes in State of Affairs

Shareholders' equity increased to \$821,624 from \$3,286,343, an increase of \$2,464,719. The movement was largely the result of public offering leading to the listing on ASX.

A significant proportion of the resources generated by the consolidated entity have been applied to new capital investment and completion of the objectives stated in the prospectus dated 26 August 2003 and applied to the acquisition of Vianetaip Pty Ltd. In addition, the restructuring of the computer manufacturing operations has continued.. These investments and divestments are geared to the future development of the group and securing our long-term profitability.

Dividends

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

Events Subsequent to the Balance Date

On 24 September 2004 Comdek Ltd announced that it had completed a memorandum of understanding for the acquisition eSat Communications Pty Ltd (eSat).

The consideration for the acquisition is the issue of up to 12,023,810 Comdek Ltd shares. The issue of shares is:

- Staged at levels dependant upon the growth of the customer base of the business of eSat;
- Conditional upon completion of a Sale and Purchase Agreement;
- Conditional upon shareholder approval for the issue of the shares.

The financial effect of the acquisition has not be recognised in the accounts at the balance date.

Other than the above, 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.

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Likely Developments

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.

Indemnification and Insurance of Officers and Auditors

The company has agreed to indemnify the following current directors of the company, Mr H Cowan, Mr H Collins, Mr J Garrett and Mr D Falconer, against all liabilities to another person (other than the company or a related body corporate) that may arise out of conduct involving a lack of good faith.

Reconciliation to Preliminary Final Report

Comdek lodged an Appendix 4E Preliminary Final Report with the ASX on 30 August 2004. Comdek notes the following reconciliation of the Preliminary Final Report with the financial statement included in this Annual Report.

Account	Annual Report	App 4E	Explanation
Non Current Assets	3,823,089	4,044,000	Difference regarding treatment of internally generated Goodwill through Asset Revaluation in the accounts of Vianetaip Pty Ltd.
Current Liabilities	1,721,394	1,475,000	Reclassification of non-current liabilities to current liabilities
Non Current Liabilities	955,296	1,135,000	Reclassification of non-current liabilities to current liabilities
Operating Expenses	4,716,031	4,625,000	Amortisation of Goodwill increase of \$110,000
Income tax	-	98,000	Future Income Tax benefit not recognised as not virtually certain

Signed in accordance with a resolution of the directors.



Haydn Lee Collins
Managing Director

COMDEK LIMITED
CORPORATE GOVERNANCE STATEMENT
30 JUNE 2004

CORPORATE GOVERNANCE STATEMENT

This statement outlines the main Corporate Governance practices in place throughout the financial year, which comply with the ASX Corporate Governance Council recommendations, unless otherwise stated.

The Board of Directors of Comdek is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of Comdek on behalf of the shareholders by whom they are elected and to whom they are accountable.

The format of the Corporate Governance Statement has been adopted as a result of the listing on the Australian Stock Exchange and the requirement to meet the Corporate Governance Council's (the Council's) "Principles of Good Corporate Governance and Best Practice Recommendations" (the Recommendations). In accordance with the Council's recommendations, the Corporate Governance Statement must now contain certain specific information and must disclose the extent to which the company has followed the guidelines during the period. Where a recommendation has not been followed, that fact must be disclosed, together with the reasons for the departure. Comdek's Corporate Governance Statement is now structured with reference to the Corporate Governance Council's principles and recommendations, which are as follows:

- Principle 1. Lay solid foundations for management and oversight
- Principle 2. Structure the board to add value
- Principle 3. Promote ethical and responsible decision making
- Principle 4. Safeguard integrity in financial reporting
- Principle 5. Make timely and balanced disclosure
- Principle 6. Respect the rights of shareholders
- Principle 7. Recognise and manage risk
- Principle 8. Encourage enhanced performance
- Principle 9. Remunerate fairly and responsibly
- Principle 10. Recognise the legitimate interests of stakeholders

Comdek's corporate governance practices were in place throughout the year ended 30 June 2004 and has complied with the Council's best practice recommendations since the listing of the Company on ASX on 31 October 2003 except where noted below. For further information on corporate governance policies adopted by Comdek, refer to our website www.comdek.net.au

The Board of Directors

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report is included in the Directors' Report. Directors of Comdek are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

In the context of director independence, "materiality" is considered from both the company and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the director in question to shape the direction of the company's loyalty.

In accordance with the definition of independence above, and the materiality thresholds set, the following directors of Comdek are considered to be independent:

Name	Position
Hendy Cowan	Chairperson, Non-Executive Director
David Falconer	Non-Executive Director

Corporate Governance Council Recommendation 2.1 requires a majority of the board to be independent directors. Of the four board members in total, the two directors listed above are considered to be independent when applying the Council's definition of independence. Therefore the majority of the board are not independent. Comdek considers industry experience and specific expertise to be important attributes of its board members.

COMDEK LIMITED
CORPORATE GOVERNANCE STATEMENT
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There are procedures in place, agreed by the board, to enable directors, in furtherance of their duties, to seek independent professional advice at the company's expense.

The term in office held by each director in office at the date of this report is as follows:

Name	Term in office	Name	Term in office
Hendy Cowan	1 year	Haydn Collins	12 years
David Falconer	1 year	Jeff Garrett	12 years

Nomination Committee

Recommendation 2.4 requires listed entities to establish a nomination committee. During the year ended 30 June 2004, Comdek did not have a separately established nomination committee. However, the duties and responsibilities typically delegated to such a committee are expressly included in the board's own charter as being the responsibility of the full board. The board does not believe that any marked efficiencies or enhancements would be achieved by the creation of a separate nomination committee.

Audit Committee

The Board has established an audit committee, which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control and ethical standards for the management of the consolidated entity to the audit committee. Refer to page 5 of the Directors Report for membership and meetings information.

Performance

The Chairperson reviews the performance of the Board and the Audit Committee and the performance of the individual directors. The Board intends to implement a formal process for the review and appraisal of the overall performance of the Board and individual directors.

The performance of the Managing Director and senior executives who report to the Managing Director are reviewed by the Board.

Remuneration

It is the company's objective provide maximum stakeholder benefit from the retention of a high quality board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Remuneration Committee links the nature and amount of executive directors' and officers' emoluments to the company's financial and operational performance. The expected outcomes of the remuneration structure are:

- Retention and Motivation of key executives
- Attraction of quality management to the company
- Performance incentives which allow executives to share the rewards of the success of Comdek

For details on the amount of remuneration and all monetary and non-monetary components for each of the highest-paid (non-director) executives during the year and for all directors, refer to the Directors' Report. In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the board, having regard to the overall performance of Comdek and the performance of the individual during the period.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors. Refer to page 5 of the Directors Report for membership and meetings information.

Identification and Management of Risk

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CORPORATE GOVERNANCE STATEMENT
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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.

Communication with Shareholders

The board provides shareholders with information using a comprehensive Continuous Disclosure Policy which includes identifying matters that may have a material effect on the price of the company's securities, notifying them to the ASX, posting them on the company's website, and issuing media releases. The board encourages full participation of shareholders at the Annual General Meeting, to ensure a high level of accountability and identification with the consolidated entity's strategy and goals.

COMDEK LIMITED
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2004

	Notes	Consolidated Entity		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
REVENUES FROM ORDINARY ACTIVITIES					
	2	4,300,176	6,886,132	2,300,079	4,793,474
Raw materials and consumables used	3	(2,278,210)	(4,679,752)	(1,487,735)	(3,718,658)
Depreciation and amortisation expenses	3	(523,932)	(270,930)	(141,171)	(135,857)
Borrowing costs expense	3	(351,606)	(152,731)	(306,829)	(128,746)
Occupancy costs expense		(177,080)	(185,433)	(134,119)	(127,030)
Salaries and employee benefits expense		(761,041)	(1,134,364)	(283,448)	(522,433)
Administrative expenses		(624,162)	(741,406)	(212,113)	(380,542)
PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX		(415,855)	(278,484)	(265,336)	(219,792)
INCOME TAX EXPENSE RELATING TO ORDINARY ACTIVITIES	4	-	(62,355)	-	47,540
PROFIT/(LOSS) FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE		(415,855)	(340,839)	(265,336)	(172,252)
NET LOSS ATTRIBUTABLE TO OUTSIDE EQUITY INTEREST	16	-	1,952	-	-
NET PROFIT/(LOSS) ATTRIBUTABLE TO MEMBERS OF COMDEK LIMITED	15	(415,855)	(338,887)	(265,336)	(172,252)
Share Issue Costs		(329,345)	-	(329,345)	-
TOTAL REVENUES, EXPENSES AND VALUATION ADJUSTMENTS ATTRIBUTABLE TO MEMBERS OF COMDEK LIMITED AND RECOGNISED DIRECTLY IN EQUITY		(329,345)	-	(329,345)	-
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS ATTRIBUTABLE TO MEMBERS OF COMDEK LTD		(745,200)	(338,887)	(594,681)	(172,252)
Basic Earnings per share	27	(1.3) cents	N/A		
Diluted Earnings per share	27	(1.3) cents	N/A		

COMDEK LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2004

		Consolidated Entity		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
	Notes				
CURRENT ASSETS					
Cash assets		135,437	6,848	104,337	200
Receivables	5	754,132	597,858	179,545	349,229
Inventories	6	1,092,719	771,851	1,069,280	771,649
Other	7	157,655	130,276	11,626	72,291
TOTAL CURRENT ASSETS		2,139,943	1,506,833	1,364,789	1,193,369
NON-CURRENT ASSETS					
Receivables	5	61,476	198,450	1,871,877	1,726,652
Other financial assets	10	-	-	1,448,682	36,182
Plant and equipment	8	1,766,670	1,377,320	214,336	274,259
Intangible assets	9	1,784,258	128,465	201,932	39,563
Other	7	320,541	232,760	74,195	95,710
TOTAL NON-CURRENT ASSETS		3,932,944	1,936,995	3,811,022	2,172,366
TOTAL ASSETS		6,072,888	3,443,828	5,175,811	3,365,735
CURRENT LIABILITIES					
Payables	11	1,021,960	858,728	167,145	662,568
Interest-bearing liabilities	12	231,638	828,214	60,507	690,916
Current tax liabilities	4	223,553	62,132	50,132	62,132
Provisions	13	253,431	36,462	178,061	36,462
TOTAL CURRENT LIABILITIES		1,730,582	1,785,536	455,844	1,452,078
NON-CURRENT LIABILITIES					
Interest-bearing liabilities	12	946,108	836,668	833,643	669,152
TOTAL NON-CURRENT LIABILITIES		946,108	836,668	833,643	669,152
TOTAL LIABILITIES		2,676,690	2,622,204	1,289,487	2,121,230
NET ASSETS		3,396,198	821,624	3,886,323	1,244,505
EQUITY					
Contributed equity	14	4,325,755	1,419,600	4,325,755	1,419,600
Accumulated losses	15	(929,557)	(513,702)	(439,432)	(175,095)
Parent entity interest		3,396,198	905,898	3,886,323	1,244,505
Outside equity interest	16	-	(84,274)	-	-
TOTAL EQUITY		3,396,198	821,624	3,886,323	1,244,505

COMDEK LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2004

	Notes	Consolidated Entity		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		4,410,082	7,873,305	2,446,341	5,608,791
Payments to suppliers and employees		(4,037,165)	(7,493,778)	(2,714,882)	(5,234,375)
Borrowings costs paid		(294,749)	(152,731)	(282,152)	(128,746)
Income tax paid		(12,000)	-	-	-
Net cash provided by/(used in) operating activities	17(d)	(66,168)	226,796	(550,693)	245,670
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		-	4,070	-	4,070
Payment for property, plant and equipment		(241,486)	(475,573)	(39,981)	(94,647)
Purchase of Controlled Entities	17 (e)	(1,245,256)	-	(819,622)	-
Payment for other non-current assets		(129,915)	(64,656)	-	-
Net cash used in investing activities		(1,616,657)	(536,159)	(859,603)	(90,577)
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from share issue		2,556,500	497,500	2,556,500	497,500
Payment of share issue costs		(329,345)	-	(329,345)	-
Repayment of borrowings		(23,303)	-	-	-
Advances from / (to) related parties		(15,071)	(196,239)	(345,413)	(882,918)
Proceeds from / (repayments of) finance leases		(279,529)	(138,747)	(66,970)	95,862
Net cash provided by financing activities		1,909,252	162,514	1,814,772	(289,556)
Net increase in cash held		358,763	(146,849)	404,476	(134,463)
Cash at beginning of period		(293,491)	(146,642)	(300,139)	(165,676)
Cash at end of period	17(a)	65,272	(293,491)	104,337	(300,139)

COMDEK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial report is a general-purpose financial report, which 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, except for current listed shares measured at market value.

(b) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous year.

(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) Earnings per share

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

COMDEK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2004

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 uncollectible 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. Listed shares held for trading are carried at net market value. Changes in net market value are recognised as a revenue or expense in determining the net profit for the period.

(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:

- *raw materials* purchase cost on a first in first out basis; and
- *finished goods and work in progress* 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 2004

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.

Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis.

The lease incentive liability in relation to the non-cancellable operating lease is being reduced on an imputed interest basis over the lease term (5 years) at the interest rate implicit in the lease. Contingent rentals are recognised as an expense in the financial year in which they are incurred.

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. Research and development costs are currently amortised over 10 years on a straight line basis.

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. Website development costs are currently amortised over 4 years on a straight line basis.

(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 2004

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. Part consideration for the acquisition of Vianetaip Pty Ltd was through the issue of a convertible note with interest accruing quarterly at 10% per annum. The convertible note has a repayment date of 24 March 2006.

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.

(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 2004

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.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

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

(t) Employee Benefits

Provision is made for employee 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 benefits 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 benefits 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 benefits 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 2004

	Consolidated Entity		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
2. REVENUE FROM ORDINARY ACTIVITIES				
Revenue from operating activities				
Revenue from sale of goods	2,364,956	6,471,876	2,244,091	4,421,400
Revenue from rendering of services	1,879,937	231,582	22,272	231,582
Total revenues from operating activities	4,244,894	6,703,458	2,266,363	4,652,982
Revenue from non-operating activities				
Rent	12,858	98,342	14,618	98,342
Proceeds on disposal of plant and equipment	23,325	4,070	-	4,070
Interest Received	19,099	-	19,099	-
Other revenue	-	80,262	-	38,080
Total revenues from non-operating activities	55,282	182,674	33,717	140,492
Total revenue from ordinary activities	4,300,176	6,886,132	2,300,079	4,793,474
3. EXPENSES AND LOSSES/(GAIN)				
(a) Expenses				
Cost of goods sold	2,278,210	4,694,242	1,487,735	3,733,148
Depreciation of non current assets				
Plant and equipment	177,121	193,836	85,677	126,170
Leased plant and equipment	92,458	59,995	14,227	4,346
	269,579	253,831	99,904	130,516
Amortisation of non current assets				
Goodwill	213,250	17,099	19,752	5,341
Research & Development	18,752	-	-	-
Website	22,351	-	21,515	-
	254,353	17,099	41,267	5,341
Total depreciation and amortisation expenses	523,932	270,930	141,171	135,857
Borrowing costs expensed				
Convertible Note Interest	257,146	-	257,146	-
Debenture Interest	2,512	-	2,512	-
Finance Lease	37,758	-	5,578	-
Overdraft & Other	54,190	152,731	41,593	128,746
Total Borrowing Costs Expensed	351,606	152,731	306,829	128,746

COMDEK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2004

	Consolidated Entity		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Notes				
3. EXPENSES AND LOSSES/(GAINS)				
(Continued)				
Bad and doubtful debts	107,612	(12,450)	26,027	(5,777)
Operating Minimum Lease Rentals	22,680	-	-	-
(b) Losses/(gains)				
Net loss (gain) on disposal of plant and equipment	(3,325)	(4,070)	-	(4,070)
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%	(124,756)	(83,545)	(79,601)	(65,938)
Tax effect of permanent differences				
Amortisation of Goodwill	63,975	5,129	5,926	1,602
Other	-	9,000	-	9,000
	(60,781)	(69,416)	(73,675)	(55,336)
Under/(over) provision for income tax in prior period	-	88,196	-	(21,699)
Utilisation of prior year losses	-	-	-	-
Reduction of deferred income tax balances as realisation not considered virtually certain	60,781	43,575	73,675	29,495
Income tax expense/(benefit) attributable to ordinary activities	-	62,355	-	(47,540)
Tax assets and liabilities				
Current tax payable	223,553	62,132	50,132	62,132
Provision for deferred income tax	-	-	-	-
Deferred tax asset	-	-	-	-

Legislation is enacted to allow groups, comprising of a parent entity and its Australian resident wholly owned entities, to elect to consolidate and be treated as a single entity for income tax purposes. The legislation, which includes both mandatory and elective elements, is applicable to the Company.

As at the reporting date, the Directors have not made a decision to elect to be taxed as a single entity. In accordance with Urgent Issues Group (UIG) Consensus Views, UIG 39 "Effect of proposed tax consolidation legislation on deferred tax balances", the financial effect of the legislation has therefore not been brought to account in the financial report for the year ended 30 June 2004, except to the extent that adoption of the tax consolidation would impair the carrying value of any deferred tax assets

COMDEK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2004

	Notes	Consolidated Entity		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
5. RECEIVABLES					
CURRENT					
Trade debtors	(a)	885,953	542,380	194,339	359,699
Less provision for doubtful debts		(132,390)	(5,998)	(15,277)	(10,516)
		753,563	536,382	179,062	349,183
Other debtors	(a)	569	61,476	483	-
Amounts receivable from:					
- associated companies	(a)	-	-	-	46
		569	61,476	483	46
		754,132	597,858	179,545	349,229
NON CURRENT					
Amounts receivable from:					
- other	(a)	61,476	-	-	-
- controlled entities	(a)	-	-	1,871,877	1,528,202
- director related parties	(a)	-	198,450	-	198,450
		61,476	198,450	1,871,877	1,726,652
(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 24.					
6. INVENTORIES					
Work in progress - at cost		62,039	-	43,074	-
Finished goods - at cost		1,030,680	771,851	1,026,206	771,649
		1,092,719	771,851	1,069,280	771,649

COMDEK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2004

	Notes	Consolidated Entity		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
7. OTHER ASSETS					
CURRENT					
Prepayments		157,655	25,351	11,626	25,351
Deferred IPO costs		-	104,925	-	46,940
		157,655	130,276	11,626	72,291
NON CURRENT					
Research and development	(a)	246,804	135,641	-	-
Web site development	(a)	73,359	95,710	74,195	95,710
Shares in Listed Entities	(b)	378	-	-	-
Capitalised borrowing costs		-	1,409	-	-
		320,541	232,760	74,195	95,710
(a) Reconciliation of non current assets					
Research and development					
Costs capitalised at beginning of the year		135,641	66,780	-	-
Costs incurred during the year and deferred		129,915	68,861	-	-
Amortisation		(18,752)	-	-	-
Costs transferred to goodwill on acquisition during the financial year		-	-	-	-
		246,804	135,641	-	-
Web Site development					
Costs capitalised at beginning of the year		95,710	85,105	95,710	85,105
Costs incurred during the year and deferred		-	10,605	-	10,605
Amortisation		(22,351)	-	(21,515)	-
		73,359	95,710	74,195	95,710

(b) Quoted market value at balance date of investments listed on a prescribed stock exchange was \$378.

COMDEK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2004

	Notes	Consolidated Entity		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
8. PLANT AND EQUIPMENT					
Plant and Equipment (at cost)		2,443,697	1,650,238	966,650	904,336
Accumulated depreciation		(1,280,168)	(778,219)	(777,319)	(669,309)
	(a)	1,163,529	872,019	189,331	235,027
Leased plant and equipment (at cost)	(b)	859,627	645,466	43,578	43,578
Accumulated amortisation		(256,486)	(140,165)	(18,573)	(4,346)
	(a)	603,141	505,301	25,005	39,232
Total plant and equipment		1,766,670	1,377,320	214,336	274,259
(a) Reconciliation of plant and equipment					
Plant and equipment					
Carrying amount at beginning		872,019	598,027	235,027	225,488
Additions		241,486	329,081	39,981	51,029
Addition through acquisition of entities	17(e)	247,145	-	-	-
Disposals		(20,000)	-	-	-
Transfers from leased equipment		-	138,747	-	84,680
Depreciation expense		(177,121)	(193,836)	(85,677)	(126,170)
		1,163,529	872,019	189,331	235,027
Leased plant and equipment					
Carrying amount at beginning		505,301	557,551	39,232	84,680
Additions		65,633	146,492	-	43,578
Addition through acquisition of entities	17(e)	124,665	-	-	-
Transfers to plant and equipment		-	(138,747)	-	(84,680)
Amortisation expense		(92,458)	(59,995)	(14,227)	(4,346)
		603,141	505,301	25,005	39,232
(b) Assets pledged as security					
Assets under lease are pledged as security for the associated lease liabilities.					
9. INTANGIBLE ASSETS					
Goodwill at cost		2,013,660	158,786	234,950	52,828
Accumulated amortisation		(229,402)	(30,321)	(33,017)	(13,265)
		1,784,258	128,465	201,932	39,563

COMDEK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2004

	Notes	Consolidated Entity		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
10. OTHER FINANCIAL ASSETS					
Shares in controlled entities at cost		-	-	1,448,682	36,182
		-	-	1,448,682	36,182
Particulars relating to controlled entities:					
Chief Entity	Country of incorporation	Percentage held of controlled entity		Chief entity investment	
		2004	2003	2004	2003
		\$	\$	\$	\$
Chief Entity: Comdek Limited					
Controlled entities:					
Comdek Satellite Communications Pty Ltd					
	Aus	100%	80%	250,080	80
Comdek Technology Pty Ltd					
	Aus	66%	66%	36,102	36,102
Vianetaip Pty Ltd (a)					
	Aus	100%	-	1,162,500	-
				1,448,682	36,182

(a) Vianetaip Pty Ltd is a corporate IP specialising in ADSL. On 25 March 2004 Comdek Ltd acquired Vianetaip.

11. PAYABLES

CURRENT

Trade creditors	(i)	752,272	807,866	140,988	662,568
GST Payable/(Receivable)	(ii)	27,413	11,856	(10,397)	-
Other creditors	(ii)	141,847	39,006	36,554	-
Related creditors	28(g)(iii)	100,428	-	-	-
		1,021,960	858,728	167,145	662,568

(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) Relates to share buyback and borrowing with former Directors of Vianetaip Pty Ltd.

COMDEK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2004

	Notes	Consolidated Entity		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
12. INTEREST BEARING LIABILITIES					
CURRENT					
<i>Unsecured liabilities</i>					
Convertible notes	(a)(ii)	-	339,500	-	339,500
Loan Director related entities	(a)(iii)	-	13,521	-	188
		-	353,021	-	339,688
<i>Secured liabilities</i>					
Lease liability	(a)(i), 12(a),18	161,473	151,551	60,507	50,889
Other Loan	(a)(iii)	-	23,303	-	-
Bank overdrafts	17(b)(v)	70,165	300,339	-	300,339
		231,638	475,193	60,507	351,228
		231,638	828,214	60,507	690,916
NON CURRENT					
<i>Unsecured liabilities</i>					
Convertible notes	(a), 17(e)	775,000	339,500	775,000	339,500
Debenture	(a)(iv)	-	200,000	-	200,000
		775,000	539,500	775,000	539,500
<i>Secured liabilities</i>					
Lease liability	18	171,108	297,168	58,643	129,652
		171,108	297,168	58,643	129,652
		946,108	836,668	833,643	669,152

(a) Terms and conditions

Terms and conditions of the above financial instruments

(i) Lease agreements have an average lease term of 3 years at average commercial interest rates. The liability is secured over the leased assets.

(ii) Convertible notes

At 30 June 2004 there were convertible notes with a face value of \$775,000 on issue (2003: \$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 at a value of 20 cents per share.

(iii) The loan is repayable within 5 yrs and subject to normal commercial terms and conditions. The loan was settled prior to the listing of Comdek on ASX.

(iv) A registered debenture existed in 2003 in relation to a borrowing of \$200,000 secured by a charge over the company. Interest was payable quarterly in arrears based on the standard business rate charged by the National Australia Bank. The debenture was settled prior to the listing of Comdek on ASX.

(v) Overdraft with Vianetaip Pty Ltd secured against this subsidiary and guaranteed by Comdek Ltd.

COMDEK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2004

	Notes	Consolidated Entity		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
13. PROVISIONS					
CURRENT					
Employee entitlements	22	253,431	36,462	178,061	36,462
		253,431	36,462	178,061	36,462

14. CONTRIBUTED EQUITY

Issued and paid up capital

41,280,000 Ordinary shares	4,655,100	100	4,655,100	100
Less: IPO Costs	(329,345)	-	(329,345)	-
	4,325,755	100	4,325,755	100
Preference shares 2004: nil (2003: 6,237,057)	-	1,419,500	-	1,419,500
	4,325,755	1,419,600	4,325,755	1,419,600

(a) Movements in shares on issue

(i) *Ordinary shares* - On 25 August 2003 the number of ordinary shares was consolidated from 24,000,000 to 15,500,000. As a result of the listing on ASX on 31 October 2003 additional ordinary shares were issued and convertible notes with a face value of \$679,000 and preference shares were converted in ordinary shares with a face value of 20 cents. The issued capital is reconciled as follows:

	2004		2003	
	# of Shares	\$	# of Shares	\$
Beginning of Financial year	24,000,000	100	100	100
Share Split			24,000,000	
Share Consolidation	15,500,000			
Preference Shares converted to shares at 20 cents	9,602,500	1,419,500		
Convertible Notes converted to shares at 20 cents	3,395,000	679,000		
Shares issued at 20 cents through Prospectus	12,782,500	2,556,500		
Less : Costs of Issue		(329,345)		
Total	41,280,000	4,325,755	24,000,000	100

(ii) *Preference shares* - Upon listing on ASX; 9,602,500 preference shares were converted in ordinary shares on a one for one basis.

(iii) *Options* - During the financial year, 330,000 options were issued over ordinary shares, exercisable from the first anniversary from the date of issue and with an issue term of 3 years. The options had an average exercise price of 17.6 cents. At the end of the year there were nil (2003: nil) unissued ordinary shares in respect of which options were outstanding.

(b) Terms and conditions of contributed equity

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.

COMDEK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2004

	Notes	Consolidated Entity		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
15. ACCUMULATED LOSSES					
Accumulated losses	(a)	(929,557)	(513,702)	(439,432)	(174,095)
(a) Accumulated losses					
Balance at the beginning of the year		(513,702)	(174,815)	(174,095)	(2,843)
Net profit/(loss) attributable to members of Comdek Limited		(415,855)	(338,887)	(265,336)	(171,252)
Balance at the end of the year		(929,557)	(513,702)	(439,432)	(174,095)

16. OUTSIDE EQUITY INTEREST

Outside equity interest	(a)	-	(84,274)	-	-
(a) Outside equity interest					
Opening balance		(84,274)	(86,871)	-	-
Acquisition of 100% of controlled entities		84,274	-	-	-
Other		-	4,549	-	-
Share of operating losses		-	(1,952)	-	-
Closing balance		-	(84,274)	-	-

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		135,437	6,848	104,337	200
Bank overdrafts	12,26	(70,165)	(300,339)	-	(300,339)
		65,272	(293,491)	104,337	(300,139)

(b) Financing facilities available to the consolidated entity

At balance date the consolidated entity had access to a bank overdraft amounting to \$175,000 (2003: \$300,000). At balance date \$70,165 (2003: \$300,339) of the facility had been utilised.

COMDEK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2004

	Consolidated Entity		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
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	(415,855)	(340,838)	(265,336)	(172,252)
Depreciation and amortisation	523,932	270,930	141,171	135,857
Charges to provisions	343,361	(7,105)	147,360	(7,105)
Write back of loans no longer payable	-	(55,000)	-	-
(Gain) / Loss on sale of plant and equipment	-	(4,070)	-	(4,070)
Other non cash items	57,758	4,548	5,578	3,511
Changes in assets and liabilities				
Receivables	128,436	1,164,070	(164,923)	955,809
Inventories	(317,110)	(14,692)	(297,631)	(14,490)
Other assets	(130,895)	(52,236)	13,725	(24,580)
Payables	(284,880)	(726,798)	(448,483)	(508,772)
Tax provisions	161,421	(12,013)	(12,000)	(118,238)
	(66,168)	226,796	(550,693)	245,670

(e) Acquisition of Controlled Entity

On 25 March 2004, Comdek Ltd acquired 100% of the voting share capital of Vianetaip Pty Ltd, an unlisted Australian company specialising in corporate ISP services delivered through ADSL. The components of the acquisition cost were:

	\$
Consideration	
– cash paid	387,500
– convertible note	<u>775,000</u>
	1,162,500

The convertible note of \$775,000 represents the value of the remaining consideration payable. Refer to note 12 for further details. Original consideration was calculated at \$1,937,500 and involved the issue of a 2nd tranche of convertible notes to the value of \$775,000. As a result of failure to meet KPI at 30 June 2004 Comdek was entitled to reduce the consideration to \$1,162,500.

COMDEK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2004

	\$
Net assets of Vianetaip Pty Ltd at 25 March 2004:	
– cash	(25,853)
– trade debtors	472,578
– inventories	3,758
– property, plant and equipment	399,256
– Other Assets	241,701
– Liabilities	<u>(974,294)</u>
Fair value of net tangible assets	117,416
– goodwill arising on acquisition	<u>1,045,084</u>
	1,162,500
Net cash effect	
Cash consideration paid for Vianetaip Pty Ltd	387,500
Cash included in net assets acquired	(25,853)
Cash consideration paid for Comdek Satellite Communications Pty Ltd	250,000
Other costs associated with acquisition paid by group entities	<u>633,609</u>
Cash paid for purchase of controlled entity as reflected in the consolidated statement of cash flows	1,245,256

	Consolidated Entity		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$

Notes

18. EXPENDITURE COMMITMENTS

(a) Lease commitments - *Finance Leases*

Payable				
- not later than one year	190,597	160,702	66,969	55,056
- later than one year and not later than five years	175,702	315,107	61,387	140,267
Minimum Lease payments	366,299	475,809	128,356	195,323
Less future finance charges	(33,717)	(27,090)	(9,205)	(14,782)
	332,582	448,719	119,150	180,541
Represented by:				
Current liability	12,26	161,473	151,551	60,507
Non-current liability	12,26	171,108	297,168	58,463
		332,582	448,719	119,150

Lease agreements have an average term of 3 years at an average commercial interest rate. Assets, which are subject to leases, include a range of information technology equipment.

19. CONTINGENT LIABILITIES

There are no 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 2004

	Notes	Consolidated Entity		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
22. EMPLOYEE ENTITLEMENTS AND SUPERANNUATION COMMITMENTS					
Employee Entitlements					
The aggregate employee entitlements liability is comprised of:					
Provisions (current)	13	253,431	36,462	178,061	36,462

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. 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		66,800	20,000	66,800	20,000
- other services in relation to the entity and any other entity in the consolidated entity (independent reports)		69,300	40,000	69,300	40,000
		136,100	60,000	136,100	60,000

24. RELATED PARTY DISCLOSURES

Ultimate Parent

Comdek Limited is the ultimate parent company.

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 \$1,945,850 (2003: \$1,528,202) in loans and \$15,557 (2003: \$3,271) in trade debtors. All loans are interest free and have no fixed repayment date.

COMDEK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2004

25. SUBSEQUENT EVENTS

On 24 September 2004 Comdek Ltd announced that it had completed a memorandum of understanding for the acquisition eSat Communications Pty Ltd (eSat).

The consideration for the acquisition is the issue of up to 12,023,810 Comdek Ltd shares. The issue of shares is:

- Staged at levels dependant upon the growth of the customer base of the business of eSat;
- Conditional upon completion of a Sale and Purchase Agreement;
- Conditional upon shareholder approval for the issue of the shares.

The financial effect of the acquisition has not be recognised in the accounts at the balance date.

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 2004

26. 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:

Fixed Interest Rate Maturing in:

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	
	2004 \$	2003 \$	2004 \$	2003 \$	2004 \$	2003 \$	2004 \$	2003 \$	2004 \$	2003 \$	2004 \$	2003 \$	2004 \$	2003 \$
FINANCIAL ASSETS														
Cash assets	-	-	-	-	-	-	-	-	135,437	6,848	135,437	6,848	-	-
Trade Receivables	-	-	-	-	-	-	-	-	754,132	542,380	754,132	542,380	-	-
Related party receivables	-	-	-	-	-	-	-	-	-	198,450	-	198,450	-	-
	-	-	-	-	-	-	-	-	889,569	747,678	889,569	747,678		
FINANCIAL LIABILITIES														
Bank overdraft	70,165	300,339	-	-	-	-	-	-	-	-	70,165	300,339	9.67%	10.6%
Payables	-	-	-	-	-	-	-	-	1,021,960	848,578	1,021,960	848,578	-	-
Lease liabilities	-	-	161,473	151,551	171,108	297,168	-	-	-	-	332,581	448,719	9.2%	7.1%
Convertible notes	-	-	-	339,500	775,000	339,500	-	-	-	-	775,000	679,000	10%	10%
Related party Loans	-	-	-	-	-	-	-	-	-	13,521	-	13,521	-	-
Other loans	-	-	-	16,630	-	200,000	-	-	-	-	-	216,630	-	6.9%
	70,165	300,339	161,473	507,681	946,108	836,668	-	-	1,021,960	862,099	2,199,706	2,506,787		

COMDEK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2004

26. 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.

27. EARNINGS PER SHARE

The following reflects the income and share data used in the calculations of the basic and diluted earnings per share:

	Consolidated Entity	
	2004	2003
	\$	\$
Net Loss	415,855	338,887
Weighted average number of ordinary shares used in calculation of earnings/share;	32,686,666	N/A
Effect of dilutive securities:		
Share Options	-	N/A
Adjusted weighted average number of ordinary shares used in calculation of earnings/share;	32,686,666	N/A

28. DIRECTOR AND EXECUTIVE DISCLOSURES

(a) Details of Specified Directors and Specified Executives

(i) Specified directors

Hendy Cowan

Haydn Collins

Jeff Garrett

David Falconer

(ii) Specified executives

Richard Wolanski Chief Financial Officer

COMDEK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2004

(b) Remuneration of Specified Directors and Specified Executives

(i) Remuneration Policy

It is the company's objective provide maximum stakeholder benefit from the retention of a high quality board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Remuneration Committee links the nature and amount of executive directors' and officers' emoluments to the company's financial and operational performance. The expected outcomes of the remuneration structure are:

- Retention and Motivation of key executives
- Attraction of quality management to the company
- Performance incentives which allow executives to share the rewards of the success of Comdek

In relation to the payment of bonuses, options an other incentive payments, discretion is exercised by the board, having regard to the overall performance of Comdek and the performance of the individual during the period.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

(ii) Remuneration of Specified Directors and Specified Executives

		<i>Base Salary & Fees</i>	<i>Bonuses</i>	<i>Non Cash benefits</i>	<i>Super Contributions</i>	<i>Options issued</i>	<i>Termination and retirement benefits</i>	<i>Total</i>
Directors		\$	\$	\$	\$	\$	\$	\$
H. Cowan	Chairman	16,667	-	-	1,500	-	-	18,167 (2003: nil)
H. Collins	Managing Director	117,729	-	-	9,020	-	-	126,749 (2003: 100,23)
J. Garrett	Executive Director	81,736	-	-	7,356	-	-	89,092 (2003: 62,291)
D. Falconer	Non-executive Director	16,667	-	-	1,500	-	-	18,167 (2003: nil)
Executives								
R. Wolanski	Chief Financial Officer	96,239	-	-	8,661	6,620	-	111,520 (2003: 65,120)

Unless otherwise stated amounts in 2003 are nil.

(c) Remuneration options: Granted and vested during the year

During the financial year options were granted as equity compensation benefits to certain specified directors and specified executives as disclosed below. The options were issued free of charge. Each option entitles the holder to subscribe for one fully paid ordinary share in the entity at an exercise price of 14 cents and 20 cents. The options expire three years after vesting.

	<i>Vested</i>	<i>Granted</i>	<i>Terms & Conditions for Each Grant</i>					
			<i>Number</i>	<i>Number</i>	<i>Grant date</i>	<i>Value per option at grant date (\$)</i>	<i>Exercise Price per share (\$)</i>	<i>First Exercise Date</i>
Specified Executives								
R. Wolanski	-	100,000	4 March 2004	6.19	0.14	1 November 2004	3 March 2007	
R. Wolanski	-	150,000	4 March 2004	4.70	0.20	1 November 2004	3 March 2007	
Total	-	<u>250,000</u>						

COMDEK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2004

(d) Option holdings of specified directors and specified executives

	<i>Balance at beginning of period</i>	<i>Granted as Remuneration</i>	<i>Options Exercised</i>	<i>Net Change Other</i>	<i>Balance at end of period</i>	<i>Granted at 30 June 2004</i>		
	<i>1 July 2003</i>			<i>#</i>	<i>30 June 2004</i>	<i>Total</i>	<i>Not exercisable</i>	<i>Exercisable</i>
Specified Executives								
R. Wolanski	-	250,000	-	-	250,000	-	-	-
Total	-	250,000	-	-	250,000	-	-	-

(e) Shareholdings of Specified Directors and Specified Executives

<i>Shares held in Endeavour Ltd (number)</i>	Balance 1 July 03	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 04
Specified Directors					
H. Cowan	-	-	-	249,840	249,840
H. Collins	6,000,000	-	-	6,000	6,006,000
J. Garrett	16,800,000	-	-	(7,748,680)	9,051,320
D. Falconer	-	-	-	998,977	998,977
Specified Executives					
R Wolanski	1,200,000	-	-	26,500	1,226,500
Total	24,000,000	-	-	(6,467,363)	17,532,637

All equity transactions with specified directors and specified executives other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

(f) Loans from specified directors and specified executives

(i) Details of aggregates of loans from specified directors and specified executives are as follows

	Balance at beginning of period	Interest charged	Interest not charged	Write-off	Balance at end of period	Number in group 30 June 2004
	\$'000	\$'000	\$'000	\$'000	\$'000	
Specified directors						
2004	198	-	-	-	100	4
2003	86	-	-	-	198	2
Specified executives						
2004	-	-	-	-	-	-
2003	-	-	-	-	-	-
Total Specified directors and specified executives						
2004	198	-	-	-	100	4
2003	86	-	-	-	198	2

(ii) Details of individuals with loans to the company above \$100,000 in the reporting period are as follows:

	Balance at beginning of period	Interest charged	Interest not charged	Write-off	Balance at end of period	Highest owing in period
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Specified directors						
H. Collins & J. Garrett	187	-	-	-	-	187

Terms and conditions of loans

Loans from directors are interest free. Subsequent to 30 June 2003 but prior to the listing of Comdek Ltd on ASX the consolidated entity settled all related party loans, debentures and payables as part of the transition to a publicly listed entity.

COMDEK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2004

(g) Other transactions and balances with specified directors and specified executives

Share buyback and Borrowings

Share buyback

Vianetaip Pty Ltd had contracted to buy back shares that at the date of acquisition resulted in a debt of \$75,901 being owed to a former Director. At balance date the debt outstanding to the former Director was \$40,901.

Borrowing

Vianetaip Pty Ltd owed a vendor and existing employee \$59,527 at the date of acquisition. At balance date the debt outstanding to the former Director was \$59,527.

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 \$122,215 (2003: \$158,876) from the consolidated entity. The amount is based on normal commercial terms and conditions.

29. IMPACT OF ADOPTING AASB EQUIVALENTS TO IASB STANDARDS

Comdek Ltd has commenced transitioning its accounting policies and financial reporting from current Australian Standards to Australian equivalents of International Financial Reporting Standards (IFRS). The company has allocated internal resources to perform diagnostics and conduct impact assessments to isolate key areas that will be impacted by the transition to IFRS. As Comdek has a 30 June year end, priority has been given to considering the preparation of an opening balance sheet in accordance with AASB equivalents to IFRS as at 1 July 2004. This will form the basis of accounting for Australian equivalents of IFRS in the future, and is required when Comdek prepare its first fully IFRS compliant financial report for the year ended 30 June 2006. Set out below are the key areas where accounting policies will change and may have an impact on the financial report of Comdek. At this stage the company has not been able to reliably quantify the impacts on the financial report.

Classification of Financial Instruments

Under AASB 139 *Financial Instruments: Recognition and Measurement*, financial instruments will be required to be classified into one of five categories which will, in turn, determine the accounting treatment of the item. The classifications are loans and receivables- measured at amortised cost, financial assets held to maturity - measured at amortised cost, financial assets held for trading – measured at fair value with fair value changes charged to net profit or loss, financial assets available for sale – measured at fair value with fair value changes taken to equity and non-trading liabilities - measured at amortised cost. This will result in a change in the current accounting policy that does not classify financial instruments. Current measurement is at amortised cost, with certain derivative financial instruments not recognised on balance sheet. The future financial effect of this change in accounting policy is not yet known as the classification and measurement process has not yet been fully completed.

Goodwill

Under AASB 103 *Business Combinations* goodwill will no longer be able to be amortised but instead will be subject to annual impairment testing. This will result in a change in the group's current accounting policy which amortises goodwill over its useful life but not exceeding 20 years. Under the new policy, amortisation will no longer be charged, but goodwill will be written down to the extent it is impaired. Reliable estimation of the future financial effects of this change in accounting policy is impracticable because the conditions under which impairment will be assessed are not yet known.

Impairment of Assets

Under AASB 136 *Impairment of Assets* the recoverable amount of an asset is determined as the higher of net selling price and value in use. This will result in a change in the group's current accounting policy which determines the recoverable amount of an asset on the basis of undiscounted cash flows. Under the new policy it is likely that impairment of assets will be recognised sooner and that the amount of write-downs will be greater. Reliable estimation of the future financial effects of this change in accounting policy is impracticable because the conditions under which impairment will be assessed are not yet known.

COMDEK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2004

Intangible Assets

Under AASB 138 *Intangible Assets*, costs incurred in the research phase of the development of an internally generated intangible must be expensed. This will result in a change in the group's current accounting policy which allows for the capitalisation of costs incurred in the research phase of an internally generated intangible asset where future benefits are expected beyond reasonable doubt. Under the new policy, all research costs will be written off as incurred. On transition internally generated intangible assets will be required to be adjusted against opening retained earnings as they will not meet the recognition requirements under IFRS.

Income taxes

Under AASB 112 *Income Taxes*, the company will be required to use a balance sheet liability method which focuses on the tax effects of transactions and other events that affect amounts recognised in either the Statement of Financial Position or a tax-based balance sheet. It is not expected that there will be any further material impact as a result of adoption of this standard.

**COMDEK LIMITED
DIRECTORS DECLARATION
FOR THE YEAR ENDED 30 JUNE 2004**

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 2004 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

30 September 2004

Independent audit report to members 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 2004. 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 judgement 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*.

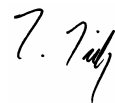
Audit opinion

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 2004 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: 30 September 2004

COMDEK LIMITED
ASX ADDITIONAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2004

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 28 September 2004.

(a) Distribution of equity securities

The number of shareholders, by size of holding, in each class of share are:

			Ordinary shares	
			Number of Holders	Number of Shares
1	–	1,000	0	0
1,001	–	5,000	14	50,473
5,001	–	10,000	149	1,470,338
10,001	–	100,000	198	7,167,857
100,001	and over		61	32,591,332
			422	41,280,000
The number of shareholders holding less than a marketable parcel of shares are (basis price 15 cents):			7	20,190

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted shares are:

		Number of Shares	Percentage Held
1	GARRETT JEFFREY MARK	7,800,320	18.90%
2	COLLINS HAYDN LEE	6,000,000	14.53%
3	WOLANSKI RICHARD JOHN	1,200,000	2.91%
4	GARRETT JEFFREY MARK	1,197,000	2.90%
5	CATHOLIC CHURCH INSURANCE	1,000,000	2.42%
6	THOMAS BEVAN + TAMARA	850,000	2.06%
7	HENDERSON CHRIS + EVELYN	690,000	1.67%
8	DALLARD PTY LTD	690,000	1.67%
9	COWAN HALLEY WILLIAM JAME	582,500	1.41%
10	BRADFORD DAWSON + GRETA	517,500	1.25%
11	O'MEEHAN PAUL + JILL	500,000	1.21%
12	COLLINS PETER	500,000	1.21%
13	DIXON EDWARD VERNON	500,000	1.21%
14	HENDERSON GREGORY WILLIAM	500,000	1.21%
15	ALLEN RAYMOND LESLIE	454,500	1.10%
16	COWAN MARY JEANETTE	447,500	1.08%
17	MAYFIELD BRIAN + MARLENE	402,500	.98%
18	GREGMAUN PTY LTD	375,000	.91%
19	TILBROOK STEVEN + WENDY	375,000	.91%
20	CUGLEY GEORGE ALBERT	345,000	.84%
		24,926,820	60.38%

(c) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Number of Shares
GARRETT JEFFREY MARK	7,800,320
COLLINS HAYDN LEE	6,000,000

(d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.