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Ventracor Limited
ABN 46 003 180 372
126 Greville Street
Chatswood NSW 2067
Australia
T +61 2 9406 3100
F +61 2 9406 3101
W www.ventracor.com

11 August 2003

Securities and Exchange Commission
Division of Corporate Finance
Office of International Corporation Finance
450 Fifth Street, NW
WASHINGTON DC 20549
USA



SUPPL

Dear Ladies and Gentleman

Re: Ventracor Limited
File # 82-4630

Ventracor Limited (the "Company") is furnishing herewith information pursuant to Rule 12g3-2(b)(1)(i) of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

The attached documents are being furnished with the understanding that they will not be deemed "filed" with the Securities and Exchange Commission or otherwise subject to the liabilities of Section 18 of the Exchange Act, and that neither this letter nor the furnishing of such documents shall constitute an admission for any purpose that the Company is subject to the Exchange Act.

If you have any questions or comments please call the undersigned at (61) 02 9406 3100.

Very truly yours

Andrew Geddes
Corporate Communications

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asx announcement

Preliminary Results for the Year Ended 30 June 2003

Sydney, 11 August 2003: Ventracor Limited today announced its preliminary results for the 12 months ended 30 June 2003.

The company's loss for the year of \$9.4 million was in line with expectations and primarily reflects the accelerated commercialisation activity associated with the VentrAssist™ 'artificial heart'. It also reflects the January sale of the eHealth division, which included a write down of the division's assets of \$0.95 million but added \$3.5 million to Ventracor's cash reserves.

At 30 June 2003, the company had cash reserves of \$12.6 million and Ventracor remains free of borrowings.

Over the past 12 months Ventracor has accomplished a number of significant milestones, including the commencement of human implant trials of its VentrAssist™ left ventricular assist system.

The company's focus on commercialisation of the VentrAssist™ device has necessitated increased expenditure in clinical and regulatory affairs, quality assurance and manufacturing to ensure a supply of VentrAssist™ systems to support the clinical trials.

For further information, please contact:

Michael Spooner
Managing Director & CEO
Ventracor Limited
02 9406 3088

Appendix 4E ^{03 AUG 10 10: 7: 21}

Preliminary Final Report to the Australian Stock Exchange

Name of Entity	Ventracor Limited
ABN	46 003 180 372
Financial Year ended	30 June 2003
Previous corresponding period	30 June 2002

Results for announcement to the market

	\$000's	Percentage increase / (decrease) over previous corresponding period
Revenue from ordinary activities	6,049	83.6%
Loss from ordinary activities after tax attributable to members	(9,370)	(10.2%)
Net profit/(loss) for the period attributable to members	(9,370)	(10.2%)

No interim dividend was paid and it is not proposed to pay any dividends.

Revenues for the year include \$3,493,000 from the sale of the eHealth division in January 2003. A review of operations is shown on the next page.

	Current period	Previous corresponding period
Net tangible assets per ordinary security	8.0 cents	12.8 cents

This report is based on accounts which are in the process of being audited. The company does not anticipate that the audit will result in dispute or qualification.

REVIEW OF OPERATIONS AND RESULTS

The company's loss for the year of \$9,370,000 was in line with expectations. The result reflects a significant and positive move toward commercialisation of our key intellectual property, the VentrAssist™ technology. The company completed the sale of assets associated with the company's eHealth Division during the year.

At 30th June 2003 the company had cash reserves of \$12,612,000. The directors believe that the company has sufficient funds in place to continue progress towards commercialisation. The directors regularly monitor the company's cash position and on an on-going basis consider a number of strategic and operational plans / initiatives to ensure that adequate funding continues to be available for the company to meet its business objectives.

Ventracor made significant progress in its transition to commercialisation from research and development and is now engaged in bringing the VentrAssist™ to a market which is independently estimated to grow to between US\$7b and US\$12.5b annually.

The company's transition to a focus on commercialisation has necessitated increased expenditure in infrastructure and staffing requirements for the production of VentrAssist™ systems to support clinical trials. The company has also expanded its quality assurance procedures as well as creating and expanding regulatory and clinical affairs teams to engage Australian and international regulatory bodies and hospitals. These roles are essential for ongoing development as part of the company's ambitions to bring the VentrAssist™ system to market in a timely manner.

As a result, the company's total expenditure for the 12 months has increased in line with expectations from \$11,141,000 in the financial year 2002 to \$14,936,000 in the current financial year. Of the expenditure incurred in 2003, approximately \$3,099,000 was incurred in establishing production, clinical and regulatory affairs as well as quality assurance to support the commencement of clinical trials. A further amount of \$124,000 was incurred in direct costs associated with clinical trials.

In line with the company's policy, all research and development expenditure is expensed in the year in which it is incurred.

As part of the company's focus on commercialising its key intellectual property, Ventracor sold certain assets of its eHealth Division on 10 January 2003 to a US medical device company for \$3,493,000. The eHealth Division designed, manufactured and sold cardiac monitoring equipment and software.

**Statement of financial performance
for the year ended June 30, 2003**

	Note	Consolidated		Parent Entity	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Sales revenue	2	1,680	2,100	1,680	2,100
Cost of sales		(483)	(654)	(483)	(654)
Gross profit		1,197	1,446	1,197	1,446
Other revenues from ordinary activities	2	4,369	1,195	4,369	1,195
Other expenses from ordinary activities					
Sales marketing and manufacturing		(1,084)	(2,355)	(1,084)	(2,355)
Research and development					
- Core technologies		(6,052)	(5,769)	(6,052)	(5,769)
- Production and quality assurance		(3,099)	-	(3,099)	-
- Clinical trial costs		(124)	-	(124)	-
Management and administration		(3,198)	(3,016)	(3,198)	(3,016)
Carrying amount of net assets of discontinued operations sold	5	(951)	-	(951)	-
Borrowing costs		(5)	(1)	(5)	(1)
Other		(423)	-	(423)	(2)
Loss from ordinary activities before income tax expense	3	(9,370)	(8,500)	(9,370)	(8,502)
Income tax expense	4	-	-	-	-
Net loss	17	(9,370)	(8,500)	(9,370)	(8,502)
Net profit attributable to members of Ventracor Limited		(9,370)	(8,500)	(9,370)	(8,502)
Total changes in equity attributable to members of Ventracor Limited other than those resulting from transactions with owners as owners		(9,370)	(8,500)	(9,370)	(8,502)
		Cents	Cents		
Basic earnings per share	25	(5.8¢)	(6.0¢)		
Diluted earnings per share	25	(5.8¢)	(6.0¢)		

The statements of financial performance should be read in conjunction with the accompanying notes.

**Statement of financial position
as at 30 June 2003**

	Note	Consolidated		Parent Entity	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
CURRENT ASSETS					
Cash assets	6	12,612	19,772	12,612	19,772
Receivables	7	79	255	79	255
Inventories	8	-	952	-	952
Other	9	90	50	90	50
Total Current Assets		12,781	21,029	12,781	21,029
NON-CURRENT ASSETS					
Other financial assets	10	-	-	0	0
Property, plant and equipment	11	1,876	1,367	1,876	1,367
Intangible assets	12	-	182	-	182
Total Non-Current Assets		1,876	1,549	1,876	1,549
Total Assets		14,657	22,578	14,657	22,578
CURRENT LIABILITIES					
Payables	13	1,223	1,477	1,223	1,477
Provisions	14	267	371	267	371
Other	15	-	110	-	110
Total Current Liabilities		1,490	1,958	1,490	1,958
NON-CURRENT LIABILITIES					
Provisions	14	90	31	90	31
Other	15	-	-	188	188
Total Non-Current Liabilities		90	31	278	219
Total Liabilities		1,580	1,989	1,768	2,177
NET ASSETS		13,077	20,589	12,889	20,401
EQUITY					
Contributed capital	16	55,306	53,448	55,306	53,448
Accumulated losses	17	(42,229)	(32,859)	(42,417)	(33,047)
TOTAL EQUITY		13,077	20,589	12,889	20,401

The statements of financial position should be read in conjunction with the accompanying notes.

**Statement of cash flows
for the year ended June 30, 2003**

	Note	Consolidated		Parent Entity	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts in the course of operations		2,215	2,659	2,215	2,659
Cash payments in the course of operations		(14,525)	(10,722)	(14,525)	(10,722)
Interest received		759	450	759	450
Grants received		56	869	56	869
Other revenue received		61	4	61	4
Borrowing costs paid		(5)	(1)	(5)	(1)
Net cash outflow from operating activities	18	(11,439)	(6,741)	(11,439)	(6,741)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for plant and equipment		(1,071)	(1,192)	(1,071)	(1,192)
Proceeds from sale of plant and equipment		-	34	-	34
Proceeds from sale of discontinuing operations	5	3,493	-	3,493	-
Net cash inflow/(outflow) from investing activities		2,422	(1,158)	2,422	(1,158)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issues of shares		1,857	25,557	1,857	25,557
Share issue transaction costs		-	(1,487)	-	(1,487)
Repayment of lease liabilities		-	(34)	-	(34)
Net cash inflow from financing activities		1,857	24,036	1,857	24,036
Net increase/(decrease) in cash held		(7,160)	16,138	(7,160)	16,138
Cash at the beginning of the financial year		19,772	3,634	19,772	3,634
Cash at the end of the financial year	18	12,612	19,772	12,612	19,772

The statements of cash flows should be read in conjunction with the accompanying notes.

Notes to the accounts

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

It is prepared in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

The general purpose financial report is prepared on a going concern basis as the directors consider that the company has sufficient cash resources to enable it to continue as a going concern. The directors regularly monitor the company's cash position and on an on-going basis consider a number of strategic and operational plans / initiatives to ensure that adequate funding continues to be available for the company to meet its business objectives.

(a) **Principles of Consolidation**

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Ventracor Limited as at June 30, 2003 and the results of all controlled entities for the year then ended. Ventracor Limited and its controlled entities together are referred to in this financial report as the consolidated entity.

The effects of all transactions between entities in the consolidated entity are eliminated in full.

(b) **Cash**

For the purposes of the statements of cash flows, cash includes cash at bank and on hand as well as highly liquid investments with short periods to maturity which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(c) **Receivables - Trade Debtors**

Sales made on credit and due 30 - 60 days are included in trade debtors at the amount due at balance date, net of a provision for amounts estimated to be uncollectible.

(d) **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and labour, and an appropriate proportion of variable and fixed overhead expenditure. Costs are assigned to individual items of stock, mainly on the basis of weighted average cost.

(e) **Depreciation of Property, Plant and Equipment**

Depreciation is calculated on a straight-line basis to write off the net cost or revalued amount of each item of property, plant and equipment over its expected useful life to the consolidated entity. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

The expected useful lives are as follows:

Leasehold improvements	5 years
Plant and equipment	3 - 5 years
Plant and equipment under finance lease	3 - 4 years

(f) **Income Tax**

Tax effect accounting procedures are followed whereby the income tax expense in the statements of financial performance is matched with the accounting profit after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation.

(g) **Research & Development Expenditure**

All research and development expenditure is being expensed as incurred including the VentrAssist™ and other related technologies.

Notes to the accounts

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(h) Foreign Currency Translation

Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. At balance date, amounts payable and receivable, and bank balances, in foreign currencies are translated into Australian currency at the rate of exchange current at that date. Resulting exchange differences are recognised in determining the profit or loss for the year.

(i) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

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

(j) Acquisition of Assets

The purchase method of accounting is used for all acquisitions regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

(k) Recoverable Amount of Non-Current Assets

The recoverable amount of an asset is the net amount expected to be recovered through the net cash inflows arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. The expected net cash flows included in determining recoverable amounts of non-current assets are not discounted to their present values.

(l) Leased Non-Current Assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the interest expense.

The lease asset is amortised on a straight-line basis over the term of the lease, or, where it is likely that the consolidated entity will obtain ownership of the asset, the life of the asset. Refer note 1(e) for expected useful lives.

Operating lease payments are charged to the statements of financial performance in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

(m) Intangible Assets

Licences acquired, which provide future economic benefits, are initially recognised at cost and are amortised on a straight line basis over 3 years, being the estimated period over which benefits are expected to arise.

(n) Investments

Interests in listed and unlisted securities, other than controlled entities in the consolidated financial statements, are brought to account at cost. Controlled entities are accounted for in the consolidated financial statements as set out in note 1(a).

Notes to the accounts

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(o) **Payables**

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(p) **Employee Entitlements**

(i) **Wages and Salaries and Annual Leave**

Liabilities for wages and salaries and annual leave are recognised, as the amount unpaid at the reporting date in respect of employees' services up to that date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) **Long Service Leave**

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(q) **Unearned Revenue**

Amounts received in advance of delivery of goods are included in unearned revenue.

(r) **Revenue Recognition**

Revenue from the sale of goods is recognised upon the delivery of goods to the customer.

Grant revenue is recognised on an accruals basis over the relevant period of the grant.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(s) **Comparatives**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

(t) **Earnings per Share**

Basic earnings per share is determined by dividing net profit and income tax attributable to members of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(u) **Rounding of Amounts**

The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases to the nearest dollar.

Notes to the accounts

	Consolidated		Parent Entity	
	2003	2002	2003	2002
2. REVENUE	\$'000	\$'000	\$'000	\$'000
Revenue from operating activities				
Sale of goods	1,680	2,100	1,680	2,100
Revenue from outside operating activities				
Government grants	56	707	56	707
Interest	759	450	759	450
Proceeds from sale of plant and equipment	-	34	-	34
Proceeds from sale of discontinued operations	3,493	-	3,493	-
Other	61	4	61	4
	<u>4,369</u>	<u>1,195</u>	<u>4,369</u>	<u>1,195</u>
Total Revenue	<u>6,049</u>	<u>3,295</u>	<u>6,049</u>	<u>3,295</u>

Revenues from sale of goods ceased in January 2003, as explained in Note 5 – Discontinued Operations

3. LOSS FROM ORDINARY ACTIVITIES

Loss from ordinary activities before income tax expense includes the following specific items:

Amortisation				
- plant and equipment under finance lease	-	4	-	4
- leasehold improvements	122	5	122	5
- licences	55	109	55	109
Depreciation – plant and equipment	373	228	373	228
Other charges against assets				
- stock obsolescence	-	297	-	297
Rental expense	201	295	201	295
Borrowing costs - lease finance charge	5	1	5	1
Write down of investments to recoverable amount	-	-	-	1
Net foreign exchange losses	69	3	69	3
Net loss on sale of plant and equipment	-	1	-	1

4. INCOME TAX

The income tax expense for the financial year differs from the amount calculated on the loss. The differences are reconciled as follows:

Loss from ordinary activities before income tax expense	(9,370)	(8,500)	(9,370)	(8,502)
Income tax calculated at 30% (2001: 30%)	(2,811)	(2,550)	(2,811)	(2,550)
Tax effect of permanent differences:				
Additional deduction for research and development expenditure	(751)	(610)	(751)	(610)
Sundry items	50	10	50	10
Income tax adjusted for permanent differences	(3,512)	(3,150)	(3,512)	(3,151)
Future income tax benefit not recognised	3,512	3,150	3,512	3,151
Income tax expense	-	-	-	-
Potential future income tax benefit attributable to tax losses not booked as estimated by the Directors	11,403	7,850	11,303	7,750

The future income tax benefit will only be obtained if:

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

Notes to the accounts

4. INCOME TAX (cont)

	Parent Entity	
	2003	2002
	\$'000	\$'000
Franking Credits		
Franking credits available for subsequent financial years based on a tax rate of 30% (2002: 30%).	108	108

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- (a) franking credits that will arise from the payment of the current tax liability;
- (b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- (c) franking credits that may be prevented from being distributed in subsequent financial years.

Under legislation that took effect on 1 July 2002, the amount recorded in the franking account is the amount of Australian income tax paid, rather than franking credits based on after tax profits, and amounts debited to that account in respect of any dividends that may be paid after 30 June 2002 will be the franking credits attaching to those dividends rather than the gross amount of those dividends. In accordance with this legislation, the franking credits available at 30 June 2002 for the Parent Entity of \$251,000 based on after tax profits were converted so that the opening balance on 1 July 2002 reflected the tax paid amount of \$108,000 which is shown as the comparative amount above.

Tax consolidation legislation

The first two tranches of the tax consolidation legislation became substantially enacted on 21 October 2002 when the New Business Tax System (Consolidation, Value Shifting, Demergers and Other Measures) Bill 2002 was passed by the Senate, and Ventracor Limited is currently considering the timing of implementation. The financial effect of the legislation has not been recognised in this Financial Report in accordance with UIG 39 Effect of Proposed Tax Consolidation Legislation on Deferred Tax Balances. Initial estimates indicate the impact is not likely to be material.

5. DISCONTINUED OPERATIONS

On 10 January 2003 the sale of certain assets (excluding trade debtors and certain intellectual property) of the eHealth division was completed. By retaining some key intellectual property the company will be able to utilise this in the development of its core technologies. The disposal is consistent with Ventracor Limited's long-term strategy to focus on the significant larger market associated with the company's VentrAssist™ heart assist and related technologies.

Financial information for the eHealth division as at 10 January 2003 was as follows:

	Consolidated	
	2003	2002
	\$'000	\$'000
Financial performance information for the period ended 10 January 2003 and the year ended 30 June 2002		
Revenue from ordinary activities	1,736	2,161
Revenue from the sale of the operations	3,493	-
Total revenue from ordinary activities	5,229	2,161
Expenses from ordinary activities	1,980	3,673
Carrying amount of net assets of discontinuing operations sold	951	-
Total expenses from ordinary activities	2,931	3,673
Profit / (loss) from ordinary activities before income tax	2,298	(1,512)
Income tax expense	-	-
Net Profit / (loss)	2,298	(1,512)

Carrying amount of assets and liabilities as at 10 January 2003 and 30 June 2002

Plant and Equipment	54	65
Trade Debtors	-	205
Inventories	769	952
Intangible Assets	127	182
Cash float	1	-
Total Assets	951	1,404
Trade creditors	-	283
Provision for employee entitlements	-	169
Total Liabilities	-	452
Net Assets	951	952

Notes to the accounts

5. DISCONTINUED OPERATIONS (cont)

	Consolidated	
	2003	2002
	\$'000	\$'000
Details of the sale of the assets of the discontinued operation		
Cash received	3,493	-
Carrying value of assets sold	(951)	-
Gain on sale before related income tax	2,542	-
Income tax expense	-	-
Gain on sale after related income tax expense	2,542	-

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
6. CURRENT ASSETS - CASH ASSETS				
Cash at bank and on hand	1,030	1,248	1,030	1,248
Cash deposits and bank bills	11,582	18,524	11,582	18,524
	12,612	19,772	12,612	19,772

Cash deposits and bank bills comprise cash-equivalent assets with short periods to maturity (for the balances at the reporting date, maturity was 30 days or less).

7. CURRENT ASSETS - RECEIVABLES

Current

Trade debtors	-	190	-	190
Other debtors	79	65	79	65
	79	255	79	255

8. CURRENT ASSETS - INVENTORIES

Raw materials – at cost	-	894	-	894
Finished goods – at cost	-	383	-	383
	-	1,277	-	1,277
Provision for stock obsolescence	-	(325)	-	(325)
	-	952	-	952

9. CURRENT ASSETS - OTHER

Prepayments	90	50	90	50
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10. OTHER FINANCIAL ASSETS

	2003	2002	2003	2002
	\$	\$	\$	\$
Unlisted				
Shares in controlled entities (see note 19)	-	-	6	6
	-	-	6	6

Notes to the accounts

11. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	Consolidated		Parent Entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Leasehold Improvements – at cost	158	48	158	48
Less: accumulated depreciation	123	26	123	26
Total leasehold improvements	35	22	35	22
Plant and Equipment – at cost	2,911	2,664	2,911	2,664
Less: accumulated depreciation	1,070	1,319	1,070	1,319
Total plant and equipment	1,841	1,345	1,841	1,345
	1,876	1,367	1,876	1,367

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below.

	Consolidated and Parent Entity		
	Leasehold Improvements \$'000	Plant & Equipment \$'000	Total \$'000
Cost			
Carrying amount at July 1, 2002	48	2,664	2,712
Additions	135	936	1,071
Disposals	(25)	(689)	(714)
Carrying amount at June 30, 2003	158	2,911	3,069
Accumulated Depreciation/Amortisation			
Carrying amount at July 1, 2002	26	1,319	1,345
Disposals	(25)	(622)	(647)
Depreciation/Amortisation expense	122	373	495
Carrying amount at June 30, 2003	123	1,070	1,193
Net Book Value			
As at June 30, 2002	22	1,345	1,367
As at June 30, 2003	35	1,841	1,876

	Consolidated		Parent Entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000

12. NON-CURRENT ASSETS - INTANGIBLE ASSETS

Licences – at cost	-	364	-	364
Accumulated amortisation	-	(182)	-	(182)
	-	182	-	182

13. CURRENT LIABILITIES - PAYABLES

Trade creditors and accruals	1,223	1,477	1,223	1,477
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Notes to the accounts

	Consolidated		Parent Entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
14. PROVISIONS				
Current				
Employee benefits	267	371	267	371
Non-Current				
Employee benefits	90	31	90	31
	Number	Number	Number	Number
Number of employees at end of financial year	74	64	74	64

	Consolidated		Parent Entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
15. OTHER LIABILITIES				
Current				
Unearned revenue	-	110	-	110
Non-Current				
Amounts owed to controlled entities	-	-	188	188

16. CONTRIBUTED CAPITAL

	Consolidated	Parent Entity
	2003 \$'000	2002 \$'000
Share capital		
162,606,002 (2002: 159,289,502) ordinary shares fully paid	55,306	53,448

Movements in ordinary share capital of Ventracor Limited during the past two years were as follows:

Details	Note	No. of Shares	\$'000
Balance – 30/06/01		124,289,710	29,378
Options exercised	22	5,006,667	1,722
Other share issues		29,993,125	23,835
Less: Transaction costs arising on share issues		-	(1,487)
Balance – 30/06/02		159,289,502	53,448
Options exercised	22	3,316,500	1,858
Balance – 30/06/03		162,606,002	55,306

In July 2001, 8,000,000 fully paid ordinary shares were issued by way of placement for cash at an issue price of \$0.78 per share.

In March 2002, 13,700,000 fully paid ordinary shares were issued by way of placement for cash at an issue price of \$0.80 per share.

In April 2002, 8,293,125 fully paid ordinary shares were issued for cash to existing shareholders under a share purchase plan at an issue price of \$0.80 per share.

All options are payable in cash on exercise.

Notes to the accounts

16. CONTRIBUTED CAPITAL (cont)

Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
17. ACCUMULATED LOSSES				
Accumulated losses at the beginning of the financial year	(32,859)	(24,359)	(33,047)	(24,545)
Net loss	(9,370)	(8,500)	(9,370)	(8,502)
Accumulated losses at the end of the financial year	<u>(42,229)</u>	<u>(32,859)</u>	<u>(42,417)</u>	<u>(33,047)</u>

18. NOTES TO STATEMENTS OF CASH FLOWS

Reconciliation of Cash

Cash at bank and on hand	1,030	1,248	1,030	1,248
Cash deposits and bank bills	11,582	18,524	11,582	18,524
Cash at the end of the financial year as per statements of cash flows	<u>12,612</u>	<u>19,772</u>	<u>12,612</u>	<u>19,772</u>

Reconciliation of Net Loss to Net Cash Outflow from Operating Activities

Net loss	(9,370)	(8,500)	(9,370)	(8,502)
Depreciation and amortisation	550	346	550	346
Net (gain)/loss on sale of plant and equipment	-	1	-	1
Write down of investments	-	-	-	2
Gain on sale of discontinued operation	(2,542)	-	(2,542)	-
Changes in operating assets and liabilities (Increase)/decrease in:				
Receivables	176	633	176	633
Inventories	196	388	196	388
Other assets	(40)	3	(40)	3
Increase/(decrease) in:				
Payables	(254)	146	(254)	146
Unearned revenue	(110)	110	(110)	110
Employee entitlements	(45)	132	(45)	132
Net cash outflow from operating activities	<u>(11,439)</u>	<u>(6,741)</u>	<u>(11,439)</u>	<u>(6,741)</u>

Notes to the accounts

19. INVESTMENTS IN CONTROLLED ENTITIES

Name of Entity	Country of Incorporation	Carrying Value of Investment	
		2003	2002
		\$	\$
Micromedical Systems Inc.	USA	2	2
Micromedical Industries Pty. Ltd. *	Australia	2	2
Ventrassist Pty. Ltd.	Australia	2	2
		6	6

All controlled entities are 100% owned directly by Ventracor Limited. All share capital consists of ordinary shares.

* Changed from Cardiac Lifeline Pty. Ltd. during the year.

20. OTHER RELATED PARTY INFORMATION

(a) Directors

The names of persons who were directors of Ventracor Limited at any time during the financial year are as follows:

J C Massey
E A Nosworthy
M R Spooner
J F Ward
K Woodthorpe

(b) Remuneration of Directors

Information on the remuneration of directors is disclosed in note 21.

(c) Shares and Options - Directors and Director-Related Entities

As at June 30, 2003 the aggregate number of ordinary shares and options of Ventracor Limited held by the directors and their associates were as follows:

	2003	2002
Shares	1,185,500	1,035,500
Options	2,100,000	2,100,000

Aggregate number of ordinary shares and options of Ventracor Limited acquired by the directors and their associates during the year was as follows:

	2003	2002
Shares	150,000	353,750
Options	-	2,100,000

The options vest in three tranches being: 25% on November 30, 2002 at 77 cents, 25% on November 30, 2003 at \$1.05 and the remaining 50% on November 30, 2005 at \$1.40. The expiry date for these options is November 30, 2006.

(d) Other Transactions of Directors/Director-Related Entities

Transactions with directors or director-related entities amounted to \$ nil (2002: \$30,308) for the parent and consolidated entity on normal commercial terms and conditions.

Notes to the accounts

20. OTHER RELATED PARTY INFORMATION (cont)

(e) Wholly – Owned Group

Ventracor Limited is the ultimate parent entity in the wholly-owned group comprising the company and its wholly-owned controlled entities. Ownership interests in these controlled entities are set out in note 19.

The company advanced loans and provided accounting and administrative assistance to other entities in the wholly-owned group during the current and/or previous financial years. The accounting and administrative assistance was generally provided free of charge and loans were interest free.

The parent fully provided for non-recovery of amounts owing by controlled entities in prior years.

21. DIRECTORS' AND EXECUTIVES' REMUNERATION

Directors' Remuneration	Remuneration excluding share options		Inclusive of attributed value for share options	
	2003 \$	2002 \$	2003 \$	2002 \$
Income paid or payable, or otherwise made available, to directors by entities in the consolidated entity and related parties in connection with the management of affairs of the parent entity or its controlled entities	715,268	355,738	863,656	498,067

This includes an executive director for the full current year and for approximately half of the prior year.

Number of parent entity directors whose total income from the parent entity or related parties was within the specified bands are as follows:

\$	\$				
10,000	- 19,999	-	1	-	1
30,000	- 39,999	-	2	-	-
40,000	- 49,999	3	-	1	-
50,000	- 59,999	-	-	-	2
60,000	- 69,999	-	1	2	-
80,000	- 89,999	1	-	-	-
100,000	- 109,999	-	-	-	1
120,000	- 129,999	-	-	1	-
200,000	- 209,999	-	1	-	-
270,000	- 279,999	-	-	-	1
490,000	- 499,999	1	-	-	-
570,000	- 579,999	-	-	1	-

Directors' remuneration shown above is the same for both the parent entity and consolidated entity. For disclosure purposes, directors' remuneration includes a value attributed for options which is the value attributable for the year, calculated using the Black-Scholes options pricing model. This amount has not been expensed to the profit and loss account. The following key assumptions as at date of grant have been adopted: risk-free rate of interest: 4.75%; volatility of share price: 40%; dividend yield: nil; expected life of options: period from grant date to expiry date. The comparative figures for 2002 have been restated from last year on the basis of this calculation.

Executives' Remuneration	Remuneration excluding share options		Inclusive of attributed value for share options	
	2003 \$	2002 \$	2003 \$	2002 \$
Remuneration received, or due and receivable, from entities in the consolidated entity and related parties by executives (including directors) whose remuneration was at least \$100,000	2,102,798	1,614,923	2,382,065	1,934,540

Notes to the accounts

21. DIRECTORS' AND EXECUTIVES' REMUNERATION (cont)

Options are granted to executives under the Ventracor Limited employee option plan, details of which are set out in note 22. A summary of the number of options granted to, exercised and held by executives (with income of at least \$100,000) during the year ended 30 June 2003 is set out below.

	Outstanding 30 June 2002	Granted	Lapsed	Exercised	Outstanding 30 June 2003
Australian-based executives of the parent and consolidated entity	7,739,000	-	1,190,000	1,724,000	4,825,000

The number of executives (including directors) whose remuneration from entities in the consolidated entity and related parties was within the specified bands is as follows:

	Remuneration excluding share options		Inclusive of attributed value for share options	
	2003	2002	2003	2002
	Number	Number	Number	Number
\$ 100,000 - \$ 109,999	-	4	1	-
\$ 110,000 - \$ 119,999	2	-	-	1
\$ 120,000 - \$ 129,999	3	-	1	-
\$ 130,000 - \$ 139,999	1	-	2	3
\$ 150,000 - \$ 159,999	-	1	2	-
\$ 160,000 - \$ 169,999	-	-	1	-
\$ 170,000 - \$ 179,999	1	1	-	-
\$ 180,000 - \$ 189,999	-	-	-	1
\$ 190,000 - \$ 199,999	-	1	-	1
\$ 200,000 - \$ 209,999	-	1	1	-
\$ 210,000 - \$ 219,999	-	1	-	-
\$ 220,000 - \$ 229,999	-	-	-	1
\$ 230,000 - \$ 239,999	-	-	-	1
\$ 260,000 - \$ 269,999	-	1	-	-
\$ 270,000 - \$ 279,999	-	-	-	1
\$ 280,000 - \$ 289,999	1	-	-	-
\$ 290,000 - \$ 299,999	-	-	-	1
\$ 300,000 - \$ 309,999	1	-	-	-
\$ 310,000 - \$ 319,999	-	-	1	-
\$ 320,000 - \$ 329,999	-	-	1	-
\$ 490,000 - \$ 499,999	1	-	-	-
\$ 570,000 - \$ 579,999	-	-	1	-

Executives' remuneration shown above is the same for both the parent entity and consolidated entity. For disclosure purposes, executives' remuneration includes a value attributed for options, calculated on the same basis as that used for directors remuneration (as noted on the previous page). The comparative figures for 2002 have been restated from last year on the basis of this calculation:

	Consolidated		Parent Entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
22. EMPLOYEE BENEFITS				
Employee benefits and related on-costs liabilities				
- Included in payables (note 13)	67	145	67	145
- Included in provisions (note 14)	357	402	357	402
Aggregate employee benefit and related on-cost liabilities	424	547	424	547

Notes to the accounts

22. EMPLOYEE BENEFITS (cont)

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	Number		Number	
Employee numbers				
Average number of employees during the financial year	69	55	69	55

As explained in notes 1(p)(i) and (ii), amounts for annual leave, long service leave and termination benefits that are expected to be settled more than 12 months from the reporting date are measured at present values.

Ventracor employee option plan

The establishment of the Ventracor Employee Option Plan was approved by special resolution of shareholders on June 5, 1993. All employees (including directors) of Ventracor Limited and its controlled entities are eligible to participate in the plan upon nomination by the directors.

Options are granted under the plan for no consideration. Under the plan the exercise price of options issued cannot be less than 90% of the average market price of fully paid ordinary shares sold on the ASX during the last 5 days immediately preceding the offer.

The grants of options made on 15 November 2001 was for a five year period, with 25% of options vesting in November 2002, 25% in November 2003 and the balance in November 2005 at exercise prices of \$0.77, \$1.05 and \$1.40 respectively. The options are conditional on continued employment at the vesting date.

Options granted under the plan carry no dividend or voting rights. When exercised, each option is convertible into one ordinary share.

Set out below are summaries of options granted under the plan

Grant date	Expiry date	Exercise price	Balance at start of the year Number	Issued during the year Number	Exercised during the year Number	Lapsed during the year Number	Balance at end of the year Number
Consolidated and parent entity – 2003							
Mar 98	30 Mar 03	\$0.35	959,001	-	942,334	16,667	-
Mar 98	30 Mar 03	\$0.40	433,333	-	433,333	-	-
Mar 98	30 Mar 03	\$0.45	733,333	-	733,333	-	-
11 Feb 00	31 Oct 02	\$0.78	1,105,000	-	-	1,105,000	-
11 Feb 00	31 Oct 04	\$0.93	2,210,000	-	580,000	155,000	1,475,000
15 Nov 01	30 Nov 06	\$0.77	1,790,000	-	627,500	162,500	1,000,000
15 Nov 01	30 Nov 06	\$1.05	1,790,000	-	-	540,000	1,250,000
15 Nov 01	30 Nov 06	\$1.40	3,580,000	-	-	1,080,000	2,500,000
Total			12,600,667		3,316,500	3,059,167	6,225,000
Consolidated and parent entity – 2002							
Mar 98	30 Mar 03	\$0.35	1,109,001	-	150,000	-	959,001
Mar 98	30 Mar 03	\$0.40	433,333	-	-	-	433,333
Mar 98	30 Mar 03	\$0.45	900,000	-	166,667	-	733,333
11 Feb 00	31 Oct 02	\$0.78	1,205,000	-	-	100,000	1,105,000
11 Feb 00	31 Oct 04	\$0.93	2,410,000	-	-	200,000	2,210,000
24 Nov 00	30 Nov 01	\$0.34	4,715,000	-	4,690,000	25,000	-
15 Nov 01	30 Nov 06	\$0.77	-	1,880,000	-	90,000	1,790,000
15 Nov 01	30 Nov 06	\$1.05	-	1,880,000	-	90,000	1,790,000
15 Nov 01	30 Nov 06	\$1.40	-	3,760,000	-	180,000	3,580,000
Total			10,772,334	7,520,000	5,006,667	685,000	12,600,667

The market value of the parent's shares as at the end of the year was \$1.47 cents (2002: 69 cents) and the average over the 5 days immediately prior to the end of the year was \$1.41 (2002: 69 cents). If all options outstanding at 30 June 2003 were exercised, they would represent 3.7% (2002: 7.3%) of total ordinary shares.

The parent entity credits proceeds received to contributed capital upon exercise of options. No remuneration expense has been recognised at the time of granting options.

Notes to the accounts

22. EMPLOYEE BENEFITS (cont)

Options exercised during the financial year and number of shares issued to employees on exercise of options

Exercise date	Fair value of shares at issue date	Consolidated 2003 Number	Parent Entity 2003 Number
17 Jul 02	\$0.58	10,000	10,000
30 Oct 02	\$0.76	10,000	10,000
2 Dec 02	\$0.88	17,500	17,500
5 Dec 02	\$0.85	7,500	7,500
30 Dec 02	\$1.01	25,000	25,000
3 Jan 03	\$0.96	7,500	7,500
16 Jan 03	\$1.06	174,000	174,000
17 Jan 03	\$1.08	7,500	7,500
21 Jan 03	\$1.26	112,500	112,500
22 Jan 03	\$1.29	156,667	156,667
23 Jan 03	\$1.22	296,666	296,666
24 Jan 03	\$1.15	236,667	236,667
28 Jan 03	\$1.10	67,500	67,500
30 Jan 03	\$1.13	500,000	500,000
3 Feb 03	\$1.15	172,500	172,500
17 Feb 03	\$1.18	132,500	132,500
20 Feb 03	\$1.14	7,500	7,500
21 Feb 03	\$1.13	155,000	155,000
25Feb 03	\$1.13	30,000	30,000
5 Mar 03	\$1.02	7,500	7,500
17 Mar 03	\$0.96	115,000	115,000
19 Mar 03	\$1.10	305,000	305,000
24 Mar 03	\$1.06	100,000	100,000
25 Mar 03	\$1.04	200,000	200,000
26 Mar 03	\$1.06	197,500	197,500
10 Apr 03	\$1.22	7,500	7,500
15 Apr 03	\$1.23	132,500	132,500
27 May 03	\$1.20	125,000	125,000
		<u>3,316,500</u>	<u>3,316,500</u>

	Consolidated		Parent Entity	
	2003 Number	2002 Number	2003 Number	2002 Number
Options vested at the reporting date	2,475,000	5,540,666	2,475,000	5,540,666

	Consolidated		Parent Entity	
	2003 \$	2002 \$	2003 \$	2002 \$
Aggregate proceeds received from employees on the exercise of options and recognised as issued capital	1,857,465	1,552,100	1,857,465	1,552,100

	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Market value of shares issued to employees on the exercise of options as at their issue date	3,749	3,138	3,749	3,138

Notes to the accounts

23. AUDITORS' REMUNERATION	Consolidated		Parent Entity	
	2003	2002	2003	2002
	\$	\$	\$	\$
During the year the auditor of the parent entity and its related practices earned the following remuneration:				
Audit or review of financial reports of the entity	33,365	41,100	33,365	41,100
Other audit-related work	4,050	-	4,050	-
Taxation compliance				
- Year end 2001	-	6,500	-	6,500
- Year end 2002	13,000	-	13,000	-
- Year end 2003	13,000	-	13,000	-
Taxation advisory services	20,715	-	20,715	-
PricewaterhouseCoopers Legal	1,818	-	1,818	-
Total remuneration	<u>85,948</u>	<u>47,600</u>	<u>85,948</u>	<u>47,600</u>

All amounts shown in 2003 are for PricewaterhouseCoopers Australia and related practices. The amounts paid in 2002 were to Ventracor Limited's former auditors.

24. COMMITMENTS FOR EXPENDITURE/CONTINGENT LIABILITIES	Consolidated		Parent Entity	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Operating Leases				
Commitments in relation to operating leases are payable as follows:				
Within one year	-	35	-	35
Commitments not recognised in the financial Statements	-	35	-	35

The parent entity leased certain premises from January 1, 2002 to December 31, 2002 at an annual cost of \$70,800. Accordingly, the rental expense relating to operating leases for the year was \$35,400 (2002: \$35,400). The consolidated entity subsequent to the year end has entered into a four year and eight month lease for its premises. The lease commitment for the year to June 2004 is approximately \$326,000.

Other

To date the company has received a START Grant from the Industry Research and Development Board totalling \$3.88m. As part of the START grant standard agreement, under certain circumstances the grant, together with interest, may be repayable. These circumstances include the project not being commercialised within its prescribed timeframe, the company breaching the agreement or an insolvency event occurring. The directors consider these circumstances unlikely.

Total grants received to June 30, 2003 were \$56,241 (2002: \$646,757).

25. EARNINGS PER SHARE

	Consolidated	
	2003	2002
Basic earnings per share (loss) - cents	(5.8¢)	(6.0¢)
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	160,490,054	140,690,273
Diluted earnings per share (loss) - cents	(5.8¢)	(6.0¢)
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	160,490,054	140,690,273

Information concerning earnings per share:

Earnings for the purpose of the calculation of basic earnings per share and diluted earnings per share is the net loss.

Options granted are considered to be potential ordinary shares and have been taken into account in the determination of diluted earnings per share. The options have not been included in the determination of basic earnings per share. Details relating to options are set out in note 16. In the circumstances of the consolidated entity the options are not dilutive and are therefore not used in the calculation of diluted earnings per share.

Notes to the accounts

26. SEGMENT INFORMATION

Business Segments

The consolidated entity is organised in Australia into the following divisions by product and service type.

eHealth Segment

This segment was closed on 10th January 2003 (see note 5 on discontinued operations). It designed, manufactured, marketed and distributed electrocardiograph (ECG) monitoring equipment to assist medical professionals in the field of human and veterinary medicine. Sales were through a network of dedicated distributors, with the major markets being Australia, USA, Europe and Asia.

VentrAssist™ Segment

The VentrAssist™ segment has designed and developed a Left Ventricular Assist System (LVAS) and related technologies. During the year to June 30, 2003 the division has moved progressively towards commercialisation of the VentrAssist™ device, with the first human clinical trial implant in June 2003.

The segment utilises specialist medical companies in Australia and internationally to assist in the production of "artificial heart" pumps for the clinical trials. Final testing and assembly of the "artificial hearts" is carried out in Australia.

Geographical Segments

Although the consolidated entity's divisions are managed in Australia, the eHealth division operated in Australia, USA, Europe and Asia.

Primary reporting – business segments

	eHealth segment		VentrAssist™ segment		Consolidated	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
External segment revenue	5,229	2,161	-	647	5,229	2,807
Inter-segment revenue	-	-	-	-	-	-
Total segment revenue (excluding interest)	5,229	2,161	-	647	5,229	2,807
Unallocated interest income					759	450
Unallocated other revenue					61	37
Revenue from ordinary activities					6,049	3,295
Segment result	2,298	(1,512)	(9,224)	(5,123)	(6,926)	(6,635)
Unallocated revenue less unallocated expenses					(2,444)	(1,865)
Loss from ordinary activities before income tax					(9,370)	(8,500)
Income tax expense					-	-
Net loss					(9,370)	(8,500)
Assets						
Segment assets	-	1,404	1,955	1,365	1,955	2,769
Unallocated assets					12,702	19,809
Total assets					14,657	22,578
Liabilities						
Segment liabilities	-	452	1,580	1,330	1,580	1,782
Unallocated liabilities					-	207
Total liabilities					1,580	1,989
Acquisition of non-current assets	13	29	1,058	1,162	1,071	1,191
Depreciation and amortisation	484	139	66	207	550	346

Notes to the accounts

26. SEGMENT INFORMATION (cont)

Secondary reporting – geographical segments

	Segment revenues from sales to external customers		Segment assets		Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	
	2003	2002	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Australia	231	299	14,657	22,460	1,071	1,191
USA	514	770	-	69	-	-
Europe	921	985	-	49	-	-
Asia	14	40	-	-	-	-
Other countries	-	6	-	-	-	-
	1,680	2,100	14,657	22,578	1,071	1,191

Notes to and forming part of the segment information

(a) Accounting Policies

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in note 1 and the revised segment reporting accounting standard, AASB 1005 *Segment Reporting*.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment and other intangible assets, net of related provisions. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage. Segment liabilities consist primarily of trade and other creditors and employee entitlements. Segment assets and liabilities do not include income taxes.

(b) Inter-segment Transfers

There are no inter-segment transfers.

27. RECEIVABLES AND PAYABLES DENOMINATED IN FOREIGN CURRENCIES

	Consolidated		Parent Entity	
	2003	2002	2003	2002
Amounts not effectively hedged				
Receivables – Current				
United States dollars (thousands)	-	122	-	122
Payables – Current				
United States dollars (thousands)	51	178	51	178
British pounds (thousands)	10	-	10	-

28. EVENTS OCCURRING AFTER REPORTING DATE

Since June 30, 2003, no matter or circumstance has arisen that has significantly affected or may affect:

- the consolidated entity's operations in future financial years, or
- the results of the operations in future financial years, or
- the consolidated entity's state of affairs in future financial years.

Notes to the accounts

29. FINANCIAL INSTRUMENTS

Net Fair Value

The net fair values of financial assets and financial liabilities approximate their carrying amounts.

Credit Risk

The credit risk on financial assets which have been recognised on the statements of financial position is generally the carrying amount, net of any provisions.

The consolidated entity did not have any material credit risk exposure to any single debtor or group of debtors at balance date.

Cash assets include bills which are generally subject to credit risk in the event of default by the acceptor. However, the risk was mitigated by ensuring that the bills at June 30, 2003 were accepted by banks. Cash assets were held with Westpac Banking Corporation at balance date.

Interest Rate Risk

Cash at bank and on hand - is held in at call bank accounts with variable interest receivable thereon at ruling market bank rates (which were approximately 4.5% at June 30, 2003 (2002: 4.5%).

Cash deposits and bank bills mature July 2003 with fixed interest receivable thereon at approximately 4.7% (2002: 4.8%).

Receivables and payables - generally no interest is receivable or payable thereon.

Derivative Financial Instruments

The consolidated entity imports some goods and services in foreign currencies. It maintains a US dollar account to protect against exchange rate movements in relation to such transactions.

However, the parent entity and its controlled entities do not use derivative financial instruments.

Signed by (Company Secretary)	
	David Smullen 11 August 2003