

■ **LASSETERS CORPORATION LIMITED AND CONTROLLED ENTITIES**

ANNUAL REPORT FOR THE FINANCIAL YEAR
ENDED 30 JUNE 2001

2001 was a year of great change for Lasseters Corporation not only within its corporate structure, but also its operating environment.

Importantly, the key outcome from this change is a more stable environment for the company in 2002, which we anticipate will be a year of consolidation.

The key highlights from 2001 were:

- The merger between Gocorp Limited and Lasseters Casino Pty Limited to form Lasseters Corporation.
- The continued strong growth of Lasseters Online's player base and revenue stream to move towards profitable operation.
- The global marketing of the AusVegas online casino which demonstrated early promise in its few months of trading.
- The resolution of the Federal Government's legislation on online gaming with an outcome favouring Lasseters' internationally focused operations.
- The continued expansion of the global online gaming market and increased legitimacy of the industry worldwide as more foreign governments investigate regulatory action.

■ MERGER OUTCOME

Lasseters Corporation was formed on 29 June 2001 with the settlement of the merger of Gocorp Limited and Lasseters Casino Pty Limited. The process to arrive at this conclusion pre-occupied five months of executive attention and action. The result however, is a company with the resources, technology and revenue stream to be able to confidently grow in 2002.

The merger brought together two companies with the same core business and offers considerable synergies with technology and operations.

The combined strengths of Lasseters are:

- an immediate revenue stream, averaging in excess of \$1.2 million per month, generated by Lasseters Online
- a lower average tax rate, with gross gaming revenue from Lasseters Casino taxed at 8% compared to Gocorp's 50%
- new management experienced in both land-based and online casino operations
- a well established Internet brand in Lasseters Online
- two fully developed e-commerce operations with

all major technology costs expended

- a critical mass of registered players numbering over 150,000
- the opportunity to reduce operating costs through synergies between the two businesses

■ OPERATIONS

During the year, two online casino products were operated: Lasseters Online and AusVegas.

The second full year of operation for Lasseters Online has proven the initial assumptions made in the business model for online gaming were correct. It was anticipated that online gaming is a scaleable business model; that is, once a critical mass in player numbers is achieved and the technology platform is fully operational, then the cost of acquisition falls and operating margins improve.

This has been illustrated within Lasseters Online's 2001 results. During this year, marketing costs were contained, and revenue continued to grow.

A global marketing campaign for AusVegas began in July 2000 targeting the international market.

Unfortunately, the momentum built by this site was interrupted in December 2000 when the Federal Government's moratorium on online gaming was introduced. AusVegas was taken down that month and did not trade for the rest of the year. Lasseters Corporation is now working to relaunch this site under the integration plan for Gocorp and Lasseters Casino operations.

■ FINANCIAL RESULT

The financial results reported in this document represent the consolidated accounts for Lasseters Casino Pty Limited and Gocorp Limited. However, due to the late settlement of the merger, these results include only one day's contribution by Lasseters Casino, which separately, reported a strong financial performance.

Lasseters Corporation reported revenue of \$469,000 for the year to 30 June 2001 compared to \$4,000 in the previous year. An operating loss after tax of \$18.4 million was recorded for 2001 compared to a loss of \$16.5 million in 2000.

The results reflect two major factors: the high operational costs incurred by Gocorp, particularly in the marketing of its AusVegas online casino; and an 89% write-down in the carrying value of the company's fixed assets.

In reviewing the two sets of accounts, it was apparent to the Directors there were large extraordinary costs peculiar to the 2001 financial year and some asset valuations within the Gocorp accounts which were sustainable in the long term. The major adjustments were 100% write-downs in the \$4.0 million value of Gocorp's computer software licence with Access Systems and GET Systems, and the \$530,684 value of the Gocorp offices in Bundall. Lasseters has been unable to sub-lease this facility due to an oversupply of commercial property in the Gold Coast market.

Rather than carry forward large depreciation and amortisation costs, the Directors have elected to write-down all transaction costs associated with the merger and reassess all asset values. The objective in taking this action is to enable Lasseters Corporation to begin trading with a clean balance sheet. The result for shareholders is that there are not anticipated to be major extraordinary costs impacting on the company's results in 2002. Subsequent reports should therefore reflect the underlying strength of the business model and the success of the merger integration program.

In light of the lower than forecast trading result and the high costs associated with the merger, the Directors have decided to not declare a dividend for the financial year. It is our intention to provide a dividend when the company moves to profitable operation.

■ REGULATORY ENVIRONMENT

After two years of uncertainty created by the Federal Government over its response to online gaming, 2001 finally saw a resolution through legislative action. The protracted inquiries into the issue and speculation over a 'ban' by the Prime Minister, the Hon John Howard, had impacted negatively on confidence in the industry and Lasseters' ability to expand services.

On 28 June 2001, the Federal Government passed the Interactive Gambling Act 2001. This prevents Australian online casinos from offering services to players residing in Australia. However, it does not prevent the company from offering services to the large international market which has always been the primary focus.

While this is not the preferred outcome, it has given Lasseters certainty to invest in our operations and expand our services for the global market.

At a State Government level, there have also been changes in Ministers responsible for online gaming policy and regulation.

Following the elections in Queensland in February 2001, the Hon Terry Mackenroth succeeded the Hon David Hamill as Treasurer.

In August 2001, elections were held in the Northern Territory resulting in a change of government for the first time in 24 years. The new Minister for Racing, Gaming and Licensing is Paul Henderson. Lasseters has held preliminary meetings with the new Chief Minister, Ms Claire Martin, and Mr Henderson, and do not anticipate the new government to introduce any change in online gaming policy.

Lasseters would like to acknowledge the support of the Northern Territory Government, who were involved in the development of the company's online gaming operations from the outset and who led the establishment of world leading online gaming regulation in the Northern Territory. The heart of the company remains in Alice Springs represented by the technology centre, and the administrative and corporate offices are located in Brisbane.

■ LEGAL ACTION

The impact of the Federal Government's moratorium on the operations of Gocorp led the Directors of Gocorp to consider the potential for a legal claim against the government. Under the terms of the merger, any compensation arising from a potential legal claim is to be divided between pre-merger shareholders and the current merged company in a 75:25 split respectively.

As at the date of this report, the pre-merger Board of the company had investigated the matter further, however progress has been slow. A dialogue has taken place with the Sen. Alston, Minister for Communication and the Arts, however a response is outstanding. No amount of compensation in relation to this matter is forecast at this stage.

■ MARKET ENVIRONMENT

Despite the outcome of legislation in Australia, 2001 was characterised by the growing legitimacy of the online gaming industry worldwide through regulation. There are now over 50 jurisdictions around the world regulating online gaming. Major nations such as Britain, Canada and South Africa are now developing regulatory frameworks to permit the industry to grow, and the State of Nevada in the US, home to the major Las Vegas casinos, is also investigating a regulatory response.

This drive towards regulation has been encouraged by statistics, which continue to show a rapid rise in participation and spending on online gaming worldwide. Industry reports suggest there will be 52 million online gaming players worldwide in 2002 spending an estimated US\$3.5 billion.

■ OUTLOOK FOR 2002

2002 represents a new beginning for Lasseters Corporation. The year ahead will be a period of consolidation for the company with the strategy focused on driving revenues and containing costs within a disciplined management regime. The initial priority is to complete the integration of the Gocorp and Lasseters Casino technology and operations.

The key opportunity is to build upon the base established within the global market. Lasseters Online already derives players from 210 countries. Through this, the Lasseters brand has gained a solid reputation within the online gaming market as one of the world's best online casinos. However, in a market where the participants number in the tens of millions, our objective is to capture greater market share.

We will achieve this by offering:

- the best technology
- a wide range of innovative games designed to appeal to regional interests
- world leading customer service
- fair, regulated gaming under a regulatory framework which is still the highest standard in the world

We will also achieve market growth through innovative, multi-lingual marketing strategies tested in the past year, which are highly tailored for the major target markets.

Once we are satisfied that both Lasseters Online and the reinstated, AusVegas, are operating at full potential, we will investigate new product opportunities within the online gaming sector.

We would like to pay tribute to the Lasseters Casino Pty Limited staff who, throughout the past year, have worked hard to keep Lasseters Online running smoothly to deliver an improved operating result while also addressing the corporate and regulatory challenges presented. We also appreciate the efforts, cooperation and support of the Gocorp Limited team. They are congratulated for succeeding in taking live the AusVegas site in the first half of the year and for their commitment while working under difficult and uncertain conditions. Those who have stayed with the company have integrated well within the new Lasseters Corporation team.

We also acknowledge that it has been a disappointing year for Gocorp shareholders who invested in the company's Initial Public Offer. To them we would say that the promise offered by Gocorp has not changed. Indeed, Lasseters Online's performance during 2001

demonstrates that online gaming can be a viable e-commerce initiative. The merged group is now in a stronger position to deliver on this promise due to the strength of the combined experience, technology and resources.

We look forward to bringing news of the company's improved performance in 2002.

Dato' Jaya JB Tan
Chairman

Peter Bridge
Managing Director

The directors of Lasseters Corporation Limited submit herewith the annual financial report for the financial year ended 30 June 2001. In order to comply with the provisions of the Corporations Act, 2001, the director's report as follows:

The names and particulars of the directors of the company during or since the end of the financial year are:

Dato' Jaya Tan, Chairman

Aged 53

Dato' Jaya Tan was appointed to the Board on 29 June 2001. Dato' Jaya Tan is a Mechanical Engineer by training and he has extensive experience in forestry, property development, food retail operations, trading and financial services. He has also served as Chairman of several listed subsidiary companies quoted on the Kuala Lumpur Stock Exchange, London Stock Exchange, the Stock Exchange of Singapore, the ASX and the Hyderabad and Bombay Stock Exchanges in India.

Dato' Jaya Tan is currently responsible for the development of a Build-Operate-Transfer Water Treatment Plant Project, to provide portable water to Ho Chi Minh City. He is currently developing a 259-room five-star hotel in Ho Chi Minh City, to be named "Park Hyatt Saigon", managed by Hyatt International Ltd. Dato' Jaya Tan has extensive business involvement in the gaming and leisure businesses in Australia, Papua New Guinea and Ghana, with hotel and casino operations in those countries.

Peter Bridge, Managing Director

Aged 44

Mr. Bridge was appointed to the Board on 29 June 2001. Mr. Bridge joined the Lasseters Group as Chief Executive Officer in 1995. His professional employment and background encompasses many aspects of the gaming and hospitality industries.

Mr. Bridge commenced his career of more than 23 years in these industries with the City Tattersalls Club, Sydney, where he trained in hospitality management and became Assistant Manager within seven years. He was subsequently General Manager and Australian Director of the MGM Grand/Diamond Beach Hotel in Darwin.

Mr. Bridge has also been a long-term member of various Boards within the Australian Casino and Hotel industries. He was previously Vice President and Accommodation President of the Northern Territory Hotels Association and a Board member of the state division of the Tourism Training Association and Northern Territory Chamber of Commerce. He is currently the Chairman of the Australian Casino Association's Online Gaming Taskforce. He is a Board Member of the National Australian Casinos Association (inaugural member), and a fellow of the Company Directors Association.

Kamal Tan, Non-Executive Director

Aged 49, Bachelor of Economics (Hons)

Mr. Tan was appointed to the Board on 29 June 2001. Mr. Tan is an Economics graduate from the London School of Economics and has held Board positions with companies listed on the stock exchanges in Malaysia, Singapore, Australia, United Kingdom and India.

Mr. Tan currently manages various manufacturing and distribution businesses in Malaysia and is actively involved in private gaming and leisure business operations in Australia, Papua New Guinea and Ghana.

Tajuddin Tan, Non-Executive Director

Aged 45, Master of Business Administration

Mr. Tan was appointed to the Board on 29 June 2001. Mr. Tan holds a Master of Business Administration degree from the University of Oklahoma and is a member and Diploma holder of the Chartered Institute of Marketing, London. He has experience in stockbroking, asset management, options and futures trading, and has sat on the board of various companies listed on stock exchanges in Malaysia, United Kingdom, Australia, Singapore and India.

Mr. Tan is also actively involved in private gaming and leisure businesses in Australia, Papua New Guinea and Ghana.

The Hon. Fred Finch, Non-Executive Director

Aged 56, Bachelor of Science (Tech), FIEAust

Mr. Finch was appointed for the Board on the 29 June 2001. Mr. Finch served in the Northern Territory Legislative Assembly from 1983 to 1997. He was appointed to Cabinet in March 1987 with the portfolio of Transport and Works. Since then he has also held responsibility for the Darwin Port Authority; Racing, Gaming and Liquor; Power and Water Authority; Education and Training; Public Employment, Attorney General, Health Services and Public Employment until his retirement in 1997.

Mr. Finch graduated in Civil Engineering from the University of New South Wales (1969) and has had a broad range of experience both interstate and in the Northern Territory. Immediately prior to entering politics, Mr. Finch was a principal in a Northern Territory Consulting Engineering firm, Colless and Finch Pty Limited.

Mr. Finch is currently Chairman of the Northern Territory Planning Authority. His community interests include Surf Life Saving as a National Director and Northern Territory Rugby Union as an Executive Board Member.

Christopher Cullen AM, Non-Executive Director

Aged 68, Bachelor of Engineering

Mr. Cullen was appointed to the Board on 15 November 2000. Mr. Cullen is an engineering graduate from Sydney University. He is Chairman of the International Chamber of Commerce, Australian Council and Chairperson of the NSW Casino Community Benefit Fund from 1994 until 2001. From 1992 to 1998, he was Chairman of the New South Wales Casino Control Authority.

Previously Mr. Cullen was CEO of the ACTA Group and Regional Director of the Cunard Line. He is a Director of the Royal Blind Society and the Children's Medical Research Institute, a Fellow of the Institute of Management and a member of the Order of Australia.

John Walton AM, Non-Executive Director

Aged 61, Bachelor of Economics (Hons), MBA, ASCPA

Mr. Walton was appointed to the Board on 15 November 2000. Mr. Walton is currently Chairman of Walton Enterprises, Deputy Chairman of the Australian Institute of Management, and a Director of Young and Rubicam Australia, Capital Investments, The Prince of Wales Medical Research Institute and Sydney Children's Hospital Foundation.

He has served as the Chairman of a number of corporate and community boards, including as Chairman of Waltons Limited, FNCB - Waltons Corporation, Burson Marsteller Australia, Miller Anderson, Mark Foy's, The Eastern Sydney Area Health Board, The Australian Retailers' Association and The Sydney Alliance.

Other organisations in which Mr. Walton has been a Director include Barclays Australia Holdings, Southern Pacific Hotels Corporation, Mid-East Minerals, Metals Exploration, Capital Television, The Sydney Committee and The Confederation of Australian Industry.

Mr. Allan Farrar, Non-Executive Director

Aged 48, Bachelor of Science, Diploma of Accounting, FAICD

Mr. Farrar was appointed to the Board on 30 June 1998. Mr. Farrar is a principal of Farrar & Partners a specialist corporate advisory firm. Mr. Farrar was formerly the Director of Corporate Services at Pannell Kerr Forster and in this role was actively involved in public company capital raisings, ASX Listings, mergers and acquisitions. He is currently, non-executive chairman of each of Hartec Limited, Balmoral Corporation Limited and Sabre Group Limited. Mr. Farrar is Chairman of the Audit & Governance Committee and Chairman of the Appointment & Remuneration Committee.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2001

The following directors resigned during the year: Mr. Gary Garton (15 November 2000), Mr. Arthur Gillen (12 September 2000) and Mr. Paul Appleby (24 April 2001).

■ DIRECTORS MEETINGS

DIRECTORS	BOARD MEETINGS		LEGAL & COMPLIANCE MEETINGS		AUDIT & GOVERNANCE MEETINGS		APPOINTMENT & REMUNERATION MEETINGS	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr. G. K. Garton	19	4	-	-	-	-	-	-
Mr. P.A. Appleby	15	14	-	-	-	-	-	-
Mr. A. J. Gillen	19	2	-	-	-	-	-	-
Mr. A. R. Farrar	19	19	-	-	1	1	2	2
Mr. C. S. Cullen	15	15	-	-	-	-	2	2
Mr. J. Walton	15	14	-	-	-	-	2	2
J. J. B. Tan*	-	-	-	-	-	-	-	-
Mr. K.Y. P Tan*	-	-	-	-	-	-	-	-
Mr. T. J. H. Tan*	-	-	-	-	-	-	-	-
Mr. P. E. Bridge*	-	-	-	-	-	-	-	-
Mr. F. Finch*	-	-	-	-	-	-	-	-

* Appointed 29 June 2001

The Legal & Compliance Committee did not meet during the year.

■ PRINCIPAL ACTIVITIES

The principal activity in the course of the financial year was the management of a business to provide games of chance on the Internet.

■ CONSOLIDATED RESULT

The consolidated loss for the year was \$18,365,298 (2000, \$16,488,492).

■ REVIEW OF OPERATIONS

As outlined in its prospectus of 7 April 2000 the Company established an internet gaming operation under its Queensland Operator's Licence, opening the Ausvegas Online Casino on 16 May 2000.

During the course of the financial year the Commonwealth Government introduced into the Senate the Interactive Gambling (Moratorium) Bill 2000. The effect of the Bill was to impose a 12 month moratorium on those licenceholders who had not established their operations by 19 May 2000.

Lasseters Corporation Limited commenced operating its Ausvegas Casino on 16 May 2000. However, based on advice received by the Company, the Directors formed the view that the Interactive Gambling (Moratorium) Bill 2000 was so broad in its interpretation that in effect certain key aspects of the Company's online gaming operations were directly impacted by this Bill. On 23 December 2000 the Directors decided to close down gaming operations upon the introduction of the Interactive Gambling (Moratorium) Act. Failure to comply with the Act may have attracted fines in excess of \$1 million per day.

To conserve the financial resources of the Company the Directors decided to reduce staffing levels and suspend any future casino development until the moratorium ended on 18 May 2001. The directors also performed a detailed review of the recoverable amount of non-current assets given their likely future use resulting in a net write-down of \$5.4 million.

■ CHANGES IN STATE OF AFFAIRS

On 6 March 2001 after a period of due diligence, the Company entered into an agreement, ratified by shareholders and subject to regulatory approval, to acquire 100% of the equity of Lasseters Casino Pty Limited from Lasseters Holdings Limited. This transaction was completed on 29 June 2001.

The result of this transaction was that Lasseters Holdings Limited became the majority shareholder of Gocorp Limited, which then changed its name to Lasseters Corporation Limited.

■ SUBSEQUENT EVENTS

As at 1 October 2001 the Company surrendered its Queensland Interactive Gambling Licence after failing to achieve a reduction in the 50% gambling tax rate levied under the Licence. All current gaming operations will now be conducted under the Northern Territory Gaming Licence. Operations conducted under the Queensland Interactive Gambling Licence ceased in December 2000 upon the introduction of the Commonwealth's Interactive Gambling (Moratorium) Bill 2000.

Other than as detailed above, there has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

■ FUTURE DEVELOPMENTS

The company, together with its controlled entities proposes to continue developing its viable online gaming business by expanding both marketing and technical capacity.

■ DIVIDENDS

Subject to any special terms and conditions of issue, the profits of the Company which the board from time to time determines to distribute by way of dividend are divisible amongst the members in proportion to the number of shares held by them (if applicable, adjusted for partly paid shares).

The directors do not recommend that any dividend be declared for the financial year as the company incurred losses. Since the end of the previous financial year, no dividends have been paid.

■ SHARE OPTIONS

Apart from the 10,013,000 options issued to Lasseters Holdings Limited (an entity controlled by Dato' Jaya J.B. Tan, K.Y.P. Tan and T.J.H. Tan) and Mr. P. Bridge who is entitled to receive 100,000 options and Mr F. Finch who is entitled to receive 50,000 options in Lasseters Corporation Limited, as approved by shareholders at an Extraordinary General Meeting held on 24 April 2001 there were no further shares and options granted to directors and executives during and since the end of the financial year.

No options were exercised during the period.

■ INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year, the company paid a premium in respect of a contract insuring the directors and officers of the company, against a liability incurred as such a director or officer, to the extent permitted by the Corporations Law. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2001

■ DIRECTORS' INTERESTS

The following table sets out each directors relevant interest in shares, debentures, and rights or options in shares or debentures of the company or a related body corporate as at the date of this report.

DIRECTORS	FULLY PAID ORDINARY SHARES	SHARE OPTION	ISSUING ENTITY
J. J. B. Tan	28,350,000	-	Lasseters Holdings Limited
K. Y. P. Tan	28,262,500	-	Lasseters Holdings Limited
T. J. H. Tan	28,262,500	-	Lasseters Holdings Limited
P. E. Bridge	-	829,787 **	Lasseters Holdings Limited
	-	100,000 *	Lasseters Corporation Limited
F. Finch	-	50,000 *	Lasseters Corporation Limited
C. S. Cullen	7,000	-	Lasseters Corporation Limited
J. Walton	20,000	-	Lasseters Corporation Limited
A. R. Farrar	895,638	100,000	Lasseters Corporation Limited

* Options approved and to be issued

** Entitlement under Contract of Employment

■ EMOLUMENTS OF DIRECTORS AND EXECUTIVES

Details of the nature and amount of each element of the emoluments of each director of the Company and certain officers of the Company and the consolidated entity are set out in the following table.

DIRECTORS	DIRECTORS FEES	SALARY	RESTRAINT OF TRADE	SUPER-ANNUATION	OTHER BENEFITS	TOTAL
	\$	\$	\$	\$	\$	\$
G. K. Garton*	62,370	-	-	4,425	4,241	71,036
P. A. Appleby*	-	479,691	500,000	5,333	42,213	1,027,237
A. J. Gillen*	-	215,919	297,500	2,917	3,408	519,744
A. R. Farrar	46,250	-	-	-	5,000	51,250
C. S. Cullen	47,084	-	-	3,767	3,218	54,069
J. Walton	27,222	-	-	-	-	27,222
J. J. B. Tan	-	-	-	-	-	-
K. Y. P. Tan	-	-	-	-	-	-
T. J. H. Tan	-	-	-	-	-	-
P. E. Bridge	-	-	-	-	-	-
F. Finch	-	-	-	-	-	-

5 HIGHEST PAID EXECUTIVES	SALARY	RESTRAINT OF TRADE	SUPER-ANNUATION	OTHER BENEFITS	TOTAL
	\$	\$	\$	\$	\$
P. Harkin*	434,960	99,167	11,667	5,856	551,650
A. Fontana*	330,277	71,110	5,833	3,640	410,860
A. Bednjacic*	199,043	42,625	7,000	2,142	250,810
B. Matulin	160,006	-	10,500	2,018	172,524
S. Hutchinson*	115,020	41,368	1,750	5,136	163,274

* Resigned during the course of the financial year.

Remuneration packages contain the following key elements:

- a) Salary inclusive of Redundancy Payments;
- b) Other Benefits - including the provision of health benefits, death and disability cover and fringe benefits tax paid on the employees behalf.

There were no options granted to executives during the year.

■ **OTHER**

The Directors have elected to apply revised Accounting Standard AASB1041 before its mandatory date, in accordance with subsection 334 (5) of the Corporations Act, 2001

Made in accordance with a resolution of the Board of Directors.

C S Cullen

Director

A R Farrar

Director

Sydney, dated this 5th day of October 2001.

A MEMBER FIRM OF PKF INTERNATIONAL

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
LASSETERS CORPORATION LIMITED
(FORMERLY GOCORP LIMITED) FOR THE YEAR ENDED 30 JUNE 2001**

Scope

We have audited the financial report of Lasseters Corporation Limited and its controlled entities for the financial year ended 30 June 2001 as set out on pages 12 to 32. The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year. The company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements in Australia so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Lasseters Corporation Limited and its controlled entities is in accordance with:

- (a) the Corporations Act, 2001, including:
 - i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2001 and of their performance for the year ended on that date; and
 - ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements.

PKF (NSW Partnership)

Chartered Accountants

Grant Saxon

Partner

Sydney, Dated this 5th day of October 2001.

A NEW SOUTH WALES PARTNERSHIP



Chartered Accountants
& Business Advisers

Level 20, 1 York Street
Sydney NSW 2000

Tel: 61 2 9251 4100
Fax: 61 2 9240 9821

DX 10173 Sydney
Stock Exchange

www.pkf.com.au

The directors of the company declare that:

- 1) the financial statements and notes, as set out on pages 14 to 32:
 - a) comply with Accounting Standards and the Corporations Act, 2001; and
 - b) give a true and fair view of the financial position as at 30 June 2001 and performance for the year ended on that date of the company and economic entity.
- 2) in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

C S Cullen
Director

A R Farrar
Director

Sydney, dated this 5th day of October 2001.

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2001

	Note	ECONOMIC ENTITY		PARENT ENTITY	
		2001 \$	2000 \$	2001 \$	2000 \$
Revenue from ordinary activities	2	1,185,339	438,974	1,185,339	438,974
Employee benefits expense		6,029,387	6,713,493	6,029,387	6,713,493
Occupancy expenses		570,465	338,784	570,465	338,784
Depreciation and amortisation expense		2,028,578	978,972	2,028,578	978,972
Marketing and promotional expense		1,962,896	690,524	1,962,896	690,524
Gaming tax and access usage fees		232,152	2,172	232,152	2,172
Write-down of non-current assets		5,399,805	-	5,399,805	-
Borrowing Costs		13,286	28,893	13,286	28,893
Other expenses from ordinary activities		3,314,068	8,174,628	3,314,068	8,174,628
Loss from ordinary activities before income tax expense	3	(18,365,298)	(16,488,492)	(18,365,298)	(16,488,492)
Income tax expense relating to ordinary activities	4	-	-	-	-
Loss from ordinary activities after income tax expense		(18,365,298)	(16,488,492)	(18,365,298)	(16,488,492)
Net loss attributable to members of the parent entity		(18,365,298)	(16,488,492)	(18,365,298)	(16,488,492)
Total changes in equity other than those resulting from transactions with owners as owners		(18,365,298)	(16,488,492)	(18,365,298)	(16,488,492)
Basic Earnings Per Share		(0.08)	(1.60)		
Diluted Earnings per Share		(0.08)	(1.60)		

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2001

	Note	ECONOMIC ENTITY		PARENT ENTITY	
		2001 \$	2000 \$	2001 \$	2000 \$
CURRENT ASSETS					
Cash assets		3,610,611	17,082,808	3,093,519	17,082,808
Receivables	6	779,058	881,491	1,632,493	881,491
Other	7	332,972	187,632	122,907	187,632
TOTAL CURRENT ASSETS		4,722,641	18,151,931	4,848,919	18,151,931
NON-CURRENT ASSETS					
Other financial assets	8	-	-	13,822,697	1
Property, plant & equipment	9	3,081,834	7,932,674	642,506	7,932,674
Intangibles	10	14,740,726	-	-	-
TOTAL NON-CURRENT ASSETS		17,822,560	7,932,674	14,465,203	7,932,675
TOTAL ASSETS		22,545,201	26,084,605	19,314,122	26,084,606
CURRENT LIABILITIES					
Payables	11	4,091,960	3,062,989	1,086,246	3,062,990
Interest bearing liabilities	12	-	100	-	100
Provisions	13	265,484	291,157	40,119	291,157
TOTAL CURRENT LIABILITIES		4,357,444	3,354,246	1,126,365	3,354,247
NON CURRENT LIABILITIES		-	-	-	-
TOTAL NON CURRENT LIABILITIES		-	-	-	-
TOTAL LIABILITIES		4,357,444	3,354,246	1,126,365	3,354,247
NET ASSETS		18,187,757	22,730,359	18,187,757	22,730,359
EQUITY					
Contributed equity	14	54,706,629	40,883,933	54,706,629	40,883,933
Accumulated losses	15	(36,518,872)	(18,153,574)	(36,518,872)	(18,153,574)
TOTAL EQUITY		18,187,757	22,730,359	18,187,757	22,730,359

The accompanying notes form part of these financial statements.

STATEMENT OF CASHFLOWS AS AT 30 JUNE 2001

	Note	ECONOMIC ENTITY		PARENT ENTITY	
		2001 \$	2000 \$	2001 \$	2000 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		648,073	27,860	648,073	27,860
Payments to suppliers and employees		(14,513,699)	(17,637,909)	(14,513,699)	(17,637,909)
Interest received		508,724	371,114	508,724	371,114
Term deposits matured		501,151	-	501,151	-
GST refunds received		399,955	-	399,955	-
Net cash used in operating activities	22(b)	(12,455,796)	(17,238,935)	(12,455,796)	(17,238,935)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant & equipment		(769,163)	(6,292,473)	(769,163)	(6,292,473)
Proceeds from sale of property, plant & equipment		26,644	-	26,644	-
Loans to other entities		(790,974)	-	(790,974)	-
Net cash used in investing activities		(1,533,493)	(6,292,473)	(1,533,493)	(6,292,473)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		-	62,000	-	62,000
Repayment of borrowings		-	(486,000)	-	(486,000)
Proceeds from issue of shares		-	20,000,410	-	20,000,410
Share buy back		-	(530)	-	(530)
Proceeds from issue of convertible notes		-	22,500,000	-	22,500,000
Payment for float costs		-	(1,466,865)	-	(1,466,865)
Cash acquired on purchase of controlled entity		517,092	-	-	-
Net cash provided by financing activities		517,092	40,609,015	-	40,609,015
Net increase / (decrease) in cash held		(13,472,197)	17,077,607	(13,989,289)	17,077,607
Cash at the beginning of the financial year		17,082,808	5,201	17,082,808	5,201
Cash at the end of the financial year	22(a)	3,610,611	17,082,808	3,093,519	17,082,808

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

■ I. SUMMARY OF ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act, 2001. The financial report has been prepared on an accrual basis and is based on historical costs and does not take into account changing money values or, except where stated, current market valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied unless otherwise stated.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report.

(a) Principles of Consolidation

The economic entity comprises the financial report of Lasseters Corporation Limited and its controlled entities. A controlled entity is any entity controlled by Lasseters Corporation Limited. Control exists where Lasseters Corporation Limited has the capacity to dominate the decision making in relation to the financial and operating policies of another so that the other entity operates with Lasseters Corporation Limited to achieve the objectives of Lasseters Corporation Limited. Details of the controlled entities are contained at Note 19 to the financial statements.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

(b) Income Tax

The economic entity adopts the liability method of tax-effect accounting whereby the income tax expense shown in the profit and loss account is based on the operating profit before income tax adjusted for any permanent differences.

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

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

(c) Property, Plant and Equipment

Property, plant and equipment are carried at cost or at independent or directors' valuation, less where applicable, any accumulated depreciation or amortisation. The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

The depreciable amounts of all fixed assets are depreciated on a straight line basis over their estimated useful lives to the entity commencing from the time the assets are held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of assets are:

Class of Fixed Asset	Depreciation Rate
Plant & Equipment	13-27%
Leasehold Improvements	13%
Computer Software	40%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

■ I. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(d) Revenue Recognition

(i) Gaming Revenue

Revenue from gaming is recognised upon the results of a game being determined, when the amount of revenue can be measured reliably and it is probable that it will be received by the company.

(ii) Interest Revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(e) Receivables

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

(f) Employee Entitlements

Provision is made for the company's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

Contributions are made by the economic entity to an employee superannuation fund are charged to as expenses when incurred.

(g) Accounts Payable

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

(h) Cash

For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months and net bank overdrafts.

(i) Leases

Operating lease payments are charged to expense on a basis which is representative of the pattern of benefits derived from the leased property.

(j) Borrowings

Loans to related parties are recognised in the financial statements on the basis of the nominal amounts outstanding at balance date plus accrued interest.

(k) Intangibles

(i) NT Gaming Licence

The Northern Territory gaming licence has been brought to account at cost. It will be amortised over its estimated useful life to the entity commencing from the time the asset is held ready for use.

(ii) Research and product development

Costs incurred in developing the technical and service infrastructure up to the time Lasseters Casino Pty Limited commenced operations have been capitalised as research & development, where the costs are expected to be recoverable. The research & development costs are amortised by equal instalments over a period of 5 years from the commencement of trading. The product development costs are amortised by equal instalments over a period of 5 years from the commencement of use of the new products.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

	ECONOMIC ENTITY		PARENT ENTITY	
	2001 \$	2000 \$	2001 \$	2000 \$
■ 2. REVENUE FROM ORDINARY ACTIVITIES				
Operating Revenue				
• Net gaming revenue	468,861	4,344	468,861	4,344
Non Operating Revenue				
• Interest	514,602	371,114	514,602	371,114
• Rent	156,892	17,018	156,892	17,018
• Other	930	46,498	930	46,498
• Proceeds from sale of non-current assets	44,054	-	44,054	-
	716,478	434,630	716,478	434,630
Total Revenues	1,185,339	438,974	1,185,339	438,974
■ 3. LOSS FROM ORDINARY ACTIVITIES				
Loss from ordinary activities includes:				
Borrowing costs				
• Other persons	13,286	28,892	13,286	28,892
• Related parties				
• Directors	-	200,000	-	200,000
• Director related entities	-	10,000	-	10,000
Depreciation and Amortisation				
• Plant and equipment	1,941,390	922,950	1,941,390	922,950
• Leased plant and equipment	87,188	56,021	87,188	56,021
Loss on disposal of non-current assets	65,946	-	65,946	-
Net expense resulting from movements in provisions for:				
• Employee entitlements	43,883	291,157	43,883	291,157
Remuneration of the auditors of parent entity for:				
• Auditing services	40,000	30,000	40,000	30,000
• Other services	46,870	10,000	46,870	10,000
Operating leases:				
• Minimum lease payments	561,804	299,218	561,804	299,218
The following significant expense items are relevant in explaining the financial performance:				
Write-down off of non-current assets to their recoverable value following the cessation of operations conducted by the parent entity pursuant to a gaming licence issued by the Queensland government.				
• Plant & Equipment	833,696	-	833,696	-
• Leasehold improvements	530,684	-	530,684	-
• Computer software	4,035,425	-	4,035,425	-
	5,399,805	-	5,399,805	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

	ECONOMIC ENTITY		PARENT ENTITY	
	2001 \$	2000 \$	2001 \$	2000 \$
■ 4. INCOME TAX				
The prima facie income tax payable on operating profit is reconciled to income tax expense as follows: Prima facie tax payable on operating profit before income tax at 34% (2000: 36%)	(6,244,201)	(5,935,857)	(6,244,201)	(5,935,857)
Add				
Tax effect of				
• permanent differences	458,281	2,255,844	458,281	2,255,844
Income tax benefit attributable to operating loss	(5,785,920)	(3,680,013)	(5,785,920)	(3,680,013)
Current period loss not brought to account as a future income tax benefit	5,785,920	3,680,013	5,785,920	3,680,013
Income tax expense attributable to operating loss	-	-	-	-
Tax losses not brought to account as a future income tax benefit	6,308,765	3,482,154	6,308,765	3,482,154

The benefit for tax losses will only be obtained if the economic entity derives future assessable income of an amount sufficient to enable the benefit from the deductions for the losses to be realised, the economic entity continues to comply with the conditions for deductibility imposed by tax legislation and no changes in tax legislation adversely affects the economic entity in realising the benefit from the deductions for the losses.

	ECONOMIC ENTITY		PARENT ENTITY	
	2001 \$	2000 \$	2001 \$	2000 \$
■ 5. REMUNERATION AND RETIREMENT BENEFITS				
(a) Directors' Remuneration				
The names of directors of the parent entity who have held office during the financial year are:				
• G. Garton (resigned 15/11/00)				
• P. Appleby (resigned 24/04/01)				
• A. Gillen (resigned 12/09/00)				
• A. Farrar				
• C. Cullen (appointed 15/11/00)				
• J. Walton (appointed 15/11/00)				
• J. Tan (appointed 29/06/01)				
• P. Bridge (appointed 29/06/01)				
• K. Tan (appointed 29/06/01)				
• T. Tan (appointed 29/06/01)				
• F. Finch (appointed 29/06/01)				
Income paid or payable to all directors of each entity in the economic entity by the entities of which they are directors	1,750,558	2,214,658	-	-
Income paid or payable to all directors of the parent entity by the parent entity and any related parties	-	-	1,750,558	2,214,658

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

	ECONOMIC ENTITY		PARENT ENTITY	
	2001 \$	2000 \$	2001 \$	2000 \$
■ 5. REMUNERATION AND RETIREMENT BENEFITS (CONTINUED)				
(a) Directors' Remuneration (continued)				
Number of parent entity directors whose income from the parent entity or any related parties was within the following bands:			No.	No.
\$20,000 - \$29,999			1	0
\$50,000 - \$59,999			2	1
\$70,000 - \$79,999			1	-
\$200,000 - \$209,999			0	1
\$280,000 - \$289,999			0	1
\$510,000 - \$519,999			1	0
\$1,020,000 - \$1,029,999			1	0
\$1,700,000 - \$1,709,999			0	1
(b) Directors' Retirement Benefits				
Aggregate retirement benefit paid to all directors of each entity in the economic entity, by the entities in which they are directors or by any related party	-	-		
Aggregate retirement benefits paid to all directors of the company, by the company or by any related party.			-	-
(c) Executive Remuneration				
Remuneration received or due and receivable by executive officers of the economic entity, from entities in the economic entity and any related parties for management of the affairs of the economic entity, whose remuneration exceeds \$100,000.	4,254,410	4,319,277	-	-
Remuneration received or due and receivable by executive officers of the parent entity, from the parent entity and any related parties for management of the affairs of the parent entity and its subsidiaries, whose remuneration exceeds \$100,000.	-	-	4,254,410	4,319,277

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

	ECONOMIC ENTITY		PARENT ENTITY	
	2001 \$	2000 \$	2001 \$	2000 \$
■ 5. REMUNERATION AND RETIREMENT BENEFITS (CONTINUED)				
Number of executives (including Executive Directors) whose income from the parent entity or any related parties was within the following bands:			No.	No.
\$100,000 - \$109,999			1	1
\$110,000 - \$119,999			2	2
\$120,000 - \$129,999			3	2
\$130,000 - \$139,999			1	0
\$140,000 - \$149,999			0	1
\$150,000 - \$159,999			2	2
\$160,000 - \$169,999			1	0
\$170,000 - \$179,999			1	1
\$180,000 - \$189,999			0	2
\$250,000 - \$259,999			1	0
\$270,000 - \$279,999			0	1
\$340,000 - \$349,999			0	1
\$410,000 - \$419,999			1	0
\$510,000 - \$519,999			1	0
\$550,000 - \$559,999			1	0
\$620,000 - \$629,999			0	1
\$1,020,000 - \$1,029,999			1	0
\$1,700,000 - \$1,709,999			0	1
■ 6. RECEIVABLES				
Trade receivables	-	-	-	-
Non trade receivables:				
Term Deposits	355,057	863,798	355,057	863,798
Other – Due from other than related parties	370,049	11,140	50,243	11,140
Other – Due from related parties				
• Controlled entities	-	-	1,173,241	-
• Director related entities	53,952	6,553	53,952	6,553
	779,058	881,491	1,632,493	881,491
■ 7. OTHER CURRENT ASSETS				
Prepayments	332,972	187,632	122,907	187,632
■ 8. OTHER FINANCIAL ASSETS				
Shares in controlled entities at cost	-	-	13,822,697	1

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

	ECONOMIC ENTITY		PARENT ENTITY	
	2001 \$	2000 \$	2001 \$	2000 \$
■ 9. PROPERTY, PLANT & EQUIPMENT				
Plant & Equipment at cost	4,686,116	3,226,371	1,126,375	3,226,371
Less accumulated depreciation	(1,686,958)	(596,847)	(483,869)	(596,847)
	2,999,158	2,629,524	642,506	2,629,524
Leasehold Improvements	206,689	669,095	-	669,095
Less accumulated amortisation	(124,013)	(56,021)	-	(56,021)
	82,676	613,074	-	613,074
Computer Software	-	5,016,726	-	5,016,726
Less accumulated depreciation	-	(326,650)	-	(326,650)
	-	4,690,076	-	4,690,076
Total Property, Plant & Equipment	3,081,834	7,932,674	642,506	7,932,674

	Plant & Equipment \$	Leasehold Improvements \$	Computer Software \$	Total \$
ECONOMIC EQUITY				
COST				
Balance at the beginning of year	3,226,371	669,095	5,016,726	8,912,192
Additions	30,281	4,798	480,813	515,892
Additions from acquisition of controlled entity	3,269,045	206,689	-	3,475,734
Disposals	(321,777)	-	-	(321,777)
Recoverable amount write-down	(1,517,804)	(673,893)	(5,497,539)	(7,689,236)
Balance at the end of year	4,686,116	206,689	-	4,892,805
ACCUMULATED DEPRECIATION				
Balance at the beginning of year	596,847	56,021	326,650	979,518
Depreciation for the year	805,926	87,188	1,135,464	2,028,578
Additions from acquisition of controlled entity	1,203,088	124,103	-	1,327,191
Written back on disposals	(234,795)	-	-	(234,795)
Recoverable amount write-down	(684,108)	(143,209)	(1,462,114)	(2,289,431)
Balance at the end of year	1,686,958	124,013	-	1,810,971
Net book balance at the end of the year	2,999,158	82,676	-	3,081,834
PARENT ENTITY				
COST				
Balance at the beginning of year	3,226,371	669,095	5,016,726	8,912,192
Additions	30,281	4,798	480,813	515,892
Disposals	(612,472)	-	-	(612,472)
Recoverable amount write-down	(1,517,804)	(673,893)	(5,497,539)	(7,689,236)
Balance at the end of year	1,126,376	-	-	1,126,376
ACCUMULATED DEPRECIATION				
Balance at the beginning of year	596,847	56,021	326,650	979,518
Depreciation for the year	805,926	87,188	1,135,464	2,028,578
Written back on disposals	(234,795)	-	-	(234,795)
Recoverable amount write-down	(684,108)	(143,209)	(1,462,114)	(2,289,431)
Balance at the end of year	483,870	-	-	483,870
Net book balance at the end of the year	642,506	-	-	642,506

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

	ECONOMIC ENTITY		PARENT ENTITY	
	2001 \$	2000 \$	2001 \$	2000 \$
■ 10. INTANGIBLES				
Research & Development Costs	3,085,161	-	-	-
Less accumulated amortisation	(1,370,179)	-	-	-
	1,714,982	-	-	-
Product Development Costs - at cost	1,060,130	-	-	-
Less accumulated amortisation	(663)	-	-	-
	1,059,467	-	-	-
NT Gaming Licence - at cost	11,966,277	-	-	-
Less accumulated amortisation	-	-	-	-
	11,966,277	-	-	-
Total Intangibles	14,740,726	-	-	-
Balances represent additions from acquisition of controlled entities.				
■ 11. PAYABLES				
Unsecured				
Trade creditors	2,660,659	2,703,679	113,785	2,703,680
Sundry creditors and accruals	1,431,301	359,310	972,461	359,310
	4,091,960	3,062,989	1,086,246	3,062,990
■ 12. INTEREST BEARING LIABILITIES				
Unsecured				
Amount payable to related parties	-	100	-	100
	-	100	-	100
■ 13. PROVISIONS				
CURRENT				
Employee Entitlements	265,484	291,157	40,119	291,157
Aggregate employee entitlements liability	265,484	291,157	40,119	291,157

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

	ECONOMIC ENTITY		PARENT ENTITY	
	2001 \$	2000 \$	2001 \$	2000 \$
■ 14. CONTRIBUTED EQUITY				
Paid up capital 99,999,960 fully paid ordinary shares (240,000,000:2000)	54,706,629	40,883,933	54,706,629	40,883,933
Movement in ordinary share capital				
Balance at the beginning of the financial year (240,000,000 ordinary shares)	40,883,933	2,000	40,883,933	2,000
Ordinary shares issued during the year:				
• 215 on 14 September 1999	-	215	-	215
• 25 on 25 March 2000	-	25	-	25
• 122,247,900 on 3 April 2000 (a)	-	-	-	-
• 40,000,390 on 29 May 2000 (b)	-	20,000,195	-	20,000,195
• 77,750,000 on 29 May 2000 (c)	-	22,500,000	-	22,500,000
• 760,000,000 on 29 June 2001 (d)	13,822,696	-	13,822,696	-
Transaction costs relating to share issue	-	(1,617,972)	-	(1,617,972)
Ordinary shares bought back during the year:				
• 240 ordinary shares on 16 August 1999 (e)	-	(240)	-	(240)
• 290 ordinary shares on 14 September 1999 (e)	-	(290)	-	(290)
• 900,000,040 ordinary shares consolidated on a 10:1 basis (f)	-	-	-	-
Balance at the end of the financial year	54,706,629	40,883,933	54,706,629	40,883,933

- (a) Shareholders general meeting agreed to sub-divide 1,710 vendor shares into 122,249,610 ordinary shares in the Company. Additional shares were issued on 3 April 2000.
- (b) Shares issued as a result of the company floating on the Australian Stock Exchange
- (c) Shares issued to existing convertible note holders at the date the company floated on the Australian Stock Exchange.
- (d) Shares issued on the 29 June 2001 to Lasseters Holdings Limited to acquire 100% of Lasseters Casino Pty Limited.
- (e) Shareholders failing to meet the Queensland Office of Gaming Regulations probity standards are required to dispose of their share interests:
- (i) On 16 August 1999 the parent entity acquired through a share buyback the share interest of Topki Holdings Pty Limited of 240 shares at \$1.00 each; and
- (ii) On 14 September 1999 the parent equity acquired through a share buy-back the share interest of Navari Pty Limited of 290 shares at \$1.00 each.
- (f) The Company consolidated its capital base on the 29 June 2001 on the basis of one (1) new share for every ten existing shares (1:10) as agreed to by shareholders on the 24 April 2001. The total number of fully paid ordinary shares on issue is 99,999,960.

Description	Shares (No.)	Options (No.)
The company has the following restricted fully-paid shares, which are not quoted and will be held in escrow until 10 August 2002:	76,000,000	-
The company has the following restricted fully-paid shares, which are not quoted and will be held in escrow until 5 June 2002:	10,509,177	-
Luckfont Pty Limited holds 6,026,691 of these unquoted restricted fully paid shares. Luckfont Pty Limited is controlled by P.Appleby and A. Farrar.		
The company also has the following restricted options expiring 6 April 2003 exercisable at 50 cents.	-	100,000
The company also has the following restricted options which are exercisable in accordance with the terms of the FSOP detailed in Note 18 and disclosed under section headed "Additional Information for Listed Companies".	-	12,423,000
The company also has the following options, which will not be quoted and which are exercisable in accordance with the terms of the FSOP detailed in Note 18 and disclosed under section headed "Additional Information for Listed Companies".	-	652,000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

	ECONOMIC ENTITY		PARENT ENTITY	
	2001 \$	2000 \$	2001 \$	2000 \$
■ 15. ACCUMULATED LOSSES AND TOTAL EQUITY				
(a) Accumulated Losses				
Accumulated losses at the beginning of the financial year	(18,153,574)	(1,665,082)	(18,153,574)	(1,665,082)
Net loss attributable to members	(18,365,298)	(16,488,492)	(18,365,298)	(16,488,492)
Accumulated losses at the end of the financial year	(36,518,872)	(18,153,574)	(36,518,872)	(18,153,574)
(b) Total Equity				
Total equity at the beginning of the financial year	22,730,359	(1,663,082)	22,730,359	(1,663,082)
Total changes in equity recognised in the statement of financial performance	(18,365,298)	(16,488,492)	(18,365,298)	(16,488,492)
Transactions with owners as owners:				
• contribution of equity	13,822,696	40,881,933	13,822,696	40,881,933
Total equity at the end of the financial year	18,187,757	22,730,359	18,187,757	22,730,359
■ 16. CAPITAL & LEASING COMMITMENTS				
(a) Operating Lease Commitments				
Non-cancellable operating leases contracted for but not capitalised in the financial statements:				
Payable:				
• not later than 1 year	1,674,080	457,196	393,612	457,196
• later than 1 but not later than 5 years	1,222,611	707,677	583,392	707,677
• later than 5 years	-	-	-	-
	2,896,691	1,164,873	977,004	1,164,873
(b) Capital Expenditure Commitments				
Capital expenditure commitments contracted for Property, plant and equipment:				
Payable:				
• not later than 1 year	-	4,937,500	-	4,937,500
• later than 1 but not later than 5 years	-	2,537,500	-	2,537,500
• later than 5 years	-	-	-	-
	-	7,475,000	-	7,475,000

The office equipment lease is a non-cancellable lease with a 2-year term. Computer equipment leases have terms of three years payable quarterly in advance. The majority of computer equipment leases expire on 1 January 2003.

The property lease for the Sydney premises is a non-cancellable lease with a 2-year and 2 month term payable monthly in advance. This premises is being sub-let. This lease expires on 29 November 2001.

The property lease for the Bundall premises is a non-cancellable lease with a 5-year term payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments will be increased by the lower of CPI or 4% per annum. This lease expires on 31 August 2004. An option exists to renew the lease at the end of the 5-year term for an additional 5 years.

The property lease for the Brisbane premises is a non-cancellable lease with a 5-year term payable monthly in advance. This lease expires on 28 February 2003.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

■ 17. RELATED PARTY TRANSACTIONS

(a) Equity Interests In Related Parties

Ordinary Shares (Fully Paid)

Spincycle Limited - 100%

Lasseters Casino Pty Limited - 100%

No. 2001	No. 2000
1	1
158	-

(b) Directors' Remuneration and Retirement Benefits

Details of directors' remuneration and retirement benefits are disclosed at Note 5 to the financial statements.

(c) Directors' Equity Holdings

Ordinary Shares (Fully Paid)

Issued during the financial year to directors and their director related entities by:

- Lasseters Corporation Limited (post consolidation)

Held at the reporting date by directors and their director related entities in:

- Lasseters Corporation Limited (post consolidation)

Redeemed, exercised or bought back during the financial year from directors and their director related entities by:

- Lasseters Corporation Limited

Other Equity Investments

Options issued during the financial year to directors and their director related entities by:

- Lasseters Corporation Limited (post consolidation)

Options held at the reporting date by directors and their director related entities in:

- Lasseters Corporation Limited (post consolidation)

Options redeemed, exercised or bought back during the financial year from directors and their director related entities by:

- Lasseters Corporation Limited

No. 2001	No. 2000
76,000,000	52,401,433
76,922,638	52,401,433
-	-
10,013,000	21,000,000
10,113,000	21,000,000
-	-

All executive share options issued to the directors during the financial year were made in accordance with the provisions of the founders share option plan. Further details of the founders share option plan are contained in the Directors' Report and Note 18 to the financial statements.

(d) Other Transactions with Directors

The operating profit or loss before income tax includes the following items of revenue and expense that resulted from transactions with directors or their director related entities

- Interest expense
 - Seed capital funds deposits
- Accounting and advisory fees
 - A. R. Farrar and Partners

2001 \$	2000 \$
-	3,205
5,000	22,478

These transactions occurred within a normal customer/supplier relationship on terms and conditions no more favourable than those that it is reasonable to expect would have been adopted if dealing with the director at arm's length in the same circumstances.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

(e) Transactions within the Wholly Owned Group

The ultimate parent entity is Lasseters Holdings Limited

The wholly owned group consists of:

Parent Entity

- Lasseters Corporation Limited

Wholly owned controlled entities:

- Spincycle Limited
- Lasseters Casino Pty Limited

Lasseters Casino Pty Limited was acquired on 29 June 2001. Prior to this date, Lasseters Corporation Limited incurred \$882,546 of expenses on behalf of Lasseters Casino Pty Limited. During the year, Lasseters Corporation Limited also sold \$290,695 of fixed assets to Lasseters Casino Pty Limited. These assets were sold at written down value. These transactions occurred within a normal customer/supplier relationship on terms and conditions no more favourable than those that it is reasonable to expect would have been adopted if dealing with the company at arm's length in the same circumstances.

The total amount owing to Lasseters Corporation Limited by Lasseters Casino Pty Limited is \$1,173,241 (Refer to Note 6.)

(f) Transactions with Other Related Parties

There were no other transactions with related parties.

■ 18. EMPLOYEE ENTITLEMENTS

Founding Share Option Plan

The Company has established a Founding Share Option Plan ("FSOP") to assist in the retention and motivation of the employees and Directors of the Company, as well as to reward persons who have assisted in the funding of the Company to date.

No amount is payable on the issue of the Options. The exercise price of each Option ("X") will be the Offer Price, as adjusted to reflect changes in the All Ordinaries Accumulation Index during the period between the Allotment Date and the date of exercise of the Option

The Options may be exercised in equal tranches on or after the following dates (each a "Commencement Date"):

(a) *the first anniversary of:*

- in the event that the holder of the Option is an employee of the Company, the date of commencement of employment by the Option holder with the Company; or
- in the event that the holder of the Option is a Director, his date of appointment, and
- otherwise, the date of issue of the relevant Option,

provided that on that anniversary, the weighted average bid price of a Share exceeds X, as determined on that date; and

(b) *the second anniversary of the Commencement Date, provided that on that anniversary, the weighted average bid price of a Share exceed X, as determined on that date.*

An Option not exercised will lapse on the first to occur of:

- the expiry of ten years after the date of issue of that Option; and
- if the Option holder is a Director, a determination by a court of law that the Option holder has acted fraudulently or dishonestly; and
- if the Option holder is an employee, on the termination of the Option holder's employment with the Company, with cause.

An Option holder is entitled to participate in bonus issues and cash issues of Shares upon exercise of the Options prior to the record date for determining entitlements for the issue, on the same basis as Shareholders.

In addition, the exercise price for an Option or number of Shares issues on exercise of an Option will be adjusted in the case of a cash or bonus issue of Shares, in accordance with the provisions of the listing Rules.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

In the event of a reconstruction of the capital of the Company, the number of Options or exercise price or both shall be reconstructed in a manner which will not result in any benefits being conferred on the Option holder which are not conferred on shareholders.

All Shares issued on the exercise of the Options will rank equally with all existing Shares of the Company from the date of issue.

The Directors may from time to time determine that the Company make loans to participants in the FSOP in connection with Shares to be issued pursuant to the exercise of Options under the FSOP on commercial terms or otherwise.

■ 19. CONTROLLED ENTITIES

CONTROLLED ENTITY	COUNTRY OF INCORPORATION	PERCENTAGE OWNED	
		2001 %	2000 %
Parent Entity:			
• Lasseters Corporation Ltd	Australia	-	-
Controlled Entity:			
• Spincycle Limited	Australia	100	100
• Lasseters Casino Pty Limited	Australia	100	-

As at 29 June 2001, the economic entity acquired 100% of the issued capital of Lasseters Casino Pty Limited. For details on the acquisition, refer to Note 22 (c). Lasseters Casino Pty Limited provides online gambling services.

■ 20. SEGMENT INFORMATION

(a) Geographical Segments

The consolidated entity operates an internet gaming business, which is based wholly within Australia. The revenues generated can be sourced through the internet from locations around the world.

(b) Industry Segments

	INTERNET GAMING		GAMES DEVELOPMENT		TOTAL	
	2001 \$	2000 \$	2001 \$	2000 \$	2001 \$	2000 \$
Operating Revenue:						
Sales to customers outside the consolidated entity	468,861	4,344	-	-	468,861	4,344
Intersegment Sales	-	-	-	-	-	-
Unallocated Revenues	716,478	434,630	-	-	716,478	434,630
Total Revenue	1,185,339	438,974	-	-	1,185,339	438,974
Segment Result	(17,920,911)	(16,265,228)	(444,387)	(223,264)	(18,365,298)	(16,488,492)
Segment Assets	22,545,201	26,010,310	-	74,295	22,545,201	26,084,605

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

■ 21. FINANCIAL INSTRUMENTS

(a) Credit risk exposure

The maximum exposure to credit risk of financial assets is represented by the carrying amount of assets recognised in the balance sheet net of any provisions for losses.

The company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company.

(b) Interest Rate Risk

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities is as follows:

FIXED INTEREST RATE MATURING						
2001	Weighted Average Interest Rate	Non-Interest Bearing (\$)	1 Year or Less (\$)	Over 1 to 5 Years (\$)	Floating Interest Rate (\$)	Total (\$)
Financial assets:						
Cash	4.34%	-	-	-	3,610,611	3,610,611
Non-trade receivables	5.79%	424,001	237,000	118,057	-	779,058
Total financial assets		424,001	237,000	118,057	3,610,611	4,389,669
Financial liabilities:						
Trade and sundry creditors		(4,091,960)	-	-	-	(4,091,960)
Total financial liabilities		(4,091,960)	-	-	-	(4,091,960)
Net Financial:						
Assets/(Liabilities)		(3,667,959)	237,000	118,057	3,610,611	297,709
2000						
Financial assets:						
Cash	6.01%	-	-	-	17,082,808	17,082,808
Non-trade receivables		881,491	-	-	-	881,491
Total financial assets		881,491	-	-	17,082,808	17,964,299
Financial liabilities:						
Trade and sundry creditors		3,062,989	-	-	-	3,062,989
Borrowings		100	-	-	-	100
Total financial liabilities		3,063,089	-	-	-	3,063,089
Net Financial:						
Assets/(Liabilities)		(2,181,598)	-	-	17,082,808	14,901,210

(c) Net Fair Values

The net fair value of the assets and liabilities approximates their carrying value.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

	ECONOMIC ENTITY		PARENT ENTITY	
	2001 \$	2000 \$	2001 \$	2000 \$
■ 22. CASH FLOW INFORMATION				
(a) Reconciliation of Cash				
Cash at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the balance sheet as follows:				
Cash assets	3,610,611	17,082,808	3,093,519	17,082,808
	3,610,611	17,082,808	3,093,519	17,082,808
(b) Reconciliation of Cash Flows from Operations with Operating Loss after Income Tax				
Operating profit loss after income tax	(18,365,298)	(16,488,492)	(18,365,298)	(16,488,492)
Non-cash flows in operating profit:				
• Depreciation	2,028,578	978,972	2,028,578	978,972
• Write-back of sundry income	-	(40,000)	-	(40,000)
• Write-back of directors loan	-	(20,000)	-	(20,000)
• Write-off of non-current assets	5,399,805	-	5,399,805	-
• Loss on sale of non-current assets	65,947	-	65,947	-
• Other non-cash items	3,729	-	3,729	-
Changes in assets and liabilities, net of the effect of purchase of controlled entity:				
• Increase/(decrease) in employee provisions	(251,038)	291,157	(251,038)	291,157
• (Decrease) in trade creditors	(1,740,114)	(888,131)	(1,740,114)	(888,131)
• (Decrease) in other creditors and accruals	(142,193)	(18,298)	(142,193)	(18,298)
• (Increase)/ decrease in non-trade receivables	480,063	(866,511)	480,063	(866,511)
• (Increase)/decrease in prepayments	64,725	(187,632)	64,725	(187,632)
Net cash used in operating activities	(12,455,796)	(17,238,935)	(12,455,796)	(17,238,935)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

	ECONOMIC ENTITY		PARENT ENTITY	
	2001 \$	2000 \$	2001 \$	2000 \$
■ 22. CASH FLOW INFORMATION (CONTINUED)				
(c) Business Acquired				
On 29 June 2001, 100% of the ordinary shares of Lasseters Casino Pty Limited were acquired. Details are as follows:				
Consideration				
• 760,000,000 ordinary shares (pre:consolidation) of Lasseters Corporation Limited issued at \$0.0182 per share	13,822,696	-	-	-
• Cash	-	-	-	-
	13,822,696	-	-	-
Outside equity interest at date of acquisition	-			
	13,822,696	-	-	-
Fair value of net assets acquired:				
• Cash	517,092	-	-	-
• Trade receivables	13,024	-	-	-
• Other receivables	306,782	-	-	-
• Other current assets	210,065	-	-	-
• Property, plant & equipment	2,439,328	-	-	-
• Intangible assets	2,774,449	-	-	-
• Trade creditors	(2,546,874)	-	-	-
• Bank overdraft	(458,841)	-	-	-
• Interest bearing liabilities	(1,173,241)	-	-	-
• Provision for employee entitlements	(225,365)	-	-	-
• Operating gaming licence	11,966,277	-	-	-
Consideration	13,822,696	-	-	-

(d) Non-Cash Financing Activities

760,000,000 ordinary shares (pre:consolidation) of Lasseters Corporation Limited were issued at \$0.0182 per share as the consideration for the purchase of Lasseters Casino Pty Limited.

■ 23. EARNINGS PER SHARE

Basic earnings per share.

Weighted Average number of ordinary shares outstanding during the year in the calculation of EPS.

Diluted earnings per share is not materially different from basic earnings per share as the value of options is nil.

ECONOMIC ENTITY	
2001 \$	2000 \$
(0.08)	(1.60)
239,616,438	10,324,958

■ 24. CONTINGENT LIABILITIES

There is a class action against Lasseters Casino Pty Limited in Oregon, USA for losses incurred by residents of Oregon in on-line gaming. The quantum of the claims has not yet been determined, however the potential claim is in the order of \$US 180,000 if all members of the class action make a claim. Directors are of the opinion, based on legal advice, that this matter will be settled for a substantially lesser sum.

■ CORPORATE GOVERNANCE STATEMENT

The Board of Directors

The board carries out its responsibilities according to the following mandate:

1. The board should comprise at least five directors;
2. The board should where possible be made up of at least three non-executive and one executive directors;
3. The Chairman of the board should be a non-executive director;
4. The directors should possess a broad range of skills, qualifications and experience;
5. The board should meet on a monthly basis; and
6. All available information in connection with items to be discussed at a meeting of the board shall be provided to each director prior to that meeting.

On the day of which the directors' report is made out, the board consisted of seven non-executive directors and one executive director. Details of the directors are set out in the directors' report.

Key tasks undertaken by the Board include:

1. The approval of the annual and half-year financial report;
2. The review and adoption of annual budgets for the financial performance of the company and monitoring the results on a Quarterly basis; and
3. Ensuring that the company has implemented adequate systems and internal controls together with appropriate monitoring of compliance activities.
4. Approval of the goals, strategies and long-term plans for the company's continued development and operation as formulated by management;
5. Monitoring of the implementation of these goals, strategies and long-term plans to ensure the Company delivers shareholder value;
6. Review of management recommendations on capital expenditure; and
7. Monitoring of the Company's overall performance and financial results.

Directors' appointments are based on their ability to contribute to the financial and operational performance of the Company and its future development. The term of the Directors' appointments is governed by the Company's Constitution.

The board continually monitors areas of significant business risk. Once a particular risk is identified, it is the responsibility of the board to ensure that management takes such action as is required to mitigate and minimise the risk.

Independent Professional Advice

With the prior approval of the Chairman, each director has the right to seek independent legal and other professional advice at the company's expense concerning any aspect of the company's operations or undertakings in order to fulfil their duties and responsibilities as directors.

Legal & Compliance Committee

The legal and compliance committee is responsible for ensuring that the company meets the statutory, regulatory, financial and reporting requirements of the ASX, ASIC, Queensland and Northern Territory Regulatory Authority and all requirements under the Corporations Law.

Appointment and Remuneration Committee

The remuneration committee reviews the remuneration policies applicable to all directors and executive officers on an annual basis and makes recommendations on remuneration packages and terms of employment to the board. Remuneration packages, which consist of base salary, fringe benefits, incentive schemes (including performance-related bonuses), superannuation, and entitlements upon retirement or termination, are viewed with due regard to performance and other relevant factors.

In order to retain and attract executives of sufficient calibre to facilitate the efficient and effective management of the company's operations, the remuneration committee seeks the advice of external advisers in connection with the structure of remuneration packages. During the year the Committee comprised a non-executive director and two external professional advisers.

Particulars concerning directors' and executives' remuneration and the company's executive and employee share option plan are set out in note 5 and 18 to the financial statements.

Audit and Governance Committee

The audit and governance committee provides a forum for the effective communication between the board and external auditors. The audit and governance committee is responsible for:

1. Reviewing annual and half-yearly financial reports and ASX releases;
2. Liaising with external auditors in connection with preparation and release of management letters, reports and other information;
3. Reviewing the adequacy of external audit arrangements, particularly in relation to the scope and quality of the audit; and
4. Ensuring that the appropriate accounting policies and procedures are implemented and that the Company's internal control systems are of a sufficiently high standard to provide timely and accurate information for the proper management of the business.

The audit committee generally invites the Financial Controller and the external auditors to attend audit committee meetings. The audit committee also meets with and receives regular reports from the external auditors concerning any matters that arise in connection with the performance of their respective roles, including the adequacy of internal controls.

Risk Management

The board is responsible for the company's system of internal controls. The board constantly monitors the operational and financial aspects of the company's activities and, through the audit committee, the board considers the recommendations and advice of external auditors and other external advisers on the operational and financial risks that face the company.

The board ensures that recommendations made by the external auditors and other external advisers are investigated and, where considered necessary, appropriate action is taken to ensure that the company has an appropriate internal control environment in place to manage the key risks identified.

In addition, the board investigates ways of enhancing existing risk management strategies, including appropriate segregation of duties, the employment and training of suitably qualified and experienced personnel, and, in conjunction with the recommendations of the audit committee, the scope and work program of internal auditors.

ADDITIONAL INFORMATION FOR LISTED COMPANIES

I. Shareholding

(a) Distribution of shareholders numbers

CATEGORY (SIZE OF HOLDING)	NUMBERS	QUANTITY
1-1000	1,048	654,163
1001-5000	663	1,790,040
5001-10000	174	1,402,935
10001-100000	162	4,461,500
100001-99999999	18	91,691,322
All Ranges	2,065	99,999,960

(b) The number of shareholdings held in less than marketable parcels: 1,159

(c) Twenty Largest Shareholders as at 19 September 2001:

SHAREHOLDER	NO. OF ORDINARY SHARES	PERCENTAGE OF TOTAL HOLDINGS
1. Lasseters Holdings Pty Limited	76,000,000	76.00%
2. Luckfont Pty Limited	6,026,691	6.03%
3. Fieldrock Pty Limited	3,195,647	3.20%
4. Supercom Consultants Pty Limited	1,047,400	1.05%
5. Grapevine Agents Limited	945,562	0.95%
6. Bradley McCosker	786,401	0.79%
7. Geoffrey Koo	500,437	0.50%
8. Golden Grove Investments Pty Limited	493,287	0.49%
9. Morshead Pty Limited	491,500	0.49%
10. Manbury Pty Limited	478,989	0.48%
11. Ararrac Investments Pty Limited	407,498	0.41%
12. Merrill Lynch (Australia) Nominees Pty Limited	350,000	0.35%
13. Cafenet International Pty Limited	332,500	0.33%
14. Online Post Pty Limited	150,000	0.15%
15. Oak Breeze Pty Ltd	144,400	0.14%
16. Warman Investments Pty Limited	131,010	0.13%
17. Venn Charles Williams	105,000	0.11%
18. ANZ Nominees Limited	105,000	0.11%
19. Chamoel Pty Limited	100,000	0.10%
20. Corello Nominees Pty Limited	100,000	0.10%

(d) Votes of members are governed by articles 28 to 36 of the Company's Articles of Association. Subject to the provisions of these articles, every member is entitled to be present at a meeting in person, by proxy, representative or attorney. On a show of hands every member present shall have one vote and upon a poll, every member shall have one vote for each fully paid share; and voting rights pro-rata to the amount paid up on the par value plus any premium on each partly paid share held by the member.

(e) The entity used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives, to the extent that those business objectives remained legal. During the course of the financial year, the Commonwealth Government introduced a Moratorium on Internet Gambling, the effect of which required the company to cease providing Gambling Services until 18 May 2001. As a consequence of the Commonwealth Governments actions the company wound back its activities using part of its cash and convertible assets to meet redundancy costs.

2. Number of Employees

The number of employees of the economic entity at the end of the financial year was 63.

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