

HORIZON GLOBAL LIMITED

ACN 009.201.763

**FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2004**

DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of Horizon Global Limited and the entities it controlled at the end of, and during, the half year ended 31 December 2004.

DIRECTORS

The following persons were directors of Horizon Global Limited during the whole of the half year and up to the date of this report:

Mark Richard SCOTT
Lindsay George DUDFIELD
Paul Gregory BURGE

REVIEW OF OPERATIONS

A summary of consolidated revenues and results for the half year by significant industry segment is set out below:

	Revenues		Results	
	2004	2003	2004	2003
	\$	\$	\$	\$
Development of internet intellectual property	0	0	(5,313)	(326)
Development of satellite imaging revenues	0	n/a	(80,625)	n/a
Other	28,524	37,625	(35,031)	(872)

Astrovision Australia Limited – satellite imaging data and applications– (“Astrovision”)

Horizon Global shareholders unanimously approved the purchase of a 51% interest in AstroVision at the AGM held 26 November 2004. Horizon directors Mark Scott and Paul Burge have joined the AstroVision board, and AstroVision has moved its operations to Horizon's offices.

The thrust of AstroVision's efforts since the investment has been to generate broad based government support for its products and to demonstrate the enormous public benefit that will be derived from their use, thus paving the way for contracts for service to both the state and federal governments. Benefits offered by the AstroVision system include reduction of operational costs, creation of efficiencies in resource allocation, and assistance in national security efforts. AstroVision is currently engaged in serious discussions with a number of government agencies for the purposes of signing contracts for services.

Contract discussions have commenced with other key target market segments including insurance companies, telecommunications companies, power utilities and maritime organizations. In addition AstroVision executed a marketing agreement with Astro Research Corporation of Japan to work together to develop the Japanese, Korean, and Chinese markets for AstroVision's services.

AstroVision executed a teaming agreement with the Australian Centre for Advanced Computing and Communications (“ac3”) to work together in a business development capacity to establish a series of services based on remote sensing information from AstroVision's planned geostationary satellite. A relationship has been formed to secure projects involving high quality technical and information systems support services based on the capabilities of AstroVision and ac3. The Parties have agreed to target certain fields of work, including selected tenders and that when successful, the Parties will mutually support each other to deliver the standard of services required by customers.

More teaming agreements are under discussion, together with negotiations to further AstroVision's plan of establishing a team of key players for support services to ensure the overall success of the business. Discussions are underway with satellite service providers for ground station and satellite control, computer companies for the provision of supercomputers to handle data, and universities for research and development of new applications and training for professions using the data and associated applications.

Horizon TV (Operations) Pty Limited – internet intellectual property – (“HTV”)

There was no significant progress in the commercialisation of HTV technology during the half year. The directors are reassessing HTV and are in discussions with the developer, Ashod Apakian, regarding the project’s future.

This report is made in accordance with a resolution of the directors.

M R SCOTT
Chairman of Directors
Sydney
25th February 2005

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
For the half year ended 31 December 2004

	Note	Half Year	
		2004	2003
		\$	\$
Interest received		12,989	37,625
Gain on sale of listed investments		8,935	0
Revenue from ordinary activities		<u>21,924</u>	<u>37,625</u>
Increase in value of listed investments		6,600	0
Depreciation and amortisation expenses		(8,921)	(2,448)
Other expenses from ordinary activities		(219,836)	(36,375)
Profit / (loss) from ordinary activities before income tax expense		<u>(200,233)</u>	<u>(1,198)</u>
Income tax (expense) / benefit		<u>0</u>	<u>0</u>
Profit / (loss) from ordinary activities after income tax expense		<u>(200,233)</u>	<u>(1,198)</u>
Net (profit) / loss attributable to outside equity interests		79,264	0
Net profit / (loss) attributable to members of Horizon Global Limited		<u><u>(120,969)</u></u>	<u><u>(1,198)</u></u>
Basic earnings per share (cents)	6	(0.20)	(0.00)
Diluted earnings per share (cents)	6	(0.14)	(0.00)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2004

	Note	Half Year	
		2004	2003
		\$	\$
CURRENT ASSETS			
Cash assets		347,983	570,318
Receivables		41,574	2,959
Other financial assets – listed investments		21,202	66,602
Total Current Assets		410,759	639,879
NON CURRENT ASSETS			
Property, plant and equipment		1,611	2,772
Other		1,280,822	0
Total Non-Current Assets		1,282,433	2,772
TOTAL ASSETS		1,693,192	642,651
CURRENT LIABILITIES			
Payables		47,785	17,970
Total Current Liabilities		47,785	17,970
TOTAL LIABILITIES		47,785	17,970
NET ASSETS		1,645,407	624,681
EQUITY			
Contributed Equity	2	16,568,787	15,593,412
Accumulated losses – pre acquisition		(478,617)	(14,968,731)
Accumulated losses – post acquisition		(14,662,198)	
Total parent entity interest		1,427,972	624,681
Outside equity interests in controlled entities		217,436	0
TOTAL EQUITY		1,645,407	624,681

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the half year ended 31 December 2004

	Note	Half Year	
		2004	2003
		\$	\$
		Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities			
Cash receipts in the course of operations		0	0
Cash payments in the course of operations		(239,935)	(50,794)
Interest received		12,989	13,225
Interest paid		0	0
Net cash inflow / (outflow) from operating activities		<u>(226,945)</u>	<u>(37,569)</u>
Cash flows from investing activities			
Payments for plant and equipment		(999)	0
Payments for investments		0	0
Payments for development of internet technology		(6,208)	2,122
Proceeds from sale of investments		35,235	0
Proceeds from sale of plant and equipment		0	0
Net cash inflow / (outflow) from investing activities		<u>28,028</u>	<u>2,122</u>
Cash flows from financing activities			
Loans to related entities		0	5,000
Net cash inflow / (outflow) from financing activities		<u>0</u>	<u>5,000</u>
Net increase / (decrease) in cash held		(198,918)	(30,447)
Cash at the beginning of the reporting period		546,901	600,765
Cash at the end of the reporting period		<u><u>347,983</u></u>	<u><u>570,318</u></u>

The statements of cash flows are to be read in conjunction with the notes to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half year ended 31 December 2004

1. BASIS OF PREPARATION OF THE HALF YEAR FINANCIAL REPORT

This general purpose financial report for the interim half-year reporting period ended 31 December 2003 has been prepared in accordance with Accounting Standard AASB 1029 *Interim Financial Reporting*, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2004 and any public announcements made by Horizon Global Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

2. CONTRIBUTED EQUITY

	Dec 2004	Dec 2003
	\$	\$
Issued and paid up share capital		
59,926,561 (2003: 40,419,061) ordinary shares, fully paid	16,568,787	15,593,412
a. Ordinary shares		
Balance at the beginning of the year	15,593,412	15,593,412
Shares issued	19,507,500	0
Balance at the end of year	<u>16,568,787</u>	<u>15,593,412</u>
b. Options		
Number of ordinary shares subject to option	Expiry date	Exercise price
4,250,000	30.06.05	50 cents
2,000,000	30.06.07	7.5 cents
9,753,750	31.12.07	10 cents
7,753,750	31.12.08	15 cents
4,000,000	30.06.09	10 cents

3. PERFORMANCE BONDS & SECURITY DOCUMENTS

There are no performance bonds or security documents relating to the consolidated entity at 31 December 2004.

4. SEGMENT INFORMATION

Primary Reporting – Business Segments

	Development of Internet Intellectual Property \$	Development of Satellite Imaging Revenues \$	Other \$	Consolidated \$
Half Year 2004				
Total segment revenue	0	0	28,524	28,524
Segment result	(5,313)	(80,625)	(35,031)	(120,969)
Half Year 2003				
Total segment revenue	0	n/a	37,625	37,625
Segment result	(326)	n/a	(872)	(1,198)

5. DIVIDENDS

	Half Year	
	2004	2003
Ordinary shares		
Dividends provided for or paid during the half year	0	0

6. EARNINGS / (LOSS) PER SHARE

	Half Year	
	2004 cents	2003 cents
Earnings / (loss) used in calculating earnings per share	(120,969)	(1,198)
Basic earnings / (loss) per share	(0.20)	(0.00)
Issued ordinary shares used in calculating basic earnings / (loss) per share	59,926,561	40,419,061
Diluted earnings / (loss) per share	(0.14)	(0.00)
Issued ordinary shares and options to purchase ordinary shares used in calculating diluted earnings / (loss) per share	85,684,061	40,419,061

7. EVENTS OCCURRING AFTER REPORTING DATE

At the date of this report there is no other matter or circumstance which has arisen since 31 December 2004 that has significantly affected or may significantly affect:

- a) the operations in the financial period subsequent to 31 December 2004 of the Consolidated Entity constituted by Horizon Global Limited and the entities it controls from time to time; or
- b) the results of those operations; or
- c) the state of affairs in the financial period subsequent to 31 December 2004 of that Consolidated Entity.

DIRECTORS' DECLARATION

The directors declare that the financial statements and notes set out on pages 2 to 5:

- a) comply with Accounting Standards, the Corporations Regulations and other mandatory professional reporting requirements, and
- b) give a true and fair view of the consolidated entity's financial position as at 31 December 2004 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the directors' opinion there are reasonable grounds to believe that Horizon Global Limited 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 directors.

M R SCOTT
Chairman of Directors
Sydney
25th February 2005

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF HORIZON GLOBAL LIMITED

Scope

We have reviewed the financial report of Horizon Global Limited for the half-year ended 31 December 2004 comprising the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Notes to and forming part of the Financial Statements and Directors' Declaration. The disclosing entity's directors are responsible for the preparation and presentation of the half-year financial report.

We have performed an independent review of the half-year financial report in order to state whether, on the basis of procedures described, anything has come to our attention that would indicate that the half year financial report is not presented fairly in accordance with Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the entity's financial position and performance as represented by the results of its operations and cash flows, and in order for the disclosing entity to meet its obligations to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report, as defined in the scope section of Horizon Global Limited, is not in accordance with:

- (a) The Corporations Act 2001, including:
 - (i) giving a true and fair view of the entity's financial position as at 31 December 2004 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

William Buck
A.B.N. 16 021 300 521



M. W. Benson
Partner

Sydney, 25 February 2005

Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW)

Level 24, 201 Elizabeth Street, Sydney NSW 2000 Australia • DX 13049 Market Street, Sydney
Telephone (61 2) 8263 4000 • Facsimile (61 2) 8263 4111 • Email info@williambucknsw.com.au • Web www.williambuck.com.au
William Buck, an Association of Independent Firms, each trading under the name of William Buck in: Adelaide, Brisbane, Melbourne, Perth, Sydney
A Member of AGN International Ltd - Accountants Global Network an International Association

**LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT
2001
TO THE DIRECTORS OF HORIZON GLOBAL LIMITED**

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2004 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

William Buck
A.B.N. 16 021 300 521



M. W. Benson
Partner

Sydney, 25 February 2005