

Alpha Technologies Corporation Limited

ABN 54 006 613 636

Final report Period ending 30 June 2003

Results for announcement to the market

				<u>\$'000</u>
Revenues from ordinary activities	down	8.4%	to	11,128
Profit (loss) from ordinary activities after tax attributable to members	down	95.6%	to	(109)
Net profit (loss) for the period attributable to members	down	95.6%	to	(109)
Dividends (distributions)		Amount per security	Franked amount per security	
Final dividend		NIL	NIL	
Previous corresponding period		NIL	NIL	
Record date for determining entitlements to the dividend			N/A	
		<u>2003</u>	<u>2002</u>	
Net tangible asset per security		0.09c	0.04c	

The financial statements and the notes attached to this report have been audited and details of the audit report are set out on page 36 to 37 of the report.

**ALPHA
TECHNOLOGIES
CORPORATION LIMITED**

2003

ANNUAL REPORT

CONTENTS

Chairman's Review	3
Board of Directors & Company Particulars	5
Directors' Report	6
Corporate Governance	11
Statement of Financial Performance	12
Statement of Financial Position	13
Statement of Cash Flows	14
Notes to the Financial Statements	15
Directors' Declaration	35
Independent Audit Report	36
Shareholder Information	38

CHAIRMAN'S REVIEW

The company is now in a position to move forward profitably for the first time since I have taken over the reins in January 2000.

USA Subsidiary Results

The operating results for the financial year ended 30 June 2003 for our USA subsidiary produced a net profit after tax of AUD 617,000. The EBITDA for the year was AUD 1,193,000.

Consolidated Company Results

The consolidated results for the financial year ended 30 June 2003 for the company produced a net loss after tax of AUD 109,092 (for 2002 AUD 2,477,865) and after recording unrealised exchange rate losses of AUD 299,368.

The EBITDA for the same period was positive at AUD 533,403

The exchange rate losses have arisen from: -

- 1) our investment in our subsidiaries, and
- 2) from an USD 815,000 deposit held by Head Office in USD which the subsidiary borrows against.

These exchange rate losses are unrealised and are not a cash expense to the company.

The major reason for the improvement in performance in 2002/2003 has been the improvement in margins through improved Quality Controls, better Production Planning and a significant reduction in Manufacturing Overheads by shifting more production to lower cost China operations.

LOOKING FORWARD

The company is being positioned for continued growth during the next two years. The critical success factors during 2003/2004 are successful development of Sales and Engineering processes to

profitably grow our business. Assuming we gain Bookings as forecasted with existing major customers, particularly Medical Disposable clients, we will achieve the Sales target and grow revenues 12% versus the prior 6 month period. There is a high degree of uncertainty within the market, but Sales Bookings are slowly improving as anticipated. Opportunity to significantly expand our business with new and existing customers is progressing and may provide sales growth of 20% or more during the next 12 months.

The anticipated Sales increases are linked to three factors: -

1. Successful New Product Development to expand business with existing major customers;
2. Managing sales and engineering performance, moving faster and with greater skill to develop new business with new sales prospects; and
3. Steady or increased demand from the majority of our present customer base for existing Sensor Assembly and Test & Measurement System products.

With regard to the above factors, we continue to improve and refine management processes of daily activities. We recognize the need to upgrade our staff (internally, via partnerships, and with out-sourced resources), and will take action within budget constraints. We plan to enhance skills and experience in key Engineering, Marketing and Sales roles.

ISO9000:2000 certification is scheduled for completion during January-February 2004. The ISO9000 documentation process will enable us to upgrade our performance, reduce variability and enhance staff capability.

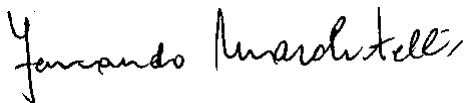
We already have ISO9001:2000 certification in our China operations.

Exceeding the profitability target within the Budget Plan is a primary goal. The keys to accomplishing this are: -

- A. Upgrading the credibility and reliability of our people, processes and performance, internally within operations and with our Customers;
- B. Continuing Lean Manufacturing and Quality improvements to drive costs down in North America and China; and
- C. Securing orders with existing and new clients to grow Revenue by 20%+.

Our management processes improved tremendously during FY03, breathing new life into the Operating Company. Further progress in upgrading management skills and processes is expected as we focus upon the aforementioned keys to success.

The Board of Alpha is still committed to strong growth through sales and acquisitions over the next 5 years with major emphasis on shareholders interests to achieve a significant improvement in the share price



Mr. Fernando Marchitelli
Chairman

**ALPHA TECHNOLOGIES CORPORATION LIMITED
ABN 54 006 613 636 AND CONTROLLED ENTITIES**

BOARD OF DIRECTORS AND COMPANY PARTICULARS

DIRECTORS	F Marchitelli R Purdue M Stiles T Bickerton
SECRETARY	K Hollingsworth
REGISTERED OFFICE	c/- Hollingsworth & Co Pty Ltd Level 2 517 Flinders Lane MELBOURNE VIC 3000 Telephone (03) 9629 5566 Facsimile (03) 9629 5466
BUSINESS ADDRESS	c/- Hollingsworth & Co Pty Ltd Level 2 517 Flinders Lane MELBOURNE VIC 3000
AUDITORS	RSM Bird Cameron Partners Level 4 530 Collins Street MELBOURNE VIC 3000
SOLICITORS	Middletons Moore & Bevin Level 29 200 Queen Street MELBOURNE VIC 3000
BANKERS	HSBC Bank Australia Limited 99 William Street MELBOURNE VIC 3001
SHARE REGISTRY	Computer Share Pty Ltd Level 23 367 Collins Street MELBOURNE VIC 3000
STOCK EXCHANGE LISTING	Australian Stock Exchange (ASX Code: ASU)

**ALPHA TECHNOLOGIES CORPORATION LIMITED
ABN 54 006 613 636 AND CONTROLLED ENTITIES**

DIRECTORS' REPORT

The Board of Directors of Alpha Technologies Corporation Limited ("Alpha" or "Company") has resolved to submit the following report together with the financial statements of the company and its wholly owned subsidiaries ("economic entity") for the year ended 30 June 2003.

Directors

The names of the Directors of the Company in office at any time during or since the end of the year are:

Mr. Fernando Marchitelli (Chairman and CEO)

Mr. Terrence Bickerton (Non Executive Director)

Mr. Malcom Stiles (Non Executive Director)

Mr. Robert Purdue (Non Executive Director) –
Appointed 6 August 2003

Former Director

Mr. Algernon Gordon Swan (Non Executive Director)
- Retired 6 March 2003

Principal Activities

The principal activity of the economic entity during the year was the design, manufacture and distribution of a range of temperature and other sensors.

Operating Results

The consolidated loss of the economic entity after providing for income tax was \$109,092 (2002 \$2,477,865)

Dividends

No dividend has been paid during the year and the Directors do not recommend that any dividend be paid for the year ended 30 June 2003

Review and Results of Operation

USA Subsidiary Results

The operating results for the financial year ended 30 June 2003 for our USA subsidiary produced a net profit after tax of AUD 617,000. The EBITDA for the year was AUD 1,193,000.

Turnover in the USA subsidiary marginally increased from USD 6.43 million in 2002 to USD 6.45 million in 2003. However in AUD the turnover decreased in 2003 compared to 2002 due to exchange rate differences.

Consolidated Company Results

The consolidated results for the financial year ended 30 June 2003 for the company produced a net loss after tax of AUD109,092 (for 2002 AUD 2,477,865) and after recording unrealised exchange rate losses of AUD 299,368.

The EBITDA for the same period was positive at AUD 533,403.

Factors that affected the Profit on the trading side were:

Sales

Although Sales in USD were marginally higher for 2003 compared to 2002, Sales for the year in AUD at AUD11.128 million were 8.4% lower than last year's AUD12.148 million. The main reason for this was the exchange rate differences.

Margins

The major reason for the improvement in performance has been the improvement in margins through improved Quality Controls, better Production Planning and a significant reduction in Manufacturing Overheads by shifting more production to lower cost China operations.

Exchange rate Losses

The exchange rate losses have arisen from the significant improvement in the Australian dollar

against the USA dollar. This has resulted in exchange rate losses occurring due to: -

- 1) our investment in our subsidiaries, and
- 2) from a USD 815,000 deposit held by Head Office in USD from which the subsidiary borrows against.

These exchange rate losses are unrealised and are not a cash expense to the company.

Moving Forward

Sales

We believe we can increase Sales in the following three areas:

1. Successful New Product Development to expand business with existing major customers;
2. Managing sales and engineering performance, moving faster and with greater skill to develop new business with new sales prospects; and
3. Steady or increased demand from the majority of our present customer base for existing Sensor Assembly and Test & Measurement System products.

Profitability

We see the key to improving profitability is in the following 3 areas:

- 1 Upgrading the credibility and reliability of our people, processes and performance, internally within Operations and with our Customers;
- 2 Continuing Lean Manufacturing and Quality improvements to drive costs down in North America and China; and
- 3 Securing orders with existing and new clients to grow Revenue by 20%+.

The Directors believe that the company is now well positioned to move forward in a profitable manner. The above actions will allow for continued growth in the company's performance over the next 3 years.

Significant Changes in the State of Affairs

No significant changes occurred in the state of affairs of the economic entity during the financial year other than those disclosed in the review of operations.

Events Subsequent to Balance Date

There were no events subsequent to balance date.

Likely Developments

The economic entity will continue to develop its existing business and seek further acquisitions where these supplement the existing core business or provide profitable diversification opportunities.

Options

1. The total number of shares of the Company for which options are outstanding at the 30 June 2003 was:

- Exercisable over 6,000,000 shares at 2.5 cents to 30 September 2003.
- Exercisable over 4,000,000 shares at 2.5 cents to 30 November 2003.
- Exercisable over 7,000,000 shares at 3.5 cents to 30 September 2004.
- Exercisable over 4,000,000 shares at 3.5 cents to 30 November 2004.
- Exercisable over 530,000 ordinary shares at 8 cents to 30 September 2005.
- Exercisable over 50,000,000 shares at 1 cent to 1 March 2006.

No person entitled to exercise an option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

1. 1,200,000 shares have been issued by virtue of the exercise of an option during the year.

Directors' Interest in Contract

No material contracts involving Directors' interests were entered into since the end of the previous period or existed at the end of the financial year. However Mr. F Marchitelli's company FKM Holdings Limited is providing consulting services at this time.

Environmental Regulations

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

Indemnities

No indemnities have been given or insurance premiums paid, during or since the end of the financial year for any person who is or has been an officer or auditor of the company.

Information on Directors

Name and Special
Responsibilities

Qualifications and Experience

F Marchitelli

Chairman and C.E.O

Shares: 209,343,905

Options: Nil

Mr. Marchitelli is Chairman of Acotex Far East Ltd, Hong Kong which has several subsidiary companies in Asian countries – South Korea, Taiwan, Phillipines, Singapore, Thailand, Sri Lanka, India, Bangladesh and also in the USA. He has over 30 years experience in manufacturing and trading in Asian countries.

Mr. Marchitelli graduated from City College of the City University of New York with a BA in Economics in 1968. He then attended for two years the graduate school of Economics at the New York University, New York 1968-1970. Mr. Marchitelli was also the Hong Kong delegate of the Italian Chamber of Commerce of Great Britain and Commonwealth 1973-1993.

Resident of Hong Kong/USA

T Bickerton

Non Executive Director

Shares: 4,000,000

Options: 4,000,000

Mr. Bickerton is a Civil Engineer and worked for 17 years with consulting engineers and building contractors on various civil and structural engineering projects in Australia, UK, Canada and Hong Kong. Mr. Bickerton is presently Managing Director of Acconci Concepts Pty Ltd, a small property and investment company and has for the past 14 years marketed in Australia the EXPAND range of portable display and exhibition systems together with additional display systems from other countries.

M Stiles

Non Executive Director

Shares: 6,066,667

Options 4,000,000

Mr. Stiles has extensive engineering and business knowledge, having managed several of his own companies. Mr. Stiles has been a non-executive director of VACC for 12 years.

R Purdue

Non Executive Director

Shares: 5,525,000

Option: NIL

Mr. Purdue has extensive global business knowledge, he has in the past established and managed business in the finance, investment and manufacturing areas. Mr. Purdue currently holds a number of directorships in charitable organizations in NZ and USA as well as several private companies in NZ.

Directors' and Executive Officers' Emoluments

The company's policy for determining the nature and amount of emoluments of board members and senior executives of the company and subsidiary companies is based on an assessment of their contribution to the success of the activities of the economic entity and the current market levels.

The emoluments of each Director and each of the eight executive officers receiving the highest emoluments are as follows:

DIRECTORS

Parent Entity	Salary	Director's Fees	Committee Fees	Superannuation Contributions	Incentives	Non-Cash Benefits	Total
	\$	\$	\$	\$	\$	\$	\$
F Marchitelli	-	207,242	-	-	-	-	207,242
A Swan	-	11,700	-	-	-	-	11,700
M Stiles	-	15,600	-	1,404	-	-	17,004
T Bickerton	-	15,600	-	1,404	-	-	17,004
R Purdue	-	-	-	-	-	-	-

EXECUTIVE OFFICERS

Economic Entity

The emoluments of Executive Officers of the economic entity not mentioned above are as follows:

	Salary	Director's Fees	Committee Fees	Superannuation Contributions	Incentives	Non-Cash Benefits	Total
	\$	\$	\$	\$	\$	\$	\$
G Foster	212,256	-	-	6,368	-	-	218,624
C Weekley	123,245	-	-	-	5,693	-	128,938
D McGahhey	154,570	-	-	4,723	2,846	-	162,139
D O'Brien	146,860	-	-	4,406	-	-	151,266
C Fillman	124,611	-	-	3,738	-	-	128,349
L Kwok	114,473	-	-	1,756	-	-	116,229
M Sullivan	113,259	-	-	-	-	-	113,259
K Trevellyan	109,084	-	-	3,273	-	-	112,357

Directors Meetings

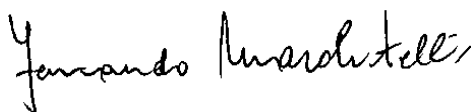
The number of directors' meetings held in the period each director held office during the financial year and the number of meetings attended by each director are:

	Directors' Meetings		Audit Committee	
	Held	Attended	Held	Attended
F Marchitelli	8	8	-	-
A Swan	5	3	-	-
T Bickerton	8	8	2	2
M Stiles	8	8	2	2
R Purdue	-	-	-	-

Audit Committee

In accordance with Listing Rule 3C(3)(i) of Australian Stock Exchange Limited ("ASX"), the company advises that it does have an Audit Committee as at the date of this Report. During the year under review the Audit Committee held two meetings.

Signed in accordance with a resolution of the Board of Directors dated 10 September 2003.



Mr. Fernando Marchitelli

Chairman

ALPHA TECHNOLOGIES CORPORATION LIMITED
ABN 54 006 613 636 AND CONTROLLED ENTITIES

CORPORATE GOVERNANCE

The Board of Directors of Alpha Technologies Corporation Limited is accountable to shareholders for the business and affairs of the company. It ensures the implementation of sound strategies, action plans and controls over resources, functions and assets. The company's main corporate governance practices employed during the financial year are summarised as follows:

Board Compositions and Membership

The full Board is responsible for establishing the nature and composition of membership which is reviewed annually to ensure the Board has an appropriate mix of qualifications, skills and experience to direct the long term future of the company. The Board establishes criteria for Board membership, reviews Director performance and initiates the identification and nomination of Directors. Candidates are appointed by the Board and must stand for election at the next general meeting of shareholders.

Directors are subject to re-election by rotation at least every three years. Apart from those powers which the Board has reserved, the responsibility for managing and developing the profitable operation of the company is delegated to the "Chief Executive Officer".

Remuneration of Directors and Executives

The non-executive members of the Board review the remuneration and compensation arrangements for the Chief Executive Officer and other senior executives. The full Board determines compensation arrangements for non-executive directors and for reviewing related matters including management incentive schemes, share options schemes, fringe benefit policies and superannuation.

Independent Professional Advice

Directors of the company may obtain independent professional advice at the company's expense if required in furtherance of their duties.

Audit Committee

The Audit Committee comprises Mr. T Bickerton and Mr. M Stiles. The External Auditors attend meetings by invitation.

The Audit Committee assists the Board with the discharge of its responsibilities for financial reporting and financial control. The Committee is an advisory body and ensures that the financial statements and reports are prepared in accordance with appropriate standards and statutory requirements and that cost effective system and controls and practices are maintained throughout the company. The committee also reviews and reports to the Board on the effectiveness of the audit function, and is responsible for the nomination of the external auditors.

Identifying and Managing Business Risks

The Board regularly monitors the operational and financial performance of the company and economic entity against budget and other key performance measures. The Board also reviews and receives advice on areas of operational and financial risks. Appropriate risk management strategies are developed to mitigate all identified risks of the business including business acquisitions and disposals, major investment proposals and fund raisings.

Ethical Standards

Since formation in 1986, it has been a goal of Alpha Technologies Corporation Limited "to strive for excellence and innovation throughout all operations and activities". This goal has been formalised by adoption of the "Principles of Business" issued by the Caux Round Table of business leaders from Europe, Japan and USA who are committed to energising the role of business and industry as vital force for innovative global change. The principles are based on two ethical ideals namely working together for common good and human dignity and they cover business behaviour, respect for the environment, support for multicultural trade, avoidance of illicit operations and those relating to stake holders including customers, suppliers, employees, investors, competitors and communities. The Caux "Principles of Business" which embrace the highest ethical standards apply to everyone in the company and its subsidiaries.

ALPHA TECHNOLOGIES CORPORATION LIMITED
ABN 54 006 613 636 AND CONTROLLED ENTITIES
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2003

	Note	Economic Entity		Parent Entity	
		2003 \$	2002 \$	2003 \$	2002 \$
Revenue from ordinary activities	2	11,127,540	12,147,707	53,906	215,566
Changes in inventories of finished goods and work in progress		394,713	290,499	-	-
Raw materials and consumables used		(6,975,643)	(10,742,005)	-	-
Employee benefits expenses		(2,394,727)	(2,266,541)	(61,308)	(71,013)
Depreciation and amortisation expenses		(257,839)	(251,413)	(3,316)	(1,038)
Borrowing expenses		(318,735)	(431,397)	(56,001)	(179,541)
Advertising and marketing expenses		(48,961)	(48,496)	-	-
Legal expenses		(124,734)	(112,090)	(60,674)	(64,310)
Corporate expenses		(296,924)	(205,896)	(214,834)	(100,270)
Occupancy expenses		(212,928)	(258,456)	-	-
Travel and accommodation expenses		(124,103)	(77,485)	-	(26,287)
Provision for diminution in value of investments	3	-	-	(1,346,786)	-
Other expenses from ordinary activities		(812,680)	(439,895)	(395,731)	(149,775)
Loss from ordinary activities before income tax expense	3	(45,021)	(2,395,468)	(2,084,744)	(376,668)
Income tax expense relating to ordinary activities	4	(64,071)	(82,397)	-	-
Loss from ordinary activities after related income tax expense		(109,092)	(2,477,865)	(2,084,744)	(376,668)
Total revenue, expense and valuation adjustments attributable to members of the parent entity and recognised directly in equity	18b	285,952	14,916	-	(182,655)
Total changes in equity other than those resulting from transactions with owners as owners		176,860	(2,462,949)	(2,084,744)	(559,323)
Basic earnings per share (cents per share)	7	(0.02c)	(0.46c)		
Diluted earnings per share (cents per share)	7	(0.02c)	(0.46c)		

The accompanying notes form part of these financial statements.

ALPHA TECHNOLOGIES CORPORATION LIMITED
ABN 54 006 613 636 AND CONTROLLED ENTITIES
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2003

	Note	Economic Entity		Parent Entity	
		2003 \$	2002 \$	2003 \$	2002 \$
CURRENT ASSETS					
Cash assets	8	505,933	1,826,881	21,930	1,600,180
Receivables	9	1,369,300	1,548,206	-	10,000
Inventories	10	1,202,745	1,803,175	-	-
Other assets	11	49,027	38,529	-	-
TOTAL CURRENT ASSETS		3,127,005	5,216,791	21,930	1,610,180
NON-CURRENT ASSETS					
Receivables	9	2,260	10,274	43,584	1,451,786
Other financial assets	12	2,221,457	1,000,000	2,221,157	1,000,000
Property, plant and equipment	14	507,673	800,032	-	3,316
TOTAL NON-CURRENT ASSETS		2,731,390	1,810,306	2,264,741	2,455,102
TOTAL ASSETS		5,858,395	7,027,097	2,286,671	4,065,282
CURRENT LIABILITIES					
Payables	15	1,799,636	2,010,504	239,244	181,741
Interest-bearing liabilities	16	1,162,963	2,481,888	617,031	706,056
Provisions	15	265,931	259,660	259,660	259,660
TOTAL CURRENT LIABILITIES		3,228,530	4,752,052	1,115,935	1,147,457
NON-CURRENT LIABILITIES					
Interest-bearing liabilities	16	2,054,849	2,031,889	-	-
TOTAL NON-CURRENT LIABILITIES		2,054,849	2,031,889	-	-
TOTAL LIABILITIES		5,283,379	6,783,941	1,115,935	1,147,457
NET ASSETS		575,016	243,156	1,170,736	2,917,825
EQUITY					
Contributed equity	17	3,632,148	3,477,148	3,632,148	3,477,148
Reserves	18	1,174,117	879,256	8,909	(182,655)
Accumulated losses	19	(4,231,249)	(4,113,248)	(2,470,321)	(376,668)
TOTAL EQUITY		575,016	243,156	1,170,736	2,917,825

The accompanying notes form part of these financial statements.

ALPHA TECHNOLOGIES CORPORATION LIMITED
ABN 54 006 613 636 AND CONTROLLED ENTITIES
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2003

	Note	Economic Entity		Parent Entity	
		2003	2002	2003	2002
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		13,579,079	11,130,507	-	-
Payments to suppliers and employees		(11,422,240)	(11,714,095)	(375,676)	(550,245)
Interest received		45,015	66,229	44,997	215,566
Borrowing costs		(318,736)	(42,656)	(56,001)	(179,541)
Net cash provided by / (used in) operating activities	20b	1,883,118	(560,015)	(386,680)	(514,220)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(71,376)	(21,257)	-	-
Proceeds from disposal of fixed assets		1,787	23,127	-	-
Purchase of term deposit		(1,221,157)	-	(1,221,157)	-
Payment for subsidiary, net of cash acquired		-	(187,445)	-	(187,445)
(Increase) in investment in associate		(300)	-	-	-
Net cash (used in) investing activities		(1,291,046)	(185,575)	(1,221,157)	(187,445)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		155,000	1,086,920	155,000	1,086,920
Net proceeds from scheme of arrangement		8,909	-	8,909	-
Receipts from loan less payments		(653,557)	(713,385)	-	-
Advance to subsidiaries		0	-	61,416	-
Loans to other parties		(79,025)	(5,000)	(79,025)	(5,000)
Repayment of lease liability		0	(57,204)	-	-
Net cash (used in) / provided by financing activities		(568,673)	311,331	146,300	1,081,920
Net increase / (decrease) in cash held		23,399	(434,259)	(1,461,537)	380,255
Cash at the beginning of the financial year		615,833	1,177,206	1,600,180	1,364,326
Effect of exchange rates on cash holdings in foreign currencies		(133,299)	(127,114)	(116,713)	(144,401)
Cash at the end of the financial year	20a	505,933	615,833	21,930	1,600,180

The accompanying notes form part of these financial statements.

ALPHA TECHNOLOGIES CORPORATION LIMITED
ABN 54 006 613 636 AND CONTROLLED ENTITIES

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the financial report of the Company, Alpha Technologies Corporation Limited, and the consolidated financial report of the economic entity comprising the Company, as the chief entity, and the entities it controls, are stated to assist in the general understanding of these financial report. These policies have been consistently applied by entities in the economic entity except as otherwise indicated.

The financial report is a general purpose financial report prepared on the historical cost basis and has been made out in accordance with Accounting Standards, Urgent Issues Group Consensus View and other mandatory professional reporting requirements, and the Corporations Act 2001.

(a) Going Concern Basis of Accounting

The financial report has been prepared in accordance with generally accepted accounting principles, which are based on the economic entity continuing as a going concern.

The economic entity has sustained substantial losses in recent years and for the year ended 30 June 2003. However, the directors consider the going concern basis of accounting is appropriate based on the following conditions:

- The controlled entity has budgeted for a profit of approximately US\$380,000 over the next twelve months. Actual sales for July and August 2003 are already above budget, so we are well on the way to achieving if not exceeding the budget for the year ending 30 June 2004;
- The production process will be controlled out of Hong Kong to allow the USA management to concentrate on distribution and sales which is their main strength;
- As more of the production is produced in China, the overall profit of the company is increasing as gross profit on production from China is approximately 40% to 45% compared to Mexico of 25% to 30%.
- Continuing financial support of its chairman and his associates.

(b) Principles of Consolidation

The consolidated financial report of the economic entity includes the assets and liabilities of the Company and the entities it controlled at the end of the financial year and the results of the Company and the entities it controlled during the year. The controlled entities are listed in Note 13 to the financial statements.

The effect of all transactions between entities in the economic entity and the inter-entity balances are eliminated in full in preparing the consolidated accounts.

Where necessary, dissimilar accounting policies adopted by controlled entities have been amended to ensure consistent policies are adopted within the economic entity.

(c) Foreign Currency

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transactions. Foreign currency receivables and payables at balance date are translated at exchange rates current at balance date. Exchange gains and losses are brought to account in determining the benefit or loss for the year. Assets and liabilities of self-sustaining overseas controlled entities are translated at exchange rates existing at balance date and the exchange gain or loss arising on translation is carried direct to a foreign currency translation reserve.

(d) Inventories

Finished goods, raw materials and stores and work in progress are stated at the lower of cost and net realisable value. Costs have been assigned to inventory quantities on hand at balance date using the first in first out basis. Cost comprises material, labour and an appropriate proportion of fixed and variable overheads.

ALPHA TECHNOLOGIES CORPORATION LIMITED
ABN 54 006 613 636 AND CONTROLLED ENTITIES

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

(e) Depreciation of property, plant and equipment

Property, plant and equipment, other than freehold land, are depreciated over their estimated useful lives using the straight line method. The expected useful life for buildings is 20 years and generally 5 years for plant and equipment. Profits and losses on disposal of property, plant and equipment are taken into account in determining the result for the year.

(f) Leased Assets

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the entities within the economic entity are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are amortised over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives received under operating leases are recognised as a liability. Lease payments received reduced the liability

(g) Expenditure Carried Forward

Research and development costs are charged to expense as incurred. Other significant items of expenditure having a future benefit are amortised over periods to which they relate.

(h) Receivables

A provision is raised for any doubtful debts based on a review of all outstanding amounts at balance date. Bad debts are written off during the period in which they are identified.

(i) Employee Benefits

Provision is made for the economic entity's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries and annual leave which will be settled after one year have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for benefits.

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

ALPHA TECHNOLOGIES CORPORATION LIMITED
ABN 54 006 613 636 AND CONTROLLED ENTITIES

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

(j) Income Tax

The economic entity adopts the liability method of tax-effect accounting whereby the income tax expense shown in the statement of financial performance is 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 operating result 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 virtually certain. 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 economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the condition of deductibility imposed by the law.

(k) Operating Revenue

Sales revenue represents revenue earned from the sale of the economic entity's products and services, net of returns, trade allowances and duties and taxes paid.

Other revenue includes interest income on short term investments and royalties from a device developed by the economic entity.

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

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

(l) Cash Flows

For the purpose of the statement of cash flows, cash includes cash on hand, deposits held at call with banks and investments in money market instruments, net of bank overdraft.

(m) Comparatives

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

ALPHA TECHNOLOGIES CORPORATION LIMITED
ABN 54 006 613 636 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

	Note	Economic Entity		Parent Entity	
		2003	2002	2003	2002
		\$	\$	\$	\$
NOTE 2: REVENUE FROM ORDINARY ACTIVITIES					
Operating revenue					
Sale of goods		11,046,498	12,071,780	-	-
Interest received	a	32,869	41,596	32,851	213,394
Proceed from sales of non-current assets		1,787	23,127	-	-
Other revenue		37,477	9,462	12,146	430
Proceed from sales of shares					
pursuant to scheme of arrangement		8,909	-	8,909	-
Rental revenue		-	1,742	-	1,742
Total Revenue		11,127,540	12,147,707	53,906	215,566
a. Interest revenue from:					
Wholly-owned controlled entities		-	-	-	171,798
Other parties		32,869	41,596	32,851	41,596
Total interest revenue		32,869	41,596	32,851	213,394
NOTE 3: LOSS FROM ORDINARY ACTIVITIES					
The number of employees at reporting date		73	386	-	-
Loss from ordinary activities before income tax has been determined after					
Expenses:					
Cost of sales		6,580,390	10,451,506	-	-
Borrowing costs:					
Director related entities		36,533	140,219	36,533	140,219
Other persons		282,202	291,178	19,468	39,322
Total borrowing costs		318,735	431,397	56,001	179,541
Depreciation of non-current assets:					
Buildings		45,831	54,157	-	-
Leasehold improvements		4,856	7,822	-	-
Plant and equipment		207,152	186,376	3,316	1,038
Leased plant and equipment		-	3,058	-	-
Total depreciation		257,839	251,413	3,316	1,038
Bad and doubtful debts:					
Trade debtors		25,772	50,435	-	23,006
Provision for diminution in value of investment in subsidiary		-	-	1,346,786	-

ALPHA TECHNOLOGIES CORPORATION LIMITED
ABN 54 006 613 636 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

	Economic Entity		Parent Entity	
NOTE 3: LOSS FROM ORDINARY ACTIVITIES	2003	2002	2003	2002
(Continued)	\$	\$	\$	\$
Loss on sale of fixed assets				
Plant and equipment at cost	373,401	36,705	-	-
Less: accumulated depreciation	(354,863)	(28,379)	-	-
Net book value	18,538	8,326	-	-
Sales proceeds	1,786	23,127	-	-
Profit/(loss) on disposal	(16,752)	14,801	-	-

NOTE 4: INCOME TAX EXPENSE

The prima facie tax on loss from ordinary activities after tax is reconciled to the income tax as follows:

Prima facie tax benefit on loss from ordinary activities before income tax at 30%	(13,506)	(718,640)	(625,423)	(113,000)
Add: Non-deductible investment provision	-	-	404,036	-
	(13,506)	(718,640)	(221,387)	(113,000)
Future income tax benefit not booked	77,577	801,037	221,387	113,000
Income tax expense attributable to profit from ordinary activities before income tax	64,071	82,397	-	-

Potential future income tax benefits of \$1,709,502 calculated at 30% (2002 \$1,488,115) for the parent entity and \$5,262,798 (2002 \$5,163,327) for the economic entity attributable to tax losses carried forward have not been brought to account at 30 June 2003 because the directors do not believe it is appropriate to regard realisation of these future income tax benefits as virtually certain.

These benefits will only be obtained if:

- (i) the entities derive future assessable income of a nature and of an amount sufficient to enable the benefits from the deduction for losses to be realised.
- (ii) the entities continue to comply with the conditions for deductibility imposed by the law; and no changes in tax legislation adversely affect the entities in realising the relevant benefits from deduction for the losses; and.
- (iii) no changes in tax legislation adversely affect the entities in realising the relevant benefits from deduction for the losses

	Economic Entity		Parent Entity	
NOTE 5: REMUNERATION AND RETIREMENT BENEFITS	2003	2002	2003	2002
	\$	\$	\$	\$
a. Directors' Remuneration				
Income paid or payable to all directors of each entity in the economic entity by the entities of which they are directors and any related parties	252,950	100,877	61,308	70,200
Income paid or payable to all directors of the parent entity by the parent entity and any related parties	-	120,667	-	-
Number of parent entity directors whose income from the parent entity and any related parties was within the following bands:			No.	No.
\$10,000 — \$19,999			3	3
\$200,000 — \$209,999			1	1

ALPHA TECHNOLOGIES CORPORATION LIMITED
ABN 54 006 613 636 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

NOTE 5: REMUNERATION AND RETIREMENT BENEFITS (Continued)	Economic Entity		Parent Entity	
	2003	2002	2003	2002
	\$	\$	\$	\$

The names of parent entity directors who have held office during the financial year are:

Mr Fernando Marchitelli

Mr. Algernon Swan, retired 6 March 2003

Mr. Terrance Bickerton

Mr. Malcom Stiles

b. Executive Remuneration

Remuneration received or due and receivable by executive officers of the economic entity from entities in the economic entity, and any related entities for management of the affairs of the economic entity, whose remuneration is \$100,000 or more

1,131,161	1,275,358	-	-
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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 income is \$100,000 or more

-	-	-	-
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The number of executives whose income was within the following bands

	No.	No.	No.	No.
\$100,000 — \$109,999	-	1	-	-
\$110,000 — \$119,999	3	3	-	-
\$120,000 — \$129,999	2	1	-	-
\$130,000 — \$139,999	-	1	-	-
\$140,000 — \$149,999	-	1	-	-
\$150,000 — \$159,999	1	-	-	-
\$160,000 — \$169,999	1	-	-	-
\$170,000 — \$179,999	-	-	-	-
\$210,000 — \$219,999	1	-	-	-
\$230,000 — \$239,999	-	1	-	-

Name of Director	Issue price of option	No. of options which expire on 30/11/03 (all with an exercise price @\$0.025 per option)	No. of options which expire on 30/11/04 (all with an exercise price @\$0.035 per option)	Total number of options
Malcom Stiles	Nil	2,000,000	2,000,000	4,000,000
Terrance Bickerton	Nil	2,000,000	2,000,000	4,000,000
Total		4,000,000	4,000,000	8,000,000

At 30 June 2003, the market value of the shares of the company was approximately 1.3 cents each.

ALPHA TECHNOLOGIES CORPORATION LIMITED
ABN 54 006 613 636 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

NOTE 6: AUDITORS' REMUNERATION	Economic Entity		Parent Entity	
	2003	2002	2003	2002
	\$	\$	\$	\$
Remuneration of the auditors for:				
half year review	21,399	38,048	12,400	23,300
annual audit	80,092	90,968	30,100	44,000
other services	8,559	17,179	-	2,149
	<u>110,050</u>	<u>146,195</u>	<u>42,500</u>	<u>69,449</u>
 NOTE 7: EARNINGS PER SHARE				
a. Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS			638,122,784	534,179,756
b. Classification of securities			638,122,784	534,179,756
Diluted earnings per share is calculated after classifying all options on issue and all ownership based remuneration scheme shares remaining unconverted at 30 June 2003 as potential ordinary shares				
 NOTE 8: CASH ASSETS				
Cash at bank	505,933	551,449	21,930	324,748
Deposit at call	-	1,275,432	-	1,275,432
	<u>505,933</u>	<u>1,826,881</u>	<u>21,930</u>	<u>1,600,180</u>
 NOTE 9: RECEIVABLES				
CURRENT				
Trade debtors	1,433,631	1,631,268	26,625	26,625
Provision for doubtful debts	(64,331)	(93,062)	(26,625)	(26,625)
	<u>1,369,300</u>	<u>1,538,206</u>	<u>-</u>	<u>-</u>
 Other debtors	-	10,000	-	10,000
	<u>1,369,300</u>	<u>1,548,206</u>	<u>-</u>	<u>10,000</u>
 NON-CURRENT				
Loan to other person	2,260	10,274	-	-
Amounts receivable from:				
— controlled entities	-	-	43,584	1,451,786
	<u>2,260</u>	<u>10,274</u>	<u>43,584</u>	<u>1,451,786</u>

ALPHA TECHNOLOGIES CORPORATION LIMITED
ABN 54 006 613 636 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

Note	Economic Entity		Parent Entity	
	2003 \$	2002 \$	2003 \$	2002 \$
NOTE 10: INVENTORIES				
CURRENT				
Raw materials and stores at cost	774,871	1,023,433	-	-
Work in progress at cost	365,345	757,716	-	-
Finished goods at cost	496,284	1,172,831	-	-
	1,636,500	2,953,980	-	-
Less: provision for obsolescence	(433,755)	(1,150,805)	-	-
	1,202,745	1,803,175	-	-

NOTE 11: OTHER ASSETS

CURRENT				
Prepayments	49,027	38,529	-	-

NOTE 12: OTHER FINANCIAL ASSETS

NON CURRENT				
Term Deposit	a	1,221,157	-	1,221,157
Unlisted investments, at recoverable amount				
— shares in LTDnetwork, at cost	b	5,000,000	5,000,000	5,000,000
— shares in Alpha Sensors (Jiangsu) Tech Co. Ltd	c	300	-	-
		5,000,300	5,000,000	5,000,000
Less: Provision for diminution of investment to recoverable amount		(4,000,000)	(4,000,000)	(4,000,000)
		1,000,300	1,000,000	1,000,000
Total other financial assets		2,221,457	1,000,000	2,221,157

This investment represents:

- (a) The term deposit is collateralising a US\$800,000 line of credit with a financial institution which matures in September 2005.
- (b) 10 million shares in LTDnetwork and is equivalent to approximately 8% of the total issued capital in the company. 1,376,095 of these shares have been placed in escrow as part of the settlement agreement with Taylor Fletcher. The principal activity of LTDnetwork is loyalty programme facilitation.
- (c) 20% of ownership interest in Alpha Sensors (Jiangsu) Tech Co. Ltd ("ASJT") incorporated in the People's Republic of China ("PRC"). By virtue of a Business Registration Certificate for Enterprise dated 12 March 2002, ASJT was formed in accordance with the rules and regulations of the PRC as a foreign enterprise with registered capital of US\$875,000. ASJT is for a term of 15 years from 12 March 2002 to 11 March 2017. As at the balance sheet date, capital of US\$1,000 had been injected by the Company and its joint venture partner at the ratio of 20:80. Accounting for investment in associated companies under equity method would increase the Company's share of net assets by US\$8,982.00 (2002 – Nil), representing the Company's share of undistributed post acquisition profits for the associated company.

ALPHA TECHNOLOGIES CORPORATION LIMITED
ABN 54 006 613 636 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

	Economic Entity		Parent Entity	
	2003 \$	2002 \$	2003 \$	2002 \$
Investments in subsidiary	-	-	1,346,786	-
Less: Provision for diminution of investment to recoverable amount	-	-	(1,346,786)	-
Investment in Controlled Entities	-	-	-	-

NOTE 13: CONTROLLED ENTITIES

Controlled entities and their contribution to consolidated results

	Country of Incorporation	Percentage Owned	
		2003	2002
Parent Entity:			
Alpha Technologies Corporation Limited	Australia		
Controlled Body Corporate of:			
Alpha Sensors (USA) Inc	USA	100%	100%
Controlled Body Corporate of:			
Alpha Sensors Inc	USA	100%	100%
Termistores de Tecate, S.A de CV	Mexico	100%	100%
Acotex Technologies Limited	Hong Kong	100%	100%

ALPHA TECHNOLOGIES CORPORATION LIMITED
ABN 54 006 613 636 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

NOTE 14: PROPERTY, PLANT AND EQUIPMENT		Economic Entity		Parent Entity	
		2003	2002	2003	2002
		\$	\$	\$	\$
Freehold land at cost:	a	59,023	69,745	-	-
Buildings at cost:		863,542	1,020,411	-	-
Less accumulated depreciation		(643,996)	(706,825)	-	-
Total Buildings	a	219,546	313,586	-	-
Total Land and Buildings		278,569	383,331	-	-
Plant and equipment					
At cost		1,930,250	2,433,313	14,264	14,264
Accumulated depreciation		(1,706,623)	(2,035,390)	(14,264)	(10,948)
		223,627	397,923	-	3,316
Leasehold improvements					
At cost		18,123	151,041	-	-
Accumulated amortisation		(12,646)	(133,435)	-	-
Total leasehold improvements		5,477	17,606	-	-
Leased plant and equipment					
Capitalised leased assets		-	15,287	-	-
Accumulated depreciation		-	(14,115)	-	-
		-	1,172	-	-
Total Plant and Equipment		229,104	416,701	-	3,316
Total Property, Plant and Equipment		507,673	800,032	-	3,316

a In the opinion of the directors, the written down value of the land and buildings at the reporting date represents approximately the market value.

ALPHA TECHNOLOGIES CORPORATION LIMITED
ABN 54 006 613 636 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

Movements in Carrying Amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	Freehold Land	Buildings	Leasehold Improve- ments	Plant and Equip- ment	Leased Plant and Equip- ment	Total
	\$	\$	\$	\$	\$	\$
Economic Entity:						
Balance at the beginning of year	69,745	313,586	17,606	397,923	1,172	800,032
Additions	-	-	-	71,864	-	71,864
Transfers in/(out)				1,172	(1,172)	-
Disposals	-	-	(5,396)	(14,462)	-	(19,858)
Foreign exchange (decrements)	(10,722)	(48,209)	(1,877)	(25,718)	-	(86,526)
Depreciation expense	-	(45,831)	(4,856)	(207,152)	-	(257,839)
Carrying amount at the end of year	59,023	219,546	5,477	223,627	-	507,673

Parent Entity

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

Parent Entity:

Balance at the beginning of year	-	-	-	3,316	-	3,316
Depreciation expense	-	-	-	(3,316)	-	(3,316)
Carrying amount at the end of year	-	-	-	-	-	-

Economic Entity		Parent Entity	
2003	2002	2003	2002
\$	\$	\$	\$

NOTE 15: PAYABLES AND PROVISIONS
CURRENT

Trade creditors	1,799,636	2,010,504	239,244	181,741
Claims Provision	265,931	259,660	259,660	259,660
	2,065,567	2,270,164	498,904	441,401

ALPHA TECHNOLOGIES CORPORATION LIMITED
ABN 54 006 613 636 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

		Economic Entity		Parent Entity	
		2003	2002	2003	2002
		\$	\$	\$	\$
NOTE 16: INTEREST BEARING LIABILITIES					
CURRENT					
Unsecured liabilities:					
Loans payable	16c	689,175	757,221	617,031	706,065
Lease liability	21	-	1,073	-	-
		<u>689,175</u>	<u>758,294</u>	<u>617,031</u>	<u>706,065</u>
Secured liabilities:					
Bank overdraft	16a	-	1,211,048	-	-
Notes payable	16d	422,475	456,406	-	-
Notes payable – secured by mortgage over freehold land and building	16e	51,313	56,140	-	-
		<u>473,788</u>	<u>1,723,594</u>	<u>-</u>	<u>-</u>
		<u>1,162,963</u>	<u>2,481,888</u>	<u>617,031</u>	<u>706,065</u>
NON-CURRENT					
Secured liabilities:					
Bank loan	16f	809,110	-	-	-
Notes payable	16d	639,657	1,255,076	-	-
Notes payable – secured by mortgage over freehold land and building	16e	606,082	776,813	-	-
		<u>2,054,849</u>	<u>2,031,889</u>	<u>-</u>	<u>-</u>
a.	Total current and non-current secured liabilities:				
	Bank overdraft	-	1,211,048	-	-
	Notes payable	1,719,527	2,544,435	-	-
	Loans payable	809,110	757,221	-	-
		<u>2,528,637</u>	<u>4,512,704</u>	<u>-</u>	<u>-</u>
b.	The carrying amounts of non-current assets pledged as security are:				
	First mortgage				
	Freehold land and buildings	278,569	383,331	-	-
	Floating charge over assets, including listed investments at market value	296,447	(140,175)	-	-
	Total assets pledged as security	<u>575,016</u>	<u>243,156</u>	<u>-</u>	<u>-</u>
c.	Advances from Fernando Marchitelli and his associate companies to provide short term working capital to the company bearing interest at 9% per annum				
d.	The subsidiary has a note payable to a shareholder of the parent bearing interest at 9% per annum				
e.	The subsidiary has a note payable to a former shareholder related to an asset purchase agreement bearing interest at 7.7% per annum. The note is collateralised by a mortgage on certain real estate of Termistores.				
f.	During 2003 the subsidiary obtained a US\$800,000 line of credit with a financial institution which matures in September 2005. Interest is payable at 3.6% per annum. Advances on the line are collateralised by a US\$815,000 certificate of deposit held by the Parent. At 30 June 2003, the outstanding balance on the line of credit was US\$540,000				

ALPHA TECHNOLOGIES CORPORATION LIMITED
ABN 54 006 613 636 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

	Note	Economic Entity		Parent Entity	
		2003 \$	2002 \$	2003 \$	2002 \$
NOTE 17: CONTRIBUTED EQUITY					
645,220,250 (2002: 630,325,250) fully paid ordinary shares		3,632,148	3,477,148	3,632,148	3,477,148
<hr/>					
a. Ordinary shares					
At the beginning of the reporting period		3,477,148	39,117,581	3,477,148	39,117,581
Shares issued during the year		-	-	-	-
— 1,200,000 on 29 November 2002		18,000	-	18,000	-
— 13,700,000 on 24 December 2002		137,000	-	137,000	-
— 15,000,000 on 30 November 2001		-	105,000	-	105,000
— 2,000,000 on 30 April 2002		-	20,000	-	20,000
— 100,576,868 on 21 June 2002		-	1,005,769	-	1,005,769
Transaction costs relating to share issues		-	(43,848)	-	(43,848)
Capital reduction	19	-	(36,727,354)	-	(36,727,354)
<hr/>					
At reporting date		3,632,148	3,477,148	3,632,148	3,477,148
<hr/>					
At the beginning of reporting period		630,320,250	512,743,382	630,320,250	512,743,382
Shares issued during year		-	-	-	-
— on 29 November 2002		1,200,000	-	1,200,000	-
— on 24 December 2002		13,700,000	-	13,700,000	-
— on 30 November 2001		-	15,000,000	-	15,000,000
— on 30 April 2002		-	2,000,000	-	2,000,000
— on 21 June 2002		-	100,576,868	-	100,576,868
<hr/>					
At reporting date		645,220,250	630,320,250	645,220,250	630,320,250

On 29 November 2002 a director exercised 1,200,000 of his share option at 1.5c per share.

On 24 December 2002 the company made a share allotment of 13,700,000 ordinary shares at 1 cent each by private placement.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

ALPHA TECHNOLOGIES CORPORATION LIMITED
ABN 54 006 613 636 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

	Note	Economic Entity		Parent Entity	
		2003 \$	2002 \$	2003 \$	2002 \$
NOTE 18: RESERVES					
a. Capital Profits Reserve					
Movements during the year					
Opening balance		-	1,958,732	-	1,958,732
Transfer from accumulated losses	19	8,909	-	8,909	-
Capital reduction	19	-	(1,958,732)	-	(1,958,732)
Closing balance		8,909	-	8,909	-
b. Foreign Currency Translation Reserve					
Movements during the year					
Opening balance		879,256	864,340	(182,655)	-
Transfer to exchange rate losses		-	-	182,655	-
Adjustment arising from the translation of foreign controlled entities' financial statements		285,952	14,916	-	(182,655)
Closing balance		1,165,208	879,256	-	(182,655)
Total reserves		1,174,117	879,256	8,909	(182,655)
NOTE 19 ACCUMULATED LOSSES					
(Accumulated loss) at the beginning of the financial year		(4,113,248)	(40,321,468)	(376,668)	(38,686,085)
Transfer to/(from) reserves	18	(8,909)	1,958,732	(8,909)	1,958,732
Accumulated losses written off	17	-	36,727,353	-	36,727,353
(Net loss) attributable to the members of the parent entity		(109,092)	(2,477,865)	(2,084,744)	(376,668)
(Accumulated losses) at the end of the financial year		(4,231,249)	(4,113,248)	(2,470,321)	(376,668)

ALPHA TECHNOLOGIES CORPORATION LIMITED
ABN 54 006 613 636 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

Economic Entity		Parent Entity	
2003	2002	2003	2002
\$	\$	\$	\$

NOTE 20: CASH FLOW INFORMATION

a. Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flow is reconciled to items in the balance as follows:

Cash at bank	505,933	551,449	21,930	324,748
Term deposits	-	1,275,432	-	1,275,432
Bank overdraft	-	(1,211,048)	-	-
	<u>505,933</u>	<u>615,833</u>	<u>21,930</u>	<u>1,600,180</u>

b. Reconciliation of Cash Flow from Operations with Loss from ordinary activities after Income Tax

Loss from ordinary activities after income tax	(109,092)	(2,477,865)	(2,084,744)	(376,668)
Depreciation & Amortisation	257,839	251,413	3,316	1,038
Bad and doubtful debts	25,772	50,435	-	23,006
Provision for loss on subsidiary	0	0	1,346,786	-
(Increase)/decrease in trade and term debtors	(4,458)	84,103	-	-
(Increase)/decrease in prepayments	(16,422)	28,486	-	-
(Increase)/decrease in inventories	323,226	759,862	-	-
Increase/(decrease) in trade creditors and accruals	858,110	599,030	57,503	(161,596)
Decrease in other assets	4,817	14,956	-	-
Foreign currency translation adjustments	543,326	129,567	290,459	-
Cash flows from operations	<u>1,883,118</u>	<u>(560,013)</u>	<u>(386,680)</u>	<u>(514,220)</u>

ALPHA TECHNOLOGIES CORPORATION LIMITED
ABN 54 006 613 636 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

		Economic Entity		Parent Entity	
		2003	2002	2003	2002
		\$	\$	\$	\$
NOTE 21: CAPITAL AND LEASING COMMITMENTS					
a. Finance Lease Commitments Payable:					
—	not later than 1 year	-	1,101	-	-
Minimum lease payments		-	1,101	-	-
Less future finance charges		-	(28)	-	-
Total Lease Liability		-	1,073	-	-
b. Operating Lease Commitments					
Non-cancellable operating leases contracted for but not capitalised in the financial statements					
Payable					
—	not later than 1 year	176,883	163,297	-	-
—	later than 1 year but not later than 5 years	185,037	145,220	-	-
		361,920	308,517	-	-

The operating leases are not renewable and there are no financial restrictions imposed by the leases. The facility leases has no purchase options, however the leases for the automobile has an option to purchase at a set price plus fee, and the copy machine may be purchased at market value.

c. Capital Expenditure Commitments

There was no capital expenditure contracted for at balance date but not provided for in the accounts.

NOTE 22: RELATED PARTY INFORMATION

Controlling entity

The immediate chief entity, Alpha Technologies Corporation Limited, is the ultimate chief entity.

Directors and director-related entities

The directors named in the attached directors' report each held office as a director of the Company during the year ended 30 June 2003. Remuneration received or receivable by the directors of entities in the economic entity are disclosed in the Directors' report.

Share option transactions with directors and their director related entities.

During the year there were no options over ordinary shares issued to directors of the company.

The aggregate number of shares and share options held by directors of the Company and their director-related entities at balance date were:

		Economic Entity		Parent Entity	
		2003	2002	2003	2002
		\$	\$	\$	\$
Issuing Entity	Class of Share Options	Number	Number	Number	Number
Alpha Technologies	Ordinary shares	224,935,572	219,554,572	224,935,572	219,554,572
Corporation Limited	Options over ordinary shares	8,000,000	18,000,000	8,000,000	18,000,000

ALPHA TECHNOLOGIES CORPORATION LIMITED
ABN 54 006 613 636 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

NOTE 22: RELATED PARTY INFORMATION (CONTINUED)	Economic Entity		Parent Entity	
	2003	2002	2003	2002
	\$	\$	\$	\$

Other transactions with directors of the company and controlled entities and their director-related entities

The aggregate amounts brought to account in respect of the following types of transactions with directors of entities in the economic entity and their director-related entities were:

Transaction Type	Directors Concerned				
Consulting fee	Fernando Marchitelli	-	120,667	-	116,110
Interest paid	Fernando Marchitelli	12,262	33,519	12,262	33,519
Interest paid	FKM Holdings Ltd	-	122,645	-	122,645
Interest paid	Acotex Far East Ltd	36,533	17,574	36,533	17,574

Amounts receivable from or payable to entities in the wholly owned group and other related parties

Aggregate amounts receivable at balance date from:

Alpha Thermistor & Assembly Inc

Current	-	-
Non-Current	-	1,331,230

Transactions with related parties

All transactions with related parties are made on commercial terms and conditions and at market rates.

Transactions with entities in the wholly-owned group

Alpha Technologies Corporation Limited is the ultimate chief entity in the wholly-owned group comprising the Company and its wholly owned controlled entities. During the year the Company made loan advances and received loan repayments from other entities in the wholly-owned group.

All directors are remunerated at commercial rates commensurate with their responsibilities and duties. No interest has been charged on loans and advances between related parties.

Ownership interests in the wholly owned group

Interests held in controlled entities are set out in Note 13 to the accounts.

ALPHA TECHNOLOGIES CORPORATION LIMITED
ABN 54 006 613 636 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

23: FINANCIAL INSTRUMENTS

Credit Risk Exposures

The credit risk on financial assets excluding investments, of the economic entity which has been recognised in the balance sheet, is the carrying amount, net of the provision for doubtful debts.

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 liabilities, is as follows:

	Note	Weighted Average Interest Rate %	Floating Interest	Fixed Interest	Non Interest Bearing	Total	2002 Total
			\$	\$	\$	\$	\$
Financial Assets							
Cash	8		-	-	505,933	505,933	1,826,881
Receivables	9		-	-	1,369,300	1,369,300	1,548,206
Investments	12	1.6	-	1,221,157	1,000,300	2,221,457	1,000,000
			-	1,221,157	2,875,533	4,096,690	4,375,087
Interest Rate Risk							
Financial Liabilities							
Payables	15		-	-	2,065,567	2,065,567	2,270,164
Bank Overdraft	16		-	-	-	0	1,211,048
Loan	16	6.3	-	1,498,285	-	1,498,285	756,630
Lease Liability	16		-	-	-	0	1,061
Notes Payable	16	7.7	-	1,719,527	-	1,719,527	2,544,435
			-	3,217,812	2,065,567	5,283,379	6,783,338

All current balances mature within one year; all non-current balances mature in between one and five years.

Net Fair Values

Net fair values of financial assets and liabilities approximate their carrying value.

ALPHA TECHNOLOGIES CORPORATION LIMITED
ABN 54 006 613 636 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

24. SEGMENT INFORMATION

The economic entity operates predominantly in the U.S.A. in the development and sale of technical instruments primarily comprising thermistor ware.

GEOGRAPHICAL SEGMENTS	Australia		Hong Kong		USA		Eliminations	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
REVENUE								
External sales	-	-	748	85	10,298	11,987	-	-
Inter-segment sales/income	-	172	1,882	65	613	-	(2,495)	(237)
Other income	54	44	25	-	-	32	-	-
Total segment revenue	54	216	2,655	150	10,911	12,019	(2,495)	(237)
RESULT								
Segment result	(737)	(377)	96	(62)	674	(1,957)	-	-
Income tax expense	-	-	7	-	57	82	-	-
Provision for diminution in subsidiary	(1,347)	-	-	-	-	-	(1,347)	-
Net profit/(loss) after income tax expense	(2,084)	(377)	89	(62)	617	(2,039)	1,270	-
Segment Assets								
Segment Assets	2,287	4,065	526	118	3,302	4,389	(257)	(1,544)
Segment liabilities								
Segment liabilities	1,116	1,147	511	177	3,836	7,005	(180)	(1,544)
Acquisition of property, plant and equipment and intangible assets								
Acquisition of property, plant and equipment and intangible assets	-	-	2	-	71	21	-	-
Depreciation								
Depreciation	3	1	-	-	255	277	-	-
Non-cash expenses other than depreciation								
Non-cash expenses other than depreciation	-	-	-	-	2	-	-	-
Inventory write down								
Inventory write down	-	-	-	-	-	2,614	-	-
BUSINESS SEGMENTS								
					2003 \$'000	2002 \$'000		
Thermistor ware					11,128	12,148		
Segment result					(109)	(2,478)		
Segment Assets					5,858	4,507		

25. SUBSEQUENT EVENTS

There were no subsequent events that have any material effect on the financial statement of the group for the year ended 30 June 2003.

ALPHA TECHNOLOGIES CORPORATION LIMITED
ABN 54 006 613 636 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

26. OPTIONS ISSUED TO EXECUTIVE STAFF

By resolution of the board of directors on 30 September 2001, the following share options have been issued to the executive staff of the company:

Name of Employee	Issue price of the options	No. of options which expires on 30/09/03 (all with an exercise price @\$0.025 per option)	No. of options which expires on 30/09/04 (all with an exercise price @\$0.035 per option)	No. of options which expires on 30/09/05 (all with an exercise price @ \$0.080 per option)	Total number of options issued to the employees on 30/06/2003
Gary Foster	Nil	3,000,000	4,000,000	250,000	7,250,000
Dan O'Brien	Nil	1,000,000	1,000,000	100,000	2,100,000
Dave Fillman	Nil	500,000	500,000	-	1,000,000
Dave McGahhey	Nil	500,000	500,000	50,000	1,050,000
Leonard Kwok	Nil	500,000	500,000	-	1,000,000
Kenneth Travellyan	Nil	200,000	200,000	50,000	450,000
Janet L Colmenero	Nil	100,000	100,000	50,000	250,000
Marcus Weast	Nil	100,000	100,000	30,000	230,000
Richard Molina	Nil	100,000	100,000	-	200,000
Total		6,000,000	7,000,000	530,000	13,530,000

At 30 June 2003, the approximate market value of the shares of the company was 1.3 cents each.

**ALPHA TECHNOLOGIES CORPORATION LIMITED
ABN 54 006 613 636 AND CONTROLLED ENTITIES**

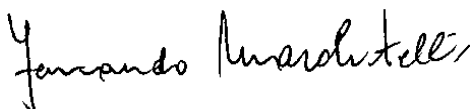
DIRECTORS' DECLARATION

In accordance with a resolution of directors of ALPHA TECHNOLOGIES CORPORATION LIMITED,

In the opinion of the directors:

- (a) the accompanying financial statements and notes are in accordance with Corporations Act 2001 and comply with the accounting standards and give a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2003 and of its performance for the year ended on that date;
- (b) at the date of this declaration there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable subject to the matters detailed in Note 1 (a).

Signed in accordance with a resolution of the Board of Directors dated the 10th day of September 2003.



Mr. Fernando Marchitelli
Director

RSM Bird Cameron Partners

Chartered Accountants

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PO Box 248 Collins Street West Melbourne VIC 8007
T +61 3 9286 1800 F +61 3 9286 1999
www.rsmi.com.au

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF ALPHA TECHNOLOGIES CORPORATION LIMITED

Scope

We have audited the financial report of Alpha Technologies Corporation Limited and controlled entities for the year ended 30 June 2003 being the Directors' Declaration, Statement of Financial Position, Statement of Financial Performance, Statement of Cash Flows and notes to the financial statements. The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled as at 30 June 2003 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 as to 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 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.

Qualification

Note 12 to the financial statements discloses a non current investment in unlisted shares at director's valuation of \$1,000,000. The investment represents 10,000,000 shares in LTD network. AASB 1010 "Accounting for the Revaluation of Non Current Assets" states that non current assets shall not be carried at amounts in excess of their recoverable amount. We have been unable to obtain all information and explanations we require to form an opinion on the carrying value of this investment as at 30 June 2003.

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'Liability is limited by the Accountants'
Scheme pursuant to the NSW
Professional Standards Act 1994'

Major Offices in:
Perth, Sydney, Melbourne,
Adelaide and Canberra
ABN 36 965 185 036

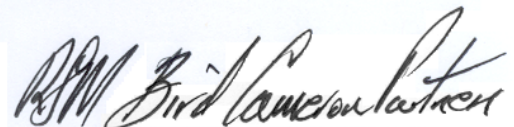
RSM Bird Cameron Partners is an
independent member firm of RSM
International, an affiliation of independent
accounting and consulting firms.



Qualified Audit Opinion

In our opinion, except for the effect of such adjustment, if any, as might have been determined to be necessary had the limitation in scope described in the qualification paragraph not existed, the financial report of Alpha Technologies Corporations Limited 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 2003 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations; and
- (b) other mandatory professional reporting requirements.



RSM BIRD CAMERON PARTNERS
Chartered Accountants

Date: 12 September 2003



K C WOOD
Partner

ALPHA TECHNOLOGIES CORPORATION LIMITED
ABN 54 006 613 636 AND CONTROLLED ENTITIES

SHAREHOLDER INFORMATION

A. Substantial Shareholders

The Company's Substantial Shareholders and the number of shares in which they have an interest as disclosed by notices received under Part 6.7 of the Corporation Act 2001 as at 30 June 2003

	Ordinary Shares
FKM Holdings Limited (BVI)	204,010,571
Mr. Paolo Acconci	168,239,694
Quest Stockbrokers	25,000,000
HSBC Custody Nominees (Australia) Limited	18,463,933
Mr. Taylor Fletcher	15,653,116

B. Distribution of Equity Securities

(i) Distribution Schedule of Holdings	Ordinary Shares	Share Options
1 - 1,000	21	-
1,001 - 5,000	116	-
5,001 - 10,000	108	-
10,001 - 100,000	390	-
100,001 and over	207	17
	<u>842</u>	<u>17</u>
(ii) Number of holders of less than a marketable parcel of shares	440	-
(iii) Percentage held by the 20 largest holders	82%	100%

C. Twenty Largest Equity Security Holders

The names of the 20 largest shareholders of each class equity security as at 29 August 2002 are listed below.

	Number of Ordinary Shares Held
1. FKM Holdings Limited (BVI)	204,010,571
2. Mr. Paolo Acconci	168,689,694
3. Quest Stockbrokers	25,000,000
4. HSBC Custody Nominees (Australia) Limited	18,463,933
5. Mr. Taylor Fletcher	15,653,116
6. Mr. Roberto Marchitelli	12,000,000
7. JHW Nominees Pty Ltd	11,828,000
8. ANZ Nominees Limited	9,049,273
9. World Wealth Watch Pty Ltd	7,980,000
10. Kanne Holdings Pty Ltd	7,797,163
11. Mrs Anne Hollingsworth	6,518,699

ALPHA TECHNOLOGIES CORPORATION LIMITED
ABN 54 006 613 636 AND CONTROLLED ENTITIES

SHAREHOLDER INFORMATION

Twenty Largest Equity Security Holders
(continued)

	Number of Ordinary Shares Held
12. Mr. Malcom Reginald Stiles	6,066,667
13. Mr. Cheng Han	5,840,242
14. Mr. Robert Purdue	5,525,000
15. Acotex Far East Ltd	5,333,334
16. Laviston Pty Ltd	4,500,000
17. Mr. Lee Wan Hoi	4,000,000
18. Mr. Leonard L Kwok	4,000,000
19. Mr. Terence Bickerton	4,000,000
20. Mr. Paolo Valcini	3,600,000
	<hr/> 529,855,692 <hr/>

	Number of Share Options Held
1. Taylor Fletcher & Marion Fletcher	34,562,477
2. Neal & Debera Flora	12,698,500
3. Gary Foster	7,250,000
4. Terrance Bickerton	4,000,000
5. Malcom Stiles	4,000,000
6. Dan Obrien	2,100,000
7. John Waters	1,642,756
8. Dave McGahhey	1,050,000
9. Leonard Kwok	1,000,000
10. Dave Fillman	1,000,000
11. Douglas Ward	548,681
12. K Trevellyan	450,000
13. Paul Taylor	273,793
14. Charles Fillman	273,793
15. Janet L Colmenero	250,000
16. Marcus West	230,000
17. Richard Molina	200,000
	<hr/> 71,530,000 <hr/>

D. Voting Rights

Extracts from Article 42 of the Articles of Association states

“On a show of hands every member has one vote. On a poll of every member has, for each fully paid share held by the member, one vote”. A member may appoint 1 or 2 proxies.