



Barton Capital Holdings Limited

ACN 064 874 620

Annual Report 2002



Corporate Directory

Directors:	Robert Moyse Willcocks (Chairman) Albert Yue Ling Wong (Managing Director) Richard Graham Kent Binet Chong Sok Un Chin Siong Chong
Secretary:	Ian Edward Bangs
Principal & Registered Office :	Level 12 The Chifley Tower 2 Chifley Square Sydney NSW 2000 Tel: (02) 9994 8800 Fax: (02) 9994 8829 e-mail: info@bartoncapital.com.au
Share Registrar:	ASX Perpetual Registrars Limited Level 8 580 George Street Sydney NSW 2000 Postal Address Locked Bag A14 Sydney South NSW 1232
Auditors:	PricewaterhouseCoopers Chartered Accountants 201 Sussex Street Sydney NSW 1171
Bankers:	Westpac Banking Corporation 60 Martin Place Sydney NSW 2000
Solicitors:	Mallesons Stephen Jaques Level 60 Governor Phillip Tower 1 Farrer Place Sydney NSW 2000
Stock Exchange Listing:	Barton Capital Holdings Limited shares are listed on the Australian Stock Exchange Limited (Code "BCH")
Company Number:	ACN: 064 874 620 ABN: 72 064 874 620



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CHAIRMAN & MANAGING DIRECTOR'S REPORT FOR THE YEAR ENDED 30 JUNE 2002

Dear Shareholder

The last twelve months have seen great changes to your company. Despite the lagging share price, which regrettably does not reflect the NAV of our shares, the Barton Capital Group is financially sound: the Group, as you will see in the consolidated financial statements in this report, has approximately \$17 million in cash and liquid assets and carries no debt.

Due to the changing regulatory environment and the continued decline in the stockbroking industry, the decision was made in early June this year to close Barton Capital Securities Pty Limited ("BCS"). Whilst we have enjoyed satisfactory profits from the acquisition and expansion of BCS over the last few years, it has been operating at a loss for most of the period under review. Similarly, Barton Capital Corporate Pty Limited ("BCC") has had a very quiet twelve months, with corporate activity being extremely slow. In this type of environment, it has been difficult for BCC to perform profitably and produce the types of returns seen in recent years.

Barton Capital's listed subsidiary, eStar Online Trading Limited, has successfully managed to husband its remaining cash (approximately \$10 million). Although the cash burn had been substantially reduced, the online trading platform continued to operate at a loss on a monthly basis. This led eStar to cease offering the online trading service at the end of August 2002. This will allow eStar to preserve its cash and seek an alternative business or investment strategy. A meeting of eStar shareholders will take place to consider a change of direction for the company in the near future.

In view of the difficult trading environment (this is clearly reflected by the drop in the value and turnover of the Group's listed securities), the Company decided to call a rights issue earlier this year. The issue was fully underwritten by RIMC International Limited (RIMC). This allowed Barton Capital to raise approximately \$4 million in additional working capital. As a result, we welcome onto the Company's share register RIMC, our major shareholder with approximately 32% of the Company's expanded issued capital.

Following the successful completion of its rights issue, Barton Capital and its subsidiary eStar have embarked on an aggressive cost cutting exercise since June 2002. This will ensure the longer-term viability of the group and allow it to take advantage of new opportunities. Your board has cut fees and salaries and the number of staff is expected to total no more than 10 in the Group going forward, once the various operations of BCS and eStar have been wound up.

These measures will ensure that Barton Capital Group is well positioned to take advantage of any new opportunities and restore value to all shareholders. Thank you for your continued support.

Yours sincerely

Barton Capital Holdings Limited

Robert M Willcocks
Chairman

Albert Y L Wong
Managing Director



DIRECTORS' REPORT

Your directors present their report on the Barton Capital Group, consisting of Barton Capital Holdings Limited ("the Company") and the entities it controlled at the end of, or during, the year ended 30 June 2002.

Directors

The following persons were directors of the Company during the whole of the financial year and up to the date of this report:

Robert Moyse Willcocks BA, LLB, LLM (Chairman)

Albert Yue Ling Wong BCom, ASIA

Richard Graham Kent Binet FCA

Chin Siong Chong was appointed a director on 30 May 2002 and continues in office at the date of this report.

Chong Sok Un was appointed a director on 24 June 2002 and continues in office at the date of this report.

Sau Leung Chiu was appointed a director on 30 May 2002 until his resignation on 24 June 2002.

Principal Activities

The principal activities of the Barton Capital Group during the year end 30 June 2002 consisted of:

- Stockbroking
- Online broking services
- Corporate advisory services
- Investments in strategic assets

Review of Operations

A summary of consolidated revenues and results by significant industry segments is set out below:

	Segment Revenues		Segment Results	
	2002	2001	2002	2001
	\$	\$	\$	\$
Stockbroking	4,984,511	6,762,411	(1,381,360)	149,944
Online broking	602,511	1,862,060	(1,893,773)	(5,106,913)
Corporate advisory services	240,303	1,665,134	(398,680)	(1,178,856)
Investments holding	1,331,868	1,222,443	(1,290,713)	(1,509,891)
	<u>7,159,193</u>	<u>11,512,048</u>	<u>(4,964,526)</u>	<u>(7,645,716)</u>
Loss from ordinary activities before income tax			(4,964,526)	(7,645,716)


Directors' report - year ended 30 June 2002

	Segment Results (cont)	
	2002	2001
	\$	\$
Income tax expense	55,150	262,964
Loss from ordinary activities after income tax	(5,019,676)	(7,908,680)
Add back : Loss attributable to outside equity interests	885,952	12,035,386
Profit/(loss) attributable to members of Barton Capital Holdings Limited	(4,133,724)	4,126,706

Refer to the Chairman and Managing Director's report on pages 2 for further detail.

Earnings per Share

	2002	2001
	\$	\$
Basic earnings per share (refer to Note 29)	(\$0.0869)	\$0.0942
Diluted earnings per share (refer to Note 29)	-	\$0.0839

Dividends

The directors do not recommend the payment of a dividend at this time and no dividend has been paid or declared during the financial year.

Events Subsequent to Balance Date

No matter or circumstance than otherwise has been disclosed in this report has arisen since 30 June 2002 that has significantly affected, or may significantly affect:

- (a) the consolidated entity's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the consolidated entity's state of affairs in future financial years.

Development/Announcement

The Directors of Barton Capital Holdings Limited announced on 3 June 2002 that as a result of completing an internal review of the operations a decision was made to discontinue the operations of Barton Capital Securities Pty Ltd effective from 28 June 2002.

The Directors of eStar Online Trading Limited announced on 4 March 2002 the need for the Company to change the direction of its operations and consider alternative business activities. The Directors announced on 12 July 2002 that they had taken the decision to cease offering the on-line trading service effective from 30 August 2002.

Significant Changes in the State of Affairs

Other than for the matters dealt with above and elsewhere in this report, there were no other significant changes in the state of affairs.

**Directors' Interests****Information on Directors**

Director	Experience	Special responsibilities	Particulars of directors' interests at the date of this report	
			Ordinary shares	Options
Robert Moyle Willcocks BA, LLB, LLM	A business lawyer, he is a former partner of Mallesons Stephen Jaques. He is also a director of a number of other listed public companies. He was elected a director on 14 June 1996 and subsequently appointed Chairman.	Non-executive Chairman	1,275,000	1,500,000
Albert Yue Ling Wong BCom, ASIA	He is a member of the Australian Stock Exchange Limited ("ASX") and was formerly the principal shareholder of Intersuisse Limited, a corporate member of the ASX. He established Barton Capital Limited in 1995. Its activities include corporate advisory and stockbroking related services. He was appointed a director on 25 January 1996 and subsequently Managing Director.	Managing Director	8,100,000	3,000,000
Richard Graham Kent Binet FCA	He is a Chartered Accountant and was a partner of Price Waterhouse from 1970 to December 1995. He was appointed a director on 14 June 1996.	Non-Executive Director	375,000	1,000,000
Chin Siong Chong BBA Hons, AFP	He is an associate member of the Financial Planning Association of Singapore and has completed the educational requirement for the Certified Financial Planner (Singapore) mark. He was formerly a lecturer in a leading tertiary institution, Ngee Ann Polytechnic in Singapore, specialising in finance and banking. Appointed director on 30 May 2002.	Executive Director	-	-
Chong Sok Un CA, MBA	Director and CEO for 8 years of Shenyin Wanguo (HK) Ltd a company involved in financial services. Currently Chairman of Dongguan Long Island Golf and Country Club, Chairman of China On-line (Bermuda) Limited, Director of Fujian Double Rhomb Co Ltd, Managing Director of Silvanus Enterprises Ltd. Appointed director 24 June 2002.	Non-Executive Director	8,000,000	-

Directors' Benefits

With the exception of the matters referred to below, no director of the Company has, since the end of the financial year, received or become entitled to receive a benefit (other than a benefit included in the total amount of emoluments received or due and receivable by directors as shown in the financial statements) by reason of a contract made by the Company or related body corporate with the director or with a firm of which the director is a member, or with an entity in which the director has a substantial financial interest.

RM Willcocks and AYL Wong, directors of the Company, each have a 3% interest in Asia Energy Corporation Pty Limited. This was transferred to them during 1998 from Pegnel Pty Limited, which previously held the shares on trust for interests associated with Messrs Willcocks and Wong or their nominees. This was disclosed in the Company's prospectus dated 4 March 1997.


Directors' report - year ended 30 June 2002
Meetings of Directors

There were 13 (2001: 8) directors' meetings held during the year ended 30 June 2002. The number of directors' meetings held in the period each director held office during the year and the number of meetings attended by each director is:

	<u>No. held</u>	<u>No. attended</u>
RM Willcocks	13	13
AYL Wong	13	13
RGK Binet	13	13
CS Chong	2	2
SL Chiu	1	1
Chong SU	-	-

Directors' and Executives' Emoluments

Remuneration and other terms of employment for the Managing Director and the Group's corporate officers are formalised in service agreements.

The Board determines the remuneration of non-executive directors from time to time.

Executive remuneration and other terms of employment are reviewed annually having regard to performance, relevant comparative information and independent expert advice. Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the Barton Capital Group's operations.

Details of the nature and amount of each element of the emoluments of each director of the Company and each of the five highest paid officers of the Company and the consolidated entity are set out in the following tables:

Non-executive Directors of Barton Capital Holdings Limited

Name	Directors' Base Fee \$	Salary \$	Super- annuation \$	Other \$	Total \$
RM Willcocks (Chairman)	115,000	15,000	3,600	-	133,600
RGK Binet	50,000	10,000	800	-	60,800
SL Chiu	-	-	-	-	-
Chong SU	-	-	-	-	-

Executive Directors of Barton Capital Holdings Limited

Name	Base Salary \$	Motor Vehicle \$	Bonus \$	Super- annuation \$	Retirement Benefit \$	Other Benefits \$	Total \$
AYL Wong (M.D.)	690,703	-	-	37,358	-	-	728,061
CS Chong (Exec.)	-	-	-	-	-	-	-

Other executives

Name	Base Salary \$	Motor Vehicle \$	Bonus \$	Super- annuation \$	Retirement Benefit \$	Other Benefits \$	Total \$
DL Gallegos*	202,557	-	-	16,204	-	-	218,761
IE Bangs*	91,438	-	-	7,315	-	-	98,753
RJC McLean*	71,054	-	-	5,684	-	-	76,738
Ian C Hastings (from 01/07/2001 to 11/02/2002)*	154,251	-	-	5,899	-	-	160,150
Jason Rudy	103,526	-	-	8,282	-	-	111,808



*executives of Barton Capital Holdings Limited

Share Options Granted to Directors and Most Highly Remunerated Executives

The following options over unissued ordinary shares of Barton Capital Holdings Limited were granted during the year or since the end of the financial year, to the following directors of the Company and the consolidated entity.

	Number of options	Issue Price	Expiry Date
RM Willcocks	1,000,000	25c	27/11/2004
AYL Wong	1,500,000	25c	27/11/2004
RGK Binet	750,000	25c	27/11/2004

Shares Under Option

Unissued ordinary shares of Barton Capital Holdings Limited under option at the date of this report are as follows:

	Number	Issue Price	Expiry Date
Barton Employee Option Plan options	1,720,000	55c	28/01/2005
General options	3,250,000	25c	27/11/2004
General options	3,500,000	50c	30/06/2004

The above options are exercisable at any time on or before the expiry date. No option holder has any right under these options to participate in any other share issue of the Company or of any other entity.

Options lapsed during the year were:

Barton Employee Option Plan options	40,000	25c	06/01/2002
General options	3,250,000	25c	31/01/2002

Shares Issued from a Pro Rata Rights Issue

Barton Capital Holdings Limited issued a total of 42,131,402 ordinary shares at 10 cents per share during the year ended 30 June 2002. No amounts are unpaid on any of these shares.

Indemnification and Insurance of Officers and Auditors

Each of the directors is entitled to a deed of access and indemnity with the Company. The Company has taken out Directors' and Officers' Liability Insurance and has paid the premium on that insurance. The terms of the policy prohibits disclosure of details of the amount of the insurance cover, the nature thereof and the premium amount.

No indemnity or insurance is in place in respect of the auditors.



Directors' report - year ended 30 June 2002

Corporate Governance

A program of assessment and corrective action was in place for all relevant business units operating during the year. In particular, this focussed on the stockbroking business, due to the reliance on computerised trading with the Australian Stock Exchange and the banking system.

Refer to pages 9 and 10 for the Corporate Governance Statement.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

Environmental Regulation

The Company has assessed whether there are any particular or significant environmental regulations which apply to it and has determined that there are none.

Signed in accordance with a resolution of the directors.

Dated at Sydney this 11th day of September 2002

A handwritten signature in black ink, appearing to read 'R M Willcocks', written in a cursive style.

Robert M Willcocks
Chairman

A handwritten signature in black ink, appearing to read 'Albert Y L Wong', written in a cursive style. The signature is positioned above a horizontal line that extends to the right, with a vertical line extending downwards from the end of the horizontal line.

Albert Y L Wong
Director



The directors are responsible to the shareholders for the performance of the Company. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company and its controlled entities are properly managed. The Board draws on relevant corporate governance best practice principles to assist it to contribute to the performance of the Company.

The functions of the Board include:

- review and approval of corporate strategies and financial plans
- overseeing and monitoring organisational performance and the achievement of the Company's strategic goals and objectives
- monitoring financial performance including approval of the annual and half-year financial reports and liaison with the Company's auditors
- appointment and assessment of the performance of the Managing Director and the members of the senior management team
- ensuring there are effective management processes in place and approving major corporate initiatives
- enhancing and protecting the reputation of the organisation
- ensuring the significant risks facing the Company and its controlled entities have been identified and appropriate and adequate control, monitoring and reporting mechanisms are in place
- reporting to shareholders.

A description of the Company's main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place for the entire year.

The Board of directors

The Board operates in accordance with the broad principles set out in its charter including that:

- the Board should be comprised of both executive and non-executive directors with a majority of non-executive directors (at the date of signing the directors' report, the Board consisted of three non-executive directors and two executive directors)
- in recognition of the importance of independent views and the Board's role in supervising the activities of management, the Chairman should be a non-executive director
- the Chairman of the Board is elected by the full Board and should meet regularly with the Chief Executive Officer and Chief Operating Officer
- there is sufficient benefit to the Company in maintaining a mix of directors on the Board from different backgrounds with complementary skills and experience.
- The Board establishes committees to assist in the execution of its duties and to allow detailed consideration of complex issues. Currently, the Committees of the Board are the Audit Committee and the Executive Committee. The structure and membership of these Committees are reviewed on an annual basis.

At the date of this report, an Audit Committee and an Executive Committee have been formed. The Board as a whole addresses issues concerned with Corporate Governance.

The Company's Constitution specifies that all directors (with the exception of the Managing Director) must retire from office no later than the third annual general meeting (AGM) following their last election. Where eligible, a director may stand for re-election subject to the following limitations:

- no director (other than the Managing Director) may serve more than four terms (twelve years), and
- on attaining the age of 70 years, a director will retire, by agreement, at the next AGM and may seek re-election.

In addition, the Board seeks to ensure that the membership at any point in time represents an appropriate balance between directors with experience and knowledge of the Company and directors with an external or fresh perspective.

Commitment

The Board meets for monthly Board meetings during the year, or more or less frequently as required.

Non-executive directors are expected to spend appropriate time preparing for, and attending, Board meetings and associated activities.

Conflict of interests

In accordance with the Board Charter, directors declared their interests to the Company in any dealings where they considered there to be a conflict of interest and took no part in decisions or the preceding discussions.



**Corporate Governance Statement
for the year ended 30 June 2002**

Independent professional advice

The directors have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense. Prior written approval of the Chairman is required, but this will not be unreasonably withheld.

Audit Committee

The Audit Committee during the year comprised of the following:

Robert M Willcocks (Chairman) – non-executive director

R Graham K Binet – non-executive director

Albert YL Wong – executive director

Following balance date membership of the Committee has been reconstituted.

Other directors may attend committee meetings upon notification to the committee chairman or secretary.

The main responsibilities of the Audit Committee are to:

- review and report to the Board on the annual report, the half-year report and all other financial information published by the Company or released to the market
- assist the Board in reviewing the effectiveness of the organisation's internal control environment covering:
 - effectiveness and efficiency of operations
 - reliability of financial reporting
 - compliance with applicable laws and regulations
- determine the scope of the internal control functions and ensure that resources are adequate and used effectively, including co-ordination with the external auditors
- oversee the effective operation of the risk management framework
- recommend to the Board the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, and the scope and quality of the audit.

In fulfilling its responsibilities, the Audit Committee receives regular reports from management and the external auditors. It also meets with the external auditors at least twice a year – more frequently if necessary. The external auditors have a clear line of direct communication at any time to either the Chairman of the Audit Committee or the Chairman of the Board.

The Audit Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

Risk assessment and management

The Company's focus on risk management recognises that risk management is, prima facie, an issue for line management. The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. In addition, the Board requires that each major proposal submitted to the Board for decision be accompanied by a comprehensive risk assessment and, where required, management's proposed mitigation strategies.

The environment, health and safety management system

The Company aims to ensure that the highest standard of environmental care is achieved. The Board has responsibility to ensure the economic entity's environmental policies are adhered to, and to ensure that the economic entity is aware of and is in compliance with all relevant environmental legislation.

Ethical standards

The Company requires that at all times all Company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of both the law and Company policies.

Continuous disclosure

The Company secretary has been appointed as the person responsible for communications with the Australian Stock Exchange (ASX). This person is also responsible for ensuring compliance with the continuous disclosure requirements of the ASX listing rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.



**Statements of financial performance
for the year ended 30 June 2002**

	Note	Consolidated		Parent entity	
		2002 \$	2001 \$	2002 \$	2001 \$
Revenue from ordinary activities	2	7,159,193	11,512,048	1,758,582	1,572,607
Service delivery		(1,122,626)	(2,463,419)	(2,047)	(2,112)
Administration		(4,980,733)	(5,341,468)	(1,359,795)	(614,585)
Marketing		(38,463)	(1,618,159)	(16,364)	(31,326)
Occupancy		(444,502)	(356,389)	(237,268)	(217,814)
Salaries and employee costs		(3,169,536)	(3,657,946)	(1,228,662)	(1,252,030)
Depreciation and amortisation expenses	3	(756,161)	(635,811)	(38,229)	(35,436)
Provision for diminution in investments and loans		(51,519)	(2,545,355)	276,867	(1,480,119)
Assets written off	3	(873,129)	(560,731)	(7,014)	-
Carrying amount of investments sold		(469,354)	(1,191,788)	(80,000)	(55,650)
Other expenses from ordinary activities		(217,696)	(786,698)	(4,308)	(73,458)
Loss from ordinary activities before income tax expense	3	(4,964,526)	(7,645,716)	(938,238)	(2,189,923)
Income tax expense	4	55,150	262,964	(100,566)	262,964
Loss from ordinary activities after income tax expense		(5,019,676)	(7,908,680)	(837,672)	(2,452,887)
Net loss		(5,019,676)	(7,908,680)	(837,672)	(2,452,887)
Net loss attributable to outside equity interest	18	(885,952)	(12,035,386)	-	-
Net profit/(loss) attributable to members of Barton Capital Holdings Limited		(4,133,724)	4,126,706	(837,672)	(2,452,887)
Total changes in equity other than those resulting from transactions with owners as owners	16	(4,133,724)	4,126,706	(837,672)	(2,452,887)
Basic earnings per share	29	(\$0.0869)	\$0.0942	-	-
Diluted earnings per share	29	-	\$0.0839	-	-

The above statements should be read in conjunction with the accompanying notes



Statements of financial position as at 30 June 2002

	Note	Consolidated		Parent entity	
		2002	2001	2002	2001
		\$	\$	\$	\$
Current assets					
Cash	5	17,641,918	15,525,193	4,906,533	2,101,993
Loans and receivables	6	3,369,752	7,643,111	51,431	184,895
Investments	7	159,925	527,100	35,000	35,000
Other assets	8	133,422	54,468	133,422	30,753
Total current assets		21,305,017	23,749,872	5,126,386	2,352,641
Non-current assets					
Loans and receivables	6	28,971	1,408	1,170,317	2,901
Investments	7	-	-	1,259,558	1,783,300
Property, plant & equipment	10	147,523	946,788	147,523	186,834
Intangible assets	11	-	638,780	-	-
Other assets	9	1,012,672	2,142,075	642,000	642,000
Total non-current assets		1,189,166	3,729,051	3,219,398	2,615,035
TOTAL ASSETS		22,494,183	27,478,923	8,345,784	4,967,676
Current liabilities					
Accounts payable	12	5,742,168	9,353,980	1,104,583	385,471
Borrowings	13	51,802	4,741	-	-
Current tax liabilities		75,965	262,964	-	262,964
Accruals and provisions	14	98,350	330,514	79,312	265,011
Total current liabilities		5,968,285	9,952,199	1,183,895	913,446
Non-current liabilities					
Accounts payable	12	-	-	29,674	103,194
Accruals and provisions	14	44,601	28,233	44,601	28,233
Total non-current liabilities		44,601	28,233	74,275	131,427
TOTAL LIABILITIES		6,012,886	9,980,432	1,258,170	1,044,873
NET ASSETS		16,481,297	17,498,491	7,087,614	3,922,803
Equity					
Parent entity interest					
Contributed equity	15	14,347,653	10,345,170	14,347,653	10,345,170
Non distributable profits reserve	16	8,850,273	8,850,273	-	-
Accumulated losses	16	(11,760,650)	(7,626,926)	(7,260,039)	(6,422,367)
Total parent entity interest		11,437,276	11,568,517	7,087,614	3,922,803
Outside equity interest in controlled entities	18	5,044,021	5,929,974	-	-
TOTAL EQUITY		16,481,297	17,498,491	7,087,614	3,922,803

The above statements should be read in conjunction with the accompanying notes



Statements of cash flows for the year ended 30 June 2002

	Note	Consolidated		Parent entity	
		2002 \$	2001 \$	2002 \$	2001 \$
Cash flows from operating activities					
Receipts from customers		10,120,228	18,412,649	1,519,953	1,520,169
Payments to suppliers, employees and creditors (inclusive of GST)		(13,796,020)	(25,968,397)	(2,310,663)	(2,166,316)
Prepayments made		(78,954)	52,007	(102,669)	(9,278)
Interest received		779,782	886,681	117,564	206,628
Income taxes paid		(242,149)	-	(162,398)	-
Net cash outflows from operating activities	26	(3,217,113)	(6,617,060)	(938,213)	(448,797)
Cash flows from investing activities					
Payments for property, plant & equipment		(178,020)	(1,138,175)	(5,932)	(105,526)
Payments for investments		(186,209)	(1,629,535)	(36,036)	(655,318)
Proceeds from sale of investments		296,233	1,475,301	1,529	18,671
Proceeds from sale of controlled entity, net cash disposed		206,180	-	265,000	-
Security deposits (lodged)/repaid		1,109,403	(1,488,068)	-	(7,993)
Amounts recovered from investment in associate		220,000	-	-	-
Loans to associated companies		(108,669)	(129,611)	-	415,636
Loans to controlled entities		-	-	(456,728)	327,120
Loans to third parties		(27,563)	-	(27,563)	-
Net cash inflows/(outflows) from investing activities		1,331,355	(2,910,088)	(259,730)	(7,410)
Cash flows from financing activities					
Proceeds from issue of shares		4,213,140	225,000	4,213,140	225,000
Share issue costs		(210,657)	(710)	(210,657)	(710)
Proceeds from issue of shares – subsidiary share issue costs		-	18,029,385	-	-
Net cash inflows from financing activities		4,002,483	18,253,675	4,002,483	224,290
Net increase/(decrease) in cash held		2,116,725	8,726,527	2,804,540	(231,917)
Cash at the beginning of the financial year		15,525,193	6,798,666	2,101,993	2,333,910
Cash at the end of the financial year	5	17,641,918	15,525,193	4,906,533	2,101,993

The above statements should be read in conjunction with the accompanying notes



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

(a) Principles of consolidation

The consolidated accounts incorporate the assets and liabilities of all entities controlled by Barton Capital Holdings Limited (parent entity) as at 30 June 2002 and the results of all controlled entities for the year then ended. Barton Capital Holdings Limited and its controlled entities together are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full. Outside equity interests in the results and equity of controlled entities are shown separately in the consolidated statement of financial performance and statement of financial position respectively.

Investments in associates are accounted for in the consolidated financial statements using the equity method. Under this method, the consolidated entity's share of the profits or losses of associates is recognised as revenue in the consolidated profit and loss statement and its share of movements in reserves is recognised in consolidated reserves. Associates are those entities over which the consolidated entity exercises significant influence, but not control.

(b) Income tax

Tax effect accounting procedures are followed whereby the income tax expense in the statement of financial performance is matched with the accounting profit after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

(c) Investments

Investments in securities listed on prescribed stock exchanges acquired solely for trading purposes are brought to account at market value. Realised gains and losses on disposal and unrealised market value adjustments are reflected in the statement of financial performance.

(d) Foreign currency translation

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the statement of financial performance in the financial year in which the exchange rates change.

(e) Leasehold improvements

The cost of improvements to leasehold properties is amortised over the unexpired period of the lease, or the estimated useful life of the improvement, whichever is the shorter.

(f) Depreciation and amortisation

Depreciation is calculated on a basis to write off the net cost or revalued amount of each item of property, plant and equipment over its expected useful life. The expected useful lives are as follows:

Plant and equipment	2 – 10 years
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Leased equipment is amortised at a rate, which will write off the capitalised amount over the period of the lease.



(g) Goodwill

Where an entity or operation is acquired, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of the acquisition over the fair value of the identifiable net assets acquired, including any liability for restructuring costs, is brought to account as goodwill and amortised on a straight line basis over five years, being the period during which the benefits are expected to arise. The cost of acquisition is discounted where settlement of any part of the cash consideration is deferred.

As a result of the cessation of the stockbroking and on-line trading services effective from 30 August 2002, the Company has written down all Goodwill to nil. The amount of the write down is described in note 3 of the financial statements.

(h) Receivables and revenue recognition

Trade debtors are recognised for the major business activities as follows:

- all trade debtors are recognised at the amounts receivable, as they are due for settlement no more than 30 days from the date of recognition
- income receivable on financing and investment activities is accrued in accordance with the terms and conditions of the underlying financial instrument
- collectibility of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised where there is some doubt over collection.

(i) Recoverable amount of non-current assets

The recoverable amount of an asset is the net amount expected to be recovered through the net cash inflows arising from its continued use and subsequent disposal. Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is revalued to its recoverable amount. To the extent that a revaluation decrement reverses a revaluation increment previously in the balance of the asset revaluation reserve, the decrement is debited directly to that reserve. Otherwise, the decrement is recognised as an expense in the statement of financial performance.

(j) Trade and other creditors

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

(k) Earnings per share

i *Basic earnings per share*

Basic earnings per share is determined by dividing the net profit attributable to members of Barton Capital Holdings Limited by the weighted average number of ordinary shares outstanding during the financial year.

ii *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of options outstanding during the financial year. Diluted earnings per share is not calculated when potential ordinary shares are not dilutive.

(l) Web site costs

Costs in relation to the Company's web sites are charged as expenses in the period in which they are incurred unless they relate to the acquisition of an asset, in which case they are capitalised and amortised over the period of expected benefit. Generally, costs in relation to feasibility studies during the planning phase of a web site, and ongoing costs of maintenance during the operations phase are considered to be expenses. Costs incurred in building or enhancing a web site, to the extent that they represent probable future economic benefits controlled by the controlled entity that can be reliably measured, are capitalised as an asset and amortised over the period of expected benefits which is estimated at 2½ years.



**Notes to and forming part of the financial statements
for the year ended 30 June 2002**

As a result of the cessation of the stockbroking and on-line trading services effective from 30 August 2002, the Company has written down all web site costs to nil. The amount of the write down is described in note 3 of the financial statements.

(m) Employee entitlements

i *Wages and salaries and annual leave*

Liabilities for wages and salaries and annual leave are recognised, and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' service up to that date.

ii *Superannuation*

Superannuation contributions are made to externally managed funds in respect of employees and are charged as an expense as incurred.

iii *Bonuses*

Bonuses are paid out of current profits according to criteria laid out in employees' contracts.

No bonuses were paid for the financial year ended 30 June 2002.

(n) Cash

For purposes of the statement of cash flows, cash includes cash on hand and deposits held at call with banks.

2. REVENUE FROM ORDINARY ACTIVITIES	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Revenue from operating activities				
Brokerage and commissions	5,587,022	6,900,711	-	368
Corporate advisory and retainers	240,303	1,786,392	-	-
Management fees and expense reimbursements	-	-	1,336,355	1,316,126
Sale of investments	561,233	1,783,719	266,529	18,671
Interest	689,495	967,680	131,758	214,097
	<u>7,078,053</u>	<u>11,438,502</u>	<u>1,734,642</u>	<u>1,549,262</u>
Revenue from outside the operating activities				
Rents and sub-lease rentals	36,236	-	-	-
Other	44,904	73,546	23,940	23,345
	<u>81,140</u>	<u>73,546</u>	<u>23,940</u>	<u>23,345</u>
Total revenue from ordinary activities	<u>7,159,193</u>	<u>11,512,048</u>	<u>1,758,582</u>	<u>1,572,607</u>



3. LOSS FROM ORDINARY ACTIVITIES

	Consolidated		Parent entity	
	2002 \$	2001 \$	2002 \$	2001 \$
(a) Net gains/(losses) and expenses				
Loss from ordinary activities before income tax includes the following specific net gains/(losses) and expenses:				
Net gains/(losses)				
Net gain/(loss) on disposal of investments	91,879	591,931	186,529	(36,979)
Expenses				
Depreciation				
Plant and equipment – owned	197,266	243,798	38,229	35,436
Plant and equipment – leased	4,158	2,446	-	-
Total depreciation	201,424	246,244	38,229	35,436
Amortisation				
Leasehold improvements	63,232	50,913	-	-
Goodwill	431,983	124,642	-	-
Software development	32,156	187,491	-	-
Formation expenses	2,366	1,521	-	-
Australian Stock Exchange membership	25,000	25,000	-	-
Total amortisation	554,737	389,567	-	-
Total depreciation and amortisation	756,161	635,811	38,229	35,436
Charges against assets				
Write-off of software development	180,411	560,731	-	-
Write-off of leasehold improvement	96,243	-	-	-
Write-off of formation expenses	29,431	-	-	-
Write-off of leased plant and equipment	2,832	-	-	-
Write-off of computers & equipment	364,553	-	-	-
Write-off of furniture & fixtures	36,434	-	7,014	-
Write-off of ASX membership	150,000	-	-	-
Write-off of website costs	13,225	-	-	-
Total assets written off	873,129	560,731	7,014	-
Bad debts written off	11,587	8,421	-	8,421
Doubtful debts provision	14,260	15,500	-	12,000
Employee provisions	44,455	118,830	38,028	94,460
Superannuation expenses	233,694	265,060	80,468	79,140
Finance lease contingent rentals	51,075	27,502	-	-
Rental expense relating to operating leases				
Minimum lease payments	387,495	319,754	219,699	198,354
(b) Individually significant items				
Gains				
Management agreements with eStar Online Trading Limited				
Interim funding fees	-	-	-	463,693
Management fees	-	-	500,000	436,828



Notes to and forming part of the financial statements
for the year ended 30 June 2002

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Net gain/(loss) on disposal of investments includes the following:				
Cash consideration	561,233	1,783,719	266,529	18,671
Carrying amount of investments sold	(469,354)	(1,191,788)	(80,000)	(55,650)
Net gain/(loss) on sale	<u>91,879</u>	<u>591,931</u>	<u>186,529</u>	<u>(36,979)</u>

4. INCOME TAX

The amount of income tax attributable to the financial year differs from the amount calculated prima facie on the loss. The differences are reconciled as follows:

Loss from ordinary activities before income tax expense	(4,964,526)	(7,645,716)	(938,238)	(2,189,923)
Income tax calculated at 30% (2001 – 34%)	(1,489,358)	(2,599,543)	(281,471)	(744,574)
Tax effect of permanent differences:				
Amortisation of goodwill	92,202	42,378	92,202	-
Other amortisation	2,799	17,899	-	-
Contract settlement	-	40,800	-	23,800
Capital investment gain	(740)	(104,222)	-	-
Other non-deductible expenses	335,355	47,039	78,821	-
Capital profit rollover	-	(44,706)	-	-
Income tax adjusted for permanent differences	(1,059,742)	(2,600,355)	(110,448)	(720,774)
Future income tax benefit not brought to account	1,176,410	2,906,942	142,206	1,236,763
Tax losses utilised not previously brought to account	(116,668)	(43,623)	(31,758)	(253,025)
Under/(over) provision from prior year	55,150	-	(100,566)	-
Income tax expense	<u>55,150</u>	<u>262,964</u>	<u>(100,566)</u>	<u>262,964</u>

None of the future income tax benefit not brought to account relates to tax losses.

The potential future income tax benefit will only be obtained if:

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

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
5. CASH				
Cash at bank and on hand	184,131	172,523	-	1,993
Deposits at call	15,613,163	14,249,751	4,904,347	2,100,000
Stockbroking trust funds	1,842,438	1,102,919	-	-
Rights issue trust account	2,186	-	2,186	-
	<u>17,641,918</u>	<u>15,525,193</u>	<u>4,906,533</u>	<u>2,101,993</u>



	Consolidated		Parent entity	
	2002 \$	2001 \$	2002 \$	2001 \$
6. LOANS AND RECEIVABLES				
Current				
Trade debtors	3,256,234	7,260,729	10,330	170,374
Less provision for doubtful debts	(17,760)	(15,500)	-	(12,000)
	<u>3,238,474</u>	<u>7,245,229</u>	<u>10,330</u>	<u>158,374</u>
Interest receivable	21,663	80,999	21,663	7,469
Other debtors	109,615	316,883	19,438	19,052
	<u>3,369,752</u>	<u>7,643,111</u>	<u>51,431</u>	<u>184,895</u>
Non-current				
Loans to controlled entities	-	-	5,544,993	4,512,926
Less provision for diminution in value	-	-	(4,403,647)	(4,511,433)
	<u>-</u>	<u>-</u>	<u>1,141,346</u>	<u>1,493</u>
Loan to associate	475,077	366,408	1,408	1,408
Less provision for diminution in value	(473,669)	(365,000)	-	-
	<u>1,408</u>	<u>1,408</u>	<u>1,408</u>	<u>1,408</u>
Loans to third party	27,563	-	27,563	-
	<u>28,971</u>	<u>1,408</u>	<u>1,170,317</u>	<u>2,901</u>
7. INVESTMENTS				
Current				
Investments traded on organised markets				
Shares in companies listed on a prescribed stock exchange – at cost	735,680	1,039,135	-	44,776
Less provision for diminution in value	(610,755)	(547,035)	-	(44,776)
	<u>124,925</u>	<u>492,100</u>	<u>-</u>	<u>-</u>
Other investments				
Shares in other corporations – at cost	632,463	533,333	35,000	35,000
Less provision for diminution in value	(597,463)	(498,333)	-	-
	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>
	<u>159,925</u>	<u>527,100</u>	<u>35,000</u>	<u>35,000</u>



Notes to and forming part of the financial statements
for the year ended 30 June 2002

	Consolidated		Parent entity	
	2002 \$	2001 \$	2002 \$	2001 \$
Non-current				
Shares in associate – SHK Barton Limited	-	1,100,000	-	-
Less provision for diminution in value	-	(1,100,000)	-	-
	-	-	-	-
Shares in associate – Asia Energy Corporation Pty Limited	105,961	105,961	-	-
Less provision for diminution in value	(105,961)	(105,961)	-	-
	-	-	-	-
Shares in controlled entities (Note 17)	-	-	1,739,336	1,783,300
Less provision for diminution in value	-	-	(479,778)	-
	-	-	1,259,558	1,783,300
8. CURRENT ASSETS – OTHER				
Prepayments	133,422	54,468	133,422	30,753
	133,422	54,468	133,422	30,753
9. OTHER ASSETS				
Non-current assets				
Security deposits – guarantees	884,540	884,540	622,000	622,000
Security deposits – ASIC	90,000	110,000	20,000	20,000
Security deposits – ASX	-	1,147,535	-	-
Other deposits	38,132	-	-	-
	1,012,672	2,142,075	642,000	642,000
10. PROPERTY, PLANT & EQUIPMENT				
Leasehold improvements – at cost	216,141	216,141	-	-
Less accumulated amortisation	(216,141)	(56,666)	-	-
	-	159,475	-	-
Plant and equipment under finance leases – at cost	607,851	17,446	-	-
Less accumulated amortisation	(607,851)	(10,456)	-	-
	-	6,990	-	-
Plant and equipment & furniture – at cost	675,751	1,218,048	301,386	295,453
Less accumulated depreciation	(528,228)	(523,212)	(153,863)	(108,619)
	147,523	694,836	147,523	186,834
Software development – at cost	249,229	122,149	-	-
Less accumulated depreciation	(249,229)	(36,662)	-	-
	-	85,487	-	-
	147,523	946,788	147,523	186,834



	Leasehold improvements	Plant and equipment & furniture	Leased plant and equipment	Software development	Total
	\$	\$	\$	\$	\$
Consolidated					
Carrying value at 1 July 2001	159,475	694,836	6,990	85,487	946,788
Additions	-	50,940	-	127,080	178,020
Depreciation/amortisation expense	(63,232)	(197,266)	(4,158)	(32,156)	(296,812)
Write-off of assets	(96,243)	(400,987)	(2,832)	(180,411)	(680,473)
Carrying value at 30 June 2002	-	147,523	-	-	147,523
Parent					
Carrying value at 1 July 2001	-	186,834	-	-	186,834
Additions	-	5,932	-	-	5,932
Depreciation/amortisation expense	-	(38,229)	-	-	(38,229)
Write-off of assets	-	(7,014)	-	-	(7,014)
Carrying value at 30 June 2002	-	147,523	-	-	147,523

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
11. INTANGIBLE ASSETS				
Goodwill	624,125	624,125	-	-
Less accumulated amortisation	(624,125)	(192,142)	-	-
	-	431,983	-	-
Formation expenses, at cost	47,302	47,302	-	-
Less accumulated amortisation	(47,302)	(15,505)	-	-
	-	31,797	-	-
Membership of Australian Stock Exchange Limited	250,000	250,000	-	-
Less accumulated amortisation	(250,000)	(75,000)	-	-
	-	175,000	-	-
	-	638,780	-	-
12. ACCOUNTS PAYABLE				
Current				
Trade creditors	4,608,837	8,424,245	553,084	132,704
Other creditors	1,133,331	929,735	551,499	252,767
	5,742,168	9,353,980	1,104,583	385,471
Non-current				
Owing to controlled entity	-	-	29,674	103,194
	-	-	29,674	103,194



Notes to and forming part of the financial statements
for the year ended 30 June 2002

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
13. BORROWINGS				
Current (secured)				
Lease liabilities	51,802	4,741	-	-
	<u>51,802</u>	<u>4,741</u>	<u>-</u>	<u>-</u>

Lease liabilities are effectively secured, as the rights to the leased asset revert to the lessor in the event of default.

14. PROVISIONS

Current

Employee entitlements	98,350	330,514	79,312	265,011
	<u>98,350</u>	<u>330,514</u>	<u>79,312</u>	<u>265,011</u>

Non-current

Long service leave	44,601	28,233	44,601	28,233
	<u>44,601</u>	<u>28,233</u>	<u>44,601</u>	<u>28,233</u>

Number of employees	24	72	6	6
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	2002	2001	2002	2001
	Number	Number	\$	\$
15. CONTRIBUTED EQUITY				
Share Capital				
Ordinary shares, fully paid	86,010,804	43,879,402	14,347,653	10,345,170

Movements in issued fully paid shares were as follows:

	Parent entity		Parent entity	
	2002		2001	
	No. of Shares	\$	No. of Shares	\$
Shares, fully paid, on issue at the beginning of the year	43,879,402	10,345,170	43,079,402	10,120,880
Issue of new shares on option conversion	-	-	800,000	225,000
Issue of new shares 30/05/2002	42,131,402	4,213,140	-	-
Costs of issue of new shares	-	(210,657)	-	(710)
Shares, fully paid, on issue at end of the year	<u>86,010,804</u>	<u>14,347,653</u>	<u>43,879,402</u>	<u>10,345,170</u>

Options

At balance date, there were 8,470,000 options over unissued shares on issue.

Details of the options issued are set out in the Directors' Report and the Information for the Australian Stock Exchange section of this Annual Report.



	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
16. RESERVES AND ACCUMULATED LOSSES				
(a) Reserves				
Non – distributable profits reserve	8,850,273	8,850,273	-	-
	<u>8,850,273</u>	<u>8,850,273</u>	<u>-</u>	<u>-</u>
Movements				
Opening balance	-	-	-	-
Gain on eStar Initial Public Offer	-	8,850,273	-	-
Closing balance	<u>-</u>	<u>8,850,273</u>	<u>-</u>	<u>-</u>
(b) Accumulated losses				
Accumulated losses at the beginning of the year	(7,626,926)	(2,903,360)	(6,422,367)	(3,969,480)
Net profit/(loss) attributable to members of Barton Capital Holdings Limited	(4,133,724)	4,126,706	(837,672)	(2,452,887)
Transfer of gain on eStar IPO to non – distributable profits reserve	-	(8,850,272)	-	-
Accumulated losses at the end of the year	<u>(11,760,650)</u>	<u>(7,626,926)</u>	<u>(7,260,039)</u>	<u>(6,422,367)</u>

(c) Nature and purpose of reserves

Non – distributable profits reserve

The non – distributable profits reserve is used to record increments and decrements in the value of unrealised gains on the float of subsidiary companies. The benefit of this reserve will be realised when the relevant assets are sold, at which time a capital gains tax liability may arise on any gains realised.

17. INVESTMENTS IN CONTROLLED ENTITIES

Name of Controlled Entity	Country of incorporation	Class of shares	Equity holding		Cost of parent entity's investment	
			2002	2001	2002	2001
			%	%	\$'000	\$'000
Barton Capital Corporate Pty Ltd	Australia	Ordinary	100	100	50,000	50,000
ESX Pty Ltd (formerly Barton Capital Resources Pty Ltd)	Australia	Ordinary	100	100	1	1
Barton Capital Securities Pty Ltd	Australia	Ordinary and Preference	100	100	1,200,920	1,200,920
Barton Capital Funds Management Limited	Australia	Ordinary	-	100	-	80,000
Barton Capital Technologies Pty Ltd	Australia	Ordinary	100	100	1	1
Barton Capital (HK) Pty Ltd	Australia	Ordinary	100	100	1	1
eStar Online Trading Limited (formerly eStar Online Trading Pty Limited)	Australia	Ordinary	50.47	50.20	488,413	452,377
					<u>1,739,336</u>	<u>1,783,300</u>



	Consolidated	
	2002 \$	2001 \$
18. OUTSIDE EQUITY INTERESTS IN CONTROLLED ENTITIES		
Interest in share capital	10,183,330	9,060,222
Interest in losses	<u>(5,139,309)</u>	<u>(3,130,248)</u>
	<u>5,044,021</u>	<u>5,929,974</u>

	Directors of entities in the consolidated entity		Directors of parent entity	
	2002 \$	2001 \$	2002 \$	2001 \$
19. REMUNERATION OF DIRECTORS				
Income paid or payable, or otherwise made available, to directors by entities in the consolidated entity and related parties in connection with the management of the affairs of the parent entity or its controlled entities	<u>1,383,772</u>	<u>1,884,151</u>	<u>922,461</u>	<u>736,660</u>

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

	No.	No.
\$0 - \$9,999	3	-
\$60,000 - \$69,999	1	1
\$100,000 - \$109,999	-	1
\$130,000 - \$139,999	1	1
\$210,000 - \$219,999	1	-
\$600,000 - \$609,999	-	1
\$720,000 - \$729,999	1	-

	Executive officers of the consolidated entity		Executive officers of the parent entity	
	2002 \$	2001 \$	2002 \$	2001 \$
20. REMUNERATION OF EXECUTIVES				
Remuneration received, or due and receivable, from entities in the consolidated entity and related parties by executive officers (including directors) whose remuneration was at least \$100,000:				
Executive officers of the parent entity	1,240,572	1,200,741	1,240,572	1,200,741
Executive officers of other entities in the consolidated entity	<u>111,808</u>	<u>641,913</u>	<u>-</u>	<u>-</u>
	<u>1,352,380</u>	<u>1,842,654</u>	<u>1,240,572</u>	<u>1,200,741</u>



20. REMUNERATION OF EXECUTIVES (CONT'D)

	Executive officers of the consolidated entity		Executive officers of the parent entity	
	2002	2001	2002	2001
The number of executive officers (including directors) whose remuneration from entities in the consolidated entity and related parties was within the specified bands are as follows:	No.	No.	No.	No.
\$100,000 - \$109,999	-	1	-	1
\$110,000 - \$119,999	1	-	-	-
\$130,000 - \$139,999	1	-	1	-
\$150,000 - \$159,999	-	1	-	1
\$160,000 - \$169,999	1	-	1	-
\$210,000 - \$219,999	1	-	1	-
\$280,000 - \$289,999	-	1	-	-
\$330,000 - \$339,999	-	1	-	1
\$350,000 - \$359,999	-	1	-	-
\$600,000 - \$609,999	-	1	-	1
\$720,000 - \$729,999	1	-	1	-

21. REMUNERATION OF AUDITORS

Amounts received, or due and receivable by:

	\$	\$	\$	\$
The auditor of the parent entity (PricewaterhouseCoopers – Australian Firm)				
- for auditing and reviewing the financial reports of the entity or any entity in the consolidated entity	90,600	65,000	52,500	25,000
- for tax services	101,620	33,814	90,745	31,314
	<u>192,220</u>	<u>98,814</u>	<u>143,245</u>	<u>56,314</u>
Auditors of controlled entities (other than the auditor of the parent entity)				
- for auditing or reviewing the financial reports of any entity in the consolidated entity	24,216	24,212	-	-
- for tax services	69,000	-	-	-
	<u>93,216</u>	<u>24,212</u>	<u>-</u>	<u>-</u>
	<u>285,436</u>	<u>123,026</u>	<u>143,245</u>	<u>56,314</u>

22. CONTINGENT LIABILITIES

- a) The Company has lodged a \$122,000 deposit (2001 – \$122,000) with its bank as security for performance guarantees issued by the bank in relation to a lease of premises.
- b) A subsidiary has lodged a \$12,540 deposit (2001 – \$12,540) with its bank as security for performance guarantees issued by the bank in relation to a lease of premises.
- c) Subsequent to the end of the financial year, the proceedings commenced in the Supreme Court of New South Wales against Barton Capital Securities Pty Ltd (BCS) and Albert Wong by I-Achieve Technology Limited (I-Achieve) were settled. The settlement involved the issuance to I-Achieve of 5,000,000 fully paid ordinary shares. The Company has assigned a value of \$0.05 per share to these shares and has booked a cost of \$250,000 in respect of this settlement in the current year.
- d) A claim has been made against Barton Capital Securities Pty Ltd by Mr. T Hale & Balthorne Pty Ltd. The claim relates to brokerage services provided by the Barton Capital Securities Pty Ltd to the plaintiff. The amount claimed by the plaintiff is \$119,000. The Directors believe that the claim is without merit and intend to vigorously defend the proceedings. The Directors do not consider a provision is required in the financial statements.



Notes to and forming part of the financial statements
for the year ended 30 June 2002

22. CONTINGENT LIABILITIES (CONT'D)

- e) Proceedings have commenced against Barton Capital Securities Pty Ltd and an Advisor in the County Court of Victoria by Mr. N Kehaidis. The proceedings arise out of brokerage services provided by the Barton Capital Securities Pty Ltd to the plaintiff in connection with the sale of certain securities. The amount claimed by the plaintiff is \$55,000. The Directors believe that the claim is without merit and intend to vigorously defend the proceedings. The Directors do not consider a provision is required in the financial statements.

23. COMMITMENTS FOR EXPENDITURE

	Consolidated		Parent entity	
	2002 \$	2001 \$	2002 \$	2001 \$
OPERATING LEASE COMMITMENTS				
Future operating lease commitments contracted for at balance date but not provided for in the financial statements				
- Payable within one year	240,296	365,784	114,864	224,003
- Payable later than one year but not later than 2 years	127,481	143,732	-	-
- Payable later than 2 years but not later than 5 years	153,973	314,228	-	-
Total operating lease liability	521,750	823,744	114,864	224,003
Representing non-cancellable operating leases	521,750	823,744	114,864	224,003

As a result of the discontinuation of the business of Barton Capital Securities Pty Ltd and eStar Online Trading Limited the Company has subsequent to year end negotiated to assign its lease on the Barton Capital Securities Pty Ltd Melbourne premises and is continuing to negotiate an assignment on the eStar premises in Melbourne.

FINANCIAL LEASE COMMITMENTS

Future finance lease commitments contracted for at balance date but not provided for in the financial statements				
- Payable within one year	737	5,203	-	-
- Payable later than one year but not later than two years	-	-	-	-
- Payable later than 2 years but not later than 5 years	-	-	-	-
	737	5,203	-	-
Less future finance charges	(10)	(462)	-	-
Total finance lease liability	727	4,741	-	-

24. RELATED PARTY INFORMATION

A) DIRECTORS

The names of persons who were directors of Barton Capital Holdings Limited at any time during the year ended 30 June 2002 are:

- AYL Wong – appointed 25 January 1996 and continuing
- RGK Binet – appointed 14 June 1996 and continuing
- RM Willcocks – appointed 14 June 1996 and continuing
- CS Chong – appointed 30 May 2002 and continuing
- SL Chiu – appointed 30 May 2002 and resigned on 24 June 2002
- Chong SU – appointed 24 June 2002 and continuing

**MATERIAL CONTRACTS WITH DIRECTORS**

The Company has entered into Deeds of Access and Indemnity with each of Messrs Willcocks, Wong and Binet.
The Company has entered into consultancy agreements with Messers Willcocks and Chong on normal commercial terms.

REMUNERATION AND RETIREMENT BENEFITS

Details of directors' remuneration are set out in the Directors' Report and Note 19 – Remuneration of Directors.

DIRECTORS' HOLDINGS OF SHARES AND OPTIONS

The aggregate number of shares and convertible notes held by directors of the Company or the consolidated entity or their director related entities at balance date were:

	2002 Number	2001 Number
Shares issued to directors during the year	3,550,000	-
Options issued to directors during the year	3,250,000	-
Options held by directors that expired during the year	3,250,000	-
Shares held by directors at balance date	17,750,000	6,200,000
Options held by directors at balance date	5,500,000	5,500,000
Options exercised by directors during the year	-	150,000

B) TRANSACTIONS WITH CONTROLLED ENTITIES

Details of controlled entities are set out in Note 17.

- the Company had loan transactions with and provided accounting and administrative assistance to controlled entities in the consolidated entity during the year ended 30 June 2002
- transactions by the Company with controlled entities consist of the transfer of funds amongst the entities for day-to-day operations, financing, loan advances and repayments. All dealings with controlled entities are on commercial terms and conditions, except loans, which are made to those entities free of interest

Transactions by the Company with controlled entities were:

	2002 \$	2001 \$
Net movement in amount due to/from controlled entities	1,105,587	327,120
Reimbursement of rent paid by the Company	178,104	174,703
Reimbursement of expenses paid by the Company	330,578	420,859
Management fees received by the Company	998,960	895,267

25. SEGMENT INFORMATION – CONSOLIDATED**(a) Year ended 30 June 2002**

	Stock Broking \$	Online Broking \$	Corporate Advisory \$	Investments \$	Total \$
Segment revenue	4,984,511	602,511	240,303	1,331,868	7,159,193
Segment result	(1,381,360)	(1,893,773)	(398,680)	(1,290,713)	(4,964,526)
Segment total assets	3,496,837	1,052,313	82,165	17,862,868	22,494,183

(b) Year ended 30 June 2001

	Stock Broking \$	Online Broking \$	Corporate Advisory \$	Investments \$	Total \$
Segment revenue	6,762,411	1,862,060	1,665,134	1,222,443	11,512,048
Segment result	149,944	(5,106,913)	(1,178,856)	(1,509,891)	(7,645,716)
Segment total assets	11,013,825	12,826,669	671,185	2,967,244	27,478,923



Notes to and forming part of the financial statements
for the year ended 30 June 2002

26. RECONCILIATION OF LOSS FROM ORDINARY ACTIVITIES AFTER INCOME TAX
TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Consolidated		Parent entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Loss from ordinary entities after income tax	(5,019,676)	(7,908,680)	(837,672)	(2,452,887)
Depreciation and amortisation	756,161	636,701	38,229	35,436
Net (profit)/loss on sale of investments	94,301	(591,931)	(1,529)	36,979
Provision for doubtful debts	2,260	-	(12,000)	12,000
Provisions for diminution in value of investments and loans	51,519	1,969,044	(276,867)	1,521,357
Assets written off	859,904	560,731	7,014	-
Provision for employee benefits	(215,796)	28,233	(169,331)	28,333
Net profit on sale of controlled entity	(186,180)	-	(185,000)	-
CHANGES IN ASSETS AND LIABILITIES				
Decrease in receivables	4,302,050	9,482,059	145,464	98,746
Decrease/(increase) in other assets	(78,954)	140,949	(102,669)	64,837
(Decrease)/increase in trade and other creditors	(3,595,703)	(11,197,130)	719,112	(56,562)
(Decrease)/increase in provision for tax	(186,999)	262,964	(262,964)	262,964
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(3,217,113)	(6,617,060)	(938,213)	(448,797)

27. SUBSEQUENT EVENTS

There are no events that have occurred subsequent to the reporting date that would require adjustment to the financial statements.

28. FINANCIAL INSTRUMENTS

	Weighted average effective interest rate %	Floating interest rate \$	Fixed interest maturing in:			Non-interest bearing \$	Total \$
			Within 1 year \$	1 to 5 years \$	Over 5 years \$		
Consolidated							
2002							
Financial assets							
Cash	4.70%	17,641,918	-	-	-	-	17,641,918
Investments		-	-	-	-	159,925	159,925
Security and other deposits	4.30%	-	1,012,672	-	-	-	1,012,672
Receivables		-	-	-	-	3,397,315	3,397,315
Total financial assets		17,641,918	1,012,672	-	-	3,557,240	22,211,830



28. FINANCIAL INSTRUMENTS (CONT'D)

	Weighted average effective interest rate %	Floating interest rate \$	Fixed interest maturing in:			Non- interest bearing \$	Total \$
			Within 1 year \$	1 to 5 years \$	Over 5 years \$		
2002							
Financial liabilities							
Trade and sundry creditors		-	-	-	-	5,742,168	5,742,168
Lease liabilities	16.50	-	51,802	-	-	-	51,802
Total financial liabilities		-	51,802	-	-	5,742,168	5,793,970
Net financial assets/(liabilities)		17,641,918	960,870	-	-	(2,184,928)	16,417,860
Consolidated							
2001							
Financial assets							
Cash	4.95	15,525,193	-	-	-	-	15,525,193
Investments		-	-	-	-	527,100	527,100
Security and other deposits	4.85	-	2,142,075	-	-	-	2,142,075
Receivables		-	-	-	-	7,643,111	7,643,111
Total financial assets		15,525,193	2,142,075	-	-	8,170,211	25,837,479
Financial liabilities							
Trade and sundry creditors		-	-	-	-	9,353,980	9,353,980
Lease liabilities	16.50	-	4,741	-	-	-	4,741
Total financial liabilities		-	4,741	-	-	9,353,980	9,358,721
Net financial assets/(liabilities)		15,525,193	2,137,334	-	-	(1,183,769)	16,478,758

29. EARNINGS PER SHARE

	Consolidated	
	2002	2001
Basic earnings per share	(\$0.0869)	\$0.0942
Diluted earnings per share	-	\$0.0839

The weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share is 47,573,114 (2001 : 43,793,484).

The net profit/(loss) attributable to members of Barton Capital Holdings Limited has been used as the numerator in calculating basic earnings per share.

Potential ordinary shares are not dilutive in the current year. A diluted earnings per share has thus not been calculated.



Directors' Declaration

The directors declare that the financial statements and notes set out on pages 11 to 29:

- (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2002 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date.

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Dated at Sydney this 11th day of September 2002

Robert M Willcocks
Director

Albert Y L Wong
Director

Independent audit report to the members of Barton Capital Holdings Limited

PricewaterhouseCoopers
ABN 52 780 433 757

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Audit opinion

In our opinion, the financial report, set out on pages 11 to 30:

- presents a true and fair view, as required by the Corporations Act 2001 in Australia, of the financial position of Barton Capital Holdings Limited and the Barton Capital Holdings Limited Group (defined below) as at 30 June 2002 and of their performance for the year ended on that date
- is presented in accordance with the Corporations Act 2001, Accounting Standards and other mandatory professional reporting requirements in Australia, and the Corporations Regulations 2001

This opinion must be read in conjunction with the following explanation of the scope and summary of our role as auditor.

Scope and summary of our role

The financial report – responsibility and content

The preparation of the financial report for the year ended 30 June 2002 is the responsibility of the directors of Barton Capital Holdings Limited. It includes the financial statements for Barton Capital Holdings Limited and the Barton Capital Holdings Limited Group which incorporates Barton Capital Holdings Limited and the entities it controlled during the year ended 30 June 2002.

The auditor's role and work

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company. Our role was to conduct the audit in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our audit did not involve an analysis of the prudence of business decisions made by the directors or management.

In conducting the audit, we carried out a number of procedures to assess whether in all material respects the financial report presents fairly a view in accordance with the Corporations Act 2001, Accounting Standards and other mandatory reporting requirements in Australia, and the Corporations Regulations 2001, which is consistent with our understanding of the Company's and the Group's financial position, and their performance as represented by the results of their operations and cash flows.

The procedures included:

- selecting and examining evidence, on a test basis, to support amounts and disclosures in the financial report. This included testing, as required by auditing standards, certain internal controls, transactions and individual items. We did not examine every item of available evidence
- evaluating the accounting policies applied and significant accounting estimates made by the directors in their preparation of the financial report
- obtaining written confirmation regarding material representations made to us in connection with the audit
- reviewing the overall presentation of information in the financial report.

Our audit opinion was formed on the basis of these procedures.

Independence

As auditor, we are required to be independent of the Group and free of interests which could be incompatible with integrity and objectivity. In respect of this engagement, we followed the independence requirements set out by The Institute of Chartered Accountants in Australia, the Corporations Act 2001 and the Auditing and Assurance Standards Board.

In addition to our statutory audit work, we were engaged to undertake other services for the Group. These services are disclosed in note 21 to the financial statements. In our opinion the provision of these services has not impaired our independence.



PricewaterhouseCoopers



Peter Merrett

Partner

Sydney

11 September 2002



1. AUDIT COMMITTEE

For details concerning the Audit Committee refer to the Corporate Governance Statement on pages 9 to 10.

2. CORPORATE GOVERNANCE

Refer to statements on pages 9 to 10.

3. SUBSTANTIAL SHAREHOLDERS

The following substantial shareholders have been noted from relevant disclosures lodged with the Company.

<u>Name of Shareholder</u>	<u>Number of shares held</u>	<u>Percentage of issued shares</u>
National Nominees Limited (beneficial for RIMC International Limited)	29,237,805	32.13%
Barton Place Pty Ltd and BCL Pty Ltd	8,100,000	8.90%
Shenyin Wanguo Securities (HK) Limited	8,000,000	8.79%
I-Achieve Technology Limited	5,000,000	5.49%
	<u>50,337,805</u>	<u>55.31%</u>

4. NUMBER OF SHAREHOLDERS AND OPTION HOLDERS

Shares:

There were 1,079 shareholders holding a total of 91,010,804 fully paid ordinary shares.

Options:

	<u>Number of option holders</u>	<u>Number of options held</u>
Expiring 27 November 2004, exercisable at 25¢	3	3,250,000
Expiring 30 June 2004, exercisable at 50¢	5	3,500,000
Expiring 28 January 2005, exercisable at 55¢	23	1,720,000
	<u>31</u>	<u>8,470,000</u>

5. VOTING RIGHTS

The relevant conditions about voting rights attaching to each share are set out in Article 9.22 of the Constitution as follows:

“Subject to any rights or restrictions for the time being attached to any class or classes of shares and to this constitution:

a) on a show of hands, each Member present in person and each other person present as a proxy, attorney or Representative of a Member has one vote; and

b) on a poll, each Member present in person has one vote for each fully paid share held by the Member and each person present as proxy, attorney or Representative of a Member has one vote for each fully paid share held by the Member that the person represents,

but a Member is not entitled to vote at a general meeting in respect of shares which are the subject of a current Restriction Agreement for so long as any breach of that agreement subsists”.


6. DISTRIBUTION OF EQUITY SECURITIES

a) Analysis of number of shareholders by size of holding:

Fully paid shares Range	Number of holders	Number of shares
1 - 1,000	21	19,470
1,001 - 5,000	234	895,923
5,001 - 10,000	406	3,590,088
10,001 - 100,000	373	12,238,463
100,001 and over	45	74,266,860
	<u>1,079</u>	<u>91,010,804</u>

b) Analysis of number of option holders by size of holding:

Options expiring 27 November 2004 exercisable @ 25¢ Range	Number of holders	Number of options
1 - 1,000	-	-
1,001 - 5,000	-	-
5,001 - 10,000	-	-
10,001 - 100,000	-	-
100,001 and over	3	3,250,000
	<u>3</u>	<u>3,250,000</u>

Options expiring 30 June 2004 exercisable @ 50¢ Range	Number of holders	Number of options
1 - 1,000	-	-
1,001 - 5,000	-	-
5,001 - 10,000	-	-
10,001 - 100,000	-	-
100,001 and over	5	3,500,000
	<u>5</u>	<u>3,500,000</u>

Options expiring 28 January 2005 exercisable @ 55¢ Range	Number of holders	Number of options
1 - 1,000	-	-
1,001 - 5,000	-	-
5,001 - 10,000	-	-
10,001 - 100,000	22	720,000
100,001 and over	1	1,000,000
	<u>23</u>	<u>1,720,000</u>

7. NON-MARKETABLE PARCELS

There were 713 holders (each holding less than 14,706 shares) of less than a marketable parcel of ordinary shares.



8. TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of ordinary fully paid shares are set out below:

Name	Number of ordinary shares held	Percentage of issued shares
National Nominees Limited (29,207,805 held beneficial for RIMC International Limited)	29,237,805	32.13
Shenyin Wanguo Securities (HK) Limited (beneficial for Chong SU)	8,000,000	8.79
Barton Place Pty Ltd (beneficial for AYL Wong)	5,000,000	5.49
I-Achieve Technology Limited	5,000,000	5.49
Sun Hung Kai Securities (Overseas) Limited	4,000,000	4.40
BCL Pty Ltd (beneficial for AYL Wong)	3,100,000	3.41
Action Funds Management Limited	3,020,000	3.32
Linwar Nominees Pty Limited	1,760,000	1.93
Mr Patrick Ma	1,509,999	1.65
Tonda Pty Ltd (beneficial for RM Willcocks)	1,275,000	1.40
Newfast Pty Ltd	1,238,804	1.36
Linkwise Investments Pty Ltd	1,200,000	1.32
Mr Terushi Fujiki & Mrs Tetsuko Fujiki	1,150,000	1.26
Mrs Violet Dempsey	970,000	1.07
Cavastowe Pty Limited	840,035	0.92
RBI & Associates	800,000	0.88
Roscious Pty Ltd	675,000	0.74
Mr Kum Chuen Raymond Ng & Ms Kwai Foon Keung	483,000	0.53
Catimarlou Pty Ltd (beneficial for RGK Binet)	375,000	0.41
Bigshop Com Au Ltd	342,945	0.38
	69,977,588	76.88

The top 20 shareholders held 76.88% of the issued fully paid ordinary shares.

9. TWENTY LARGEST OPTIONHOLDERS

The names of the 20 largest option holders, or all holders where the total number of holders is less than 20, of each class of the Company's options are set out below:

a) **Options expiring 27 November 2004, exercisable @ 25¢**

BCL Limited (beneficial for AYL Wong)	1,500,000
Jemaross Pty Limited (beneficial for RM Willcocks)	1,000,000
Catimarlou Pty Limited (beneficial for RGK Binet)	750,000
	3,250,000

b) **Options expiring 30 June 2004, exercisable @ 50¢**

Barton Place Pty Limited (beneficial for AYL Wong)	1,500,000
Roscious Pty Limited	750,000
Geoffrey Hill & Associates Pty Limited	500,000
Tonda Pty Limited (beneficial for RM Willcocks)	500,000
Catimarlou Pty Limited (beneficial for RGK Binet)	250,000
	3,500,000



The following class of options were issued as part of Barton Capital Holdings Limited Employee Option Plan:

c) **Options expiring 28 January 2005, exercisable @ 55¢**

Issued as part of the Barton Capital Holdings Limited Employee Option Plan

1,720,000

Ian C Hastings a former employee, holds more than 20% of this class of option (1,000,000 options)

Options

The Company, pursuant to approvals given by shareholders on 27 November 2001, issued the options over unissued shares in the Company referred to at (a) above. To the date of this report none of the options has been exercised.

The Company, pursuant to approvals given by shareholders on 28 July 1999, issued the options over unissued shares in the Company referred to at (b) above. Of the original 13,100,000 options, 3,500,000 remain to be exercised.

The Company, pursuant to approvals given by shareholders on 28 January 2000, and exercisable from 28 July 2000, issued the options over unissued shares in the Company referred to at (c) above. To the date of this report, none has been exercised.

The options are not quoted on the ASX. There is no intention to apply for quotation.

The options referred to at (a) and (c) are subject to certain restrictions as set out in the relevant option agreements.

10. RESTRICTED SECURITIES

The Company has no restricted securities on issue.



11. COMPANY SECRETARY

Ian E Bangs FCPA

12. REGISTERED OFFICE

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2 Chifley Square
Sydney NSW 2000
Telephone: (02) 9994 8800

13. ADMINISTRATION OFFICE

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Telephone: (02) 9994 8800
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E-mail: info@bartoncapital.com.au
Website : www.bartoncapital.com.au

14. SHARE REGISTRAR

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Sydney NSW 2000

Postal Address

Locked Bag A14
Sydney South NSW 1232

Telephone: (02) 8280 7111
Facsimile: (02) 9261 8489
DX: 1120 Sydney
Website: www.registrars.aprl.com.au

15. STOCK EXCHANGE QUOTATION

The Company's shares are quoted only on the Australian Stock Exchange (code "BCH"). The home exchange is Sydney.