CARNEGIE CORPORATION LTD
ABN 69 009 237 736
AND CONTROLLED ENTITIES

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2002

DIRECTORS' REPORT
31 DECEMBER 2002

The Directors present their financial report on the consolidated entity, being Carnegie Corporation Ltd and its controlled entities ("Carnegie" or "the Company") for the half-year ended 31 December 2002.

DIRECTORS

The Directors of the Company during or since the end of the half year are:

Alan Burns
Alan Hopkins
Bruce McLeod
Ian Fisher

All Directors were in office for the entire period apart from Ian Fisher appointed 17 January 2003.

OPERATING RESULTS

The loss from ordinary activities of the consolidated entity for the half-year ended 31 December 2002 after income tax was $326,608 (2001: $1,953,992 profit).

REVIEW OF OPERATIONS

During the period to 31 December 2002, the economic entity continued its exploration activities and development of non resource projects.

- The Company entered into a heads of agreement with a substantial Australian renewable energy company where they have agreed to cooperate in the development of the Wave Energy project.

  The key terms of this agreement provide for the incoming partner to expend up to the next $1.5 million on development of the project in return for exclusive marketing rights and an equity interest in the project. Carnegie retains the exclusive rights to operate all commercial units of less than 5MW in that part of the world that is south of the 10 degree North latitude. This covers a large proportion of the world's islands. In addition, Carnegie retains a royalty interest over all units 5MW or greater. Sea Power Pacific Pty Ltd was incorporated on 24 February 2003 and Carnegie has a 17% interest in this company.

- The Company entered into a joint venture with Astron Limited ("Astron") covering the processing of the zircon stockpile and the undertaking of a scoping study on the larger ilmenite/zircon resource contained within the Company's license area. In addition, Astron has agreed to buy the zircon concentrate from the joint venture FOB Banjul port.

  The joint venture appointed Ascentis/Grinaker-LTA Engineers to design, construct and operate a gravity separation plant to further concentrate the stockpile material prior to shipping. The construction of the plant in South Africa has been completed and has been shipped to The Gambia. Processing is scheduled to commence during the first quarter of 2003.

Signed on 12th of March 2003 in accordance with a resolution of the Board.

A G Hopkins
DIRECTOR

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2002

	31 Dec 2002 $	30 June 2002 $
CURRENT ASSETS		
Cash assets	182,693	385,253
Receivables	32,142	2,463
TOTAL CURRENT ASSETS	214,835	387,716
NON CURRENT ASSETS		
Other financial assets	1,008,704	1,090,308
Property, plant and equipment	74,750	86,565
Other	1,175,957	1,148,113
TOTAL NON CURRENT ASSETS	2,259,411	2,324,986
TOTAL ASSETS	2,474,246	2,712,702
CURRENT LIABILITIES		
Payables	20,082	82,359
Interest bearing liabilities	4,099	4,099
Provisions	12,434	9,955
TOTAL CURRENT LIABILITIES	36,615	96,413
NON CURRENT LIABILITIES		
Interest bearing liabilities	24,800	26,850
TOTAL NON CURRENT LIABILITIES	24,800	26,850
TOTAL LIABILITIES	61,415	123,263
NET ASSETS	2,412,831	2,589,439
EQUITY		
Contributed equity	13,483,350	13,053,250
Reserves	-	280,100
Accumulated losses	(11,070,519)	(10,743,911)
TOTAL EQUITY	2,412,831	2,589,439

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF-YEAR ENDED 31 DECEMBER 2002

	Notes	2002 $	2001 $
Profit/(loss) from Ordinary Activities before Income Tax Expense	2	(326,608)	1,953,992
Income tax expense relating to Ordinary activities		-	-
Net Profit/(loss) from Ordinary Activities after Income Tax Expense		(326,608)	1,953,992
Net Profit/(loss)		(326,608)	1,953,992
Total revenues, expenses and adjustments attributable to members of the parent entity recognised directly in equity		-	-
Total changes in equity other than those resulting from transactions with owners as owners		(326,608)	1,953,992
Basic earnings/(loss) per share (cents per share)		(0.15)	1.0
Diluted earnings/(loss) per share (cents per share)		(0.15)	1.0

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2002

	2002 $	2001 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	2,846	12,072
Payments to suppliers and employees	(389,284)	(669,752)
Receipts from customers	3,000	57,468
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(383,438)	(600,212)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	185,110	-
Payments for property, plant and equipment	-	(5,796)
Payments under hire purchase agreements	(3,093)	-
Payments for exploration, evaluation and development expenditure	(27,844)	(128,900)
Payments for research & development expenditure	(106,976)	(34,783)
Reimbursement of research and development expenditure on technology projects	-	44,616
Acquisition of share in controlled entity	-	(1)
NET CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES	47,197	(124,864)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares and options	160,000	461,485
Placement of funds for guarantee facilities	(16,319)	-
Capital raising costs	(10,000)	-
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	133,681	461,485
NET DECREASE IN CASH HELD	(202,560)	(263,591)
CASH AT THE BEGINNING OF THE HALF-YEAR	385,253	564,468
CASH AT THE END OF THE HALF-YEAR	182,693	300,877

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2002

NOTE 1: BASIS OF PREPARATION

The half-year condensed consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of Corporations Act 2001, applicable Accounting Standards including AASB 1029: "Interim Financial Reporting" and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views). It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2002 and any public announcements made by Carnegie Corporation Ltd and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The general purpose financial report has been prepared on the basis of a going concern. The economic entity's ability to continue as a going concern is contingent upon raising additional capital to fund engineering and technology developments, other principal activities and for use as working capital. If additional capital is not raised, the going concern basis may not be appropriate with the result that the entity may have to realise its assets and extinguish its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances have been made in the financial report.

The accounting policies have been consistently applied by the entities in the economic entity and are consistent with those applied in the 30 June 2002 annual report.

The half-year financial report does not include full disclosures of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

	2002 $	2001 $
NOTE 2: PROFIT/(LOSS) FROM ORDINARY ACTIVITIES		
The following revenue and expense items are relevant in explaining the financial performance for the interim period:		
Profit from sale of investments	103,506	-
Proceeds from sale of research and development project	-	3,814,404
Write-down of other financial assets	-	(1,194,945)

NOTE 3: EVENTS SUBSEQUENT TO REPORTING DATE

The Directors are not aware of any other matter or circumstance not otherwise dealt with in this report.

NOTE 4: STATEMENT OF OPERATIONS BY SEGMENT

	MINERAL EXPLORATION 2002 $	TECHNOLOGY 2002 $	CONSOLIDATED 2002 $
Industry Segments			
Revenue			
Unallocated Revenue	-	-	109,352
Total Revenue	-	-	109,352
Segment result	-	(74,834)	(74,834)
Unallocated Expenses			(251,774)
Consolidated entity profit from ordinary activities			**(326,608)**

This is the first time AASB 1005 "Segment Reporting" has been applied in a half-year report and therefore no comparatives have been shown.

NOTE 5: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 6: ACQUISITION OF CONTROLLING INTEREST IN SUBSIDIARY

The Company's wholly owned subsidiary Crosswest Investments Pty Ltd, acquired a 50% controlling interest in Skylane Pty Ltd ("Skylane") on 9 December 2002. Skylane is dedicated to the investigation, evaluation and development of the "Croc Wave" Wave Energy technology.

DIRECTOR'S DECLARATION

The directors of the company declare that:

1. The financial report, comprising the statement of financial position, statement of financial performance, statement of cash flows, and notes to the financial statements:

   (a) complies with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations 2001; and

   (b) gives a true and fair view of the consolidated entity's financial position as at 31 December 2002 and its performance for the half-year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

A G Hopkins
DIRECTOR

Dated this 12th day of March 2003

INDEPENDENT REVIEW REPORT
To the Members of Carnegie Corporation Limited

Scope

We have reviewed the financial report of Carnegie Corporation Limited and controlled entities for the half-year ended 31 December 2002 as set out on pages 2 to 7. The Company's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission.

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

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Carnegie Corporation Limited and its controlled entities is not in accordance with:

(a) the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2002 and of its performance for the half-year ended on that date; and

(ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

Grant Thornton

Grant Thornton
Chartered Accountants

Sean McGurk

Sean McGurk
Partner

Dated this 12th day of March 2003

Perth, Western Australia