

RULE 4.2A.3

APPENDIX 4D

Half Year report

1. Company Details

Name of entity

Dulhunty Power Limited

ABN or equivalent company
reference

38 002 679 469

Reporting Period ('current
period')

31 December 2004

Previous corresponding period
('previous period')

31 December 2003

2. Results for announcement to the market

\$A'000

2.1 Revenues from ordinary activities	up	37.5%	to	\$5,164
2.2 Profit from ordinary activities after tax attributable to members	up		to	\$117
2.3 Net profit for the period attributable to members	up		to	\$117
2.4 Dividends	Amount per security		Franked amount per security	
Final dividend		-¢		-¢
Interim dividend		-¢		-¢
2.5 Record date for determining entitlements to the dividend	No dividend is proposed			

2.6 Brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood:

The significant pro rata increase in revenue as against the previous corresponding period is the result of continued strong growth in sales and above budget performance reported throughout the Dulhunty Power operating subsidiaries. Sales revenue has also commenced both locally and offshore from the newly established Thai operation.

Integration of the Dulhunty Power Group worldwide operations and effective cost control measures have also resulted in a positive effect on overheads for the period. The stronger Australian dollar against the USD has resulted in unrealized gains on booked debt at Dulhunty Power Limited level, while impacting on reported results in the Dulhunty Power USD denominated operating results.

3.1 Net Tangible Assets per security	Current period	Previous corresponding Period
Net tangible assets per security	\$0.004	\$0.0002

4. Details of entities over which control has been gained or lost during the period

4.1	Name of entity	None
4.2	Date from which control was gained / lost	
4.3	Where material to an understanding of the report – the contribution of such entity to the reporting entity's profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period	

5. Details of Individual and Total Dividends

	Date dividend is payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Dividend		-¢	-¢	-¢

Total dividend per security:

	Current year	Previous year
Ordinary securities	-¢	-¢
Preference securities	-¢	-¢

6. Dividend reinvestment plan

Details of any dividend reinvestment plans in operation:

None

The last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan:

Not applicable

7. Details of Associates and Joint Ventures:

<i>Name of entity</i>	<i>Percentage holding</i>
Not applicable	

7.1 Where material to an understanding of the report - aggregate share of profits (losses) of these entities, details of contributions to net profit for each of these entities, and with comparative figures for each of these disclosures for the previous corresponding period:

Not applicable

8. For foreign entities, details of origin of accounting standards used in compiling the report (e.g. International etc.)

Not applicable

9. Description of dispute or qualification if the accounts have been audited or subject to review:

Not applicable

Sign here:


 (Director)

Date: 23 February 2005

Print name: ALFRED J CHOWN



DULHUNTY POWER LIMITED

ABN 38 002 679 469



Half-Year Financial Report

for the half-year ended 31 December 2004

Dulhunty Power Limited

Half Year Report

Corporate Information

ABN 38 002 679 469

Directors

Alfred J. Chown (Managing Director)
Philip W. Dulhunty (Director)
Marcus Everard (Non-Executive Director)
Ian C. Worner (Non-Executive Director)

Alternate Directors

Brian C. Mathiesen (alternate to Alfred J. Chown)
Peter W. Dulhunty (alternate to Philip Dulhunty)

Company Secretary

Gregory R. Knoke

Registered Office

7 Byfield Street
MACQUARIE PARK NSW 2113

Bankers

Australia & New Zealand Bank Limited
20 Martin Place
SYDNEY NSW 2000

National Australia Bank Limited
NAB House, 255 George Street
SYDNEY NSW 2000

Share Register

Computershare Investor Services Pty Ltd
Level 3, 60 Carrington Street
Sydney NSW 2000
Telephone:- (02) 8234 5000
Facsimile:- (02) 8234 5145

Auditors

Gould Ralph & Company
Level 42, AAP Centre
259 George Street
SYDNEY NSW 2000

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Dulhunty Power Limited

Half Year Report

Director's Report

Your Directors submit their report for the half year ended 31 December 2004

DIRECTORS

The names and details of the Company's Directors in office during the half year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Alfred J. Chown, B.Econ (Age 43) (Managing Director) Appointed 4th July 1997.

Born in 1960, Mr. Chown is an Australian citizen, married and resident in Hong Kong. Founding Partner of E.L. Consult Hong Kong Ltd ("E.L. Consult") and Dulhunty Engineering Limited, he has been involved in commercial activities in China since 1983. Following the establishment of E.L. Consult's Hong Kong office in 1987, Mr. Chown has been active in human resource issues throughout Asia. With Dulhunty Engineering Limited, he was among the first westerners to enter the PRC electricity fittings industry. E.L. Consult is an executive recruitment firm with offices in Hong Kong, Singapore, Shanghai Beijing and Shenzhen, with affiliates in most related major centres. Mr Chown holds a Bachelor of Economics Degree from Monash University, and is a former Chairman of the Australian Chamber of Commerce in Hong Kong. He has travelled extensively in the Asian region and is well connected with regional business leaders over a range of industries. Mr Chown is also a member of the remuneration committee.

Philip W. Dulhunty (Age 80) (Non-Executive Director) Appointed 31st March 2003.

Founder of Dulhunty Power (Australia) Pty Ltd, importers, exporters and distributors of electrical power transmission equipment. Honorary Life Member of the international electrical transmission industry body, CIGRE and holder of Centenary Medal for Contribution to Australian Industry. Mr Dulhunty is a member of the remuneration committee.

Marcus Everard (Aged 45) (Non-Executive Director) Appointed 31st March 2003.

Born June 1959, educated at Oundle School and Brasenose College, Oxford, MA Hons Chemistry, 1982. Employed by Credit Suisse First Boston (CSFB) from 1982 until 2001, mainly covering fixed Income, Derivatives and Investment Banking. In 1999 moved to Hong Kong and since leaving CSFB he has built up a portfolio of business interests and directorships in companies operating in Taiwan, Hong Kong and Beijing.

Ian C. Worner, B.Com (Age 67) (Non-Executive Director) Appointed 21st April 1998.

Mr. Ian Worner has an international record of achievement in planning and implementing major profit enhancement projects and in-depth experience in implementing mergers and acquisitions. Mr Worner retired from the AMP Society in 1995 after 40 years service, during which he held a variety of senior executive, investment and management roles in Australia, NZ, and the UK. Mr. Worner is also a member of the Company's Audit Committee.

Brian C. Mathiesen, NZCE Electronics (Age 59) (Alternate Director to Alfred J. Chown) Appointed 1st December 2003

After more than twelve years service in the Royal NZ Navy where Mr Mathiesen attained the rank of Warrant Officer, he was appointed head sales engineer with Dulmison NZ Limited and was responsible for introducing preformed fittings into the NZ market. Mr Mathiesen was appointed General Manager of Dulmison NZ in 1976 and eventually General Manager of Dulmison UK from 1989 until 1996. Mr Mathiesen was a founder of Dulhunty Power (NZ) Limited and is currently General Manager of Dulhunty Power (NZ) Limited and International Sales Director for the Dulhunty Power Group.

Peter Dulhunty, Cert Mech Eng (Marketing) (Age 50) (Alternate Director to Philip Dulhunty) Appointed 1 March 2004

Peter Dulhunty has extensive experience in the industry of over 30 years, having previously worked with the Dulmison Group of companies and most recently assisted in the foundation of Dulhunty Power (Australia) Pty Limited. Peter is a member of I.E.C. and is the Dulhunty Power representative on CIGRE, holding numerous positions of importance with this body.

Director's Report (continued)

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activities during the half-year of entities within the economic entity were:

- investment in the manufacture and sale of electricity transmission and distribution products and services, anchor systems and foundry products.
- development of energy generation technology

REVIEW AND RESULTS OF OPERATIONS

As foreshadowed in the FY2004 year end results, Dulhunty Power Ltd has moved into profitability mid year on the back of improving sales and the implementation of a well reasoned and sensible business plan.

Revenues of \$5,366,032 for the six months to 31 December 2004 represent a 38% growth in turnover compared to the six months to 31 December 2003, and the net profit from ordinary earnings before tax increased to \$197,326. Whilst the balance sheet shows a reallocation of debt from non-current to current, this will be alleviated on the conversion of outstanding convertible notes from debt to equity. All noteholders have indicated their preference to convert and this will occur on or before the note maturity, in this financial year.

The economic entity has now entered into, and successfully delivered, a number of major contracts across a large geographic area, proving its ability to provide a full range solution to contractors and utilities alike.

Indeed the Dulhunty Power group has demonstrated an ability to quickly build new product by making use of low cost but extremely high quality tool makers developed over the past 15 months in China and Thailand and our own in-house design capability.

Recent successful projects have added immense credibility to the group and it is expected that this credibility coupled with competitive pricing will translate into ever increasing success in winning business.

Further growth is anticipated from the finalisation of our *Helixon* range of distribution fittings which should garner good local sales in Australia and in time across regional markets. Initial sales of this range of products have already begun.

It is the opinion of the Directors that the company is now positioned to take full advantage of its regional low cost manufacturing base, its strong engineering knowledge and experience and its growing reputation, to capture a larger share of the global electric transmission and distribution fittings market.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is attached to this report.

Signed in accordance with a resolution of the Directors.



Alfred J Chown
Managing Director
Hong Kong, 23 February 2005

The Board of Directors
Dulhunty Power Limited
Unit B, 7 Byfield Street
NORTH RYDE NSW 2113

23 February 2005
MC:kd:

Dear Members of the Board

AUDITORS INDEPENDENCE DECLARATION

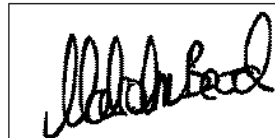
This declaration is made in connection with our review of the financial report of Dulhunty Power Limited for the half year ended 31 December 2004 and in accordance with the provisions of the Corporations Act 2001.

We declare that, to the best of our knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the Corporations Act 2001; and
- No contraventions of the Code of Professional Conduct of the Institute of Chartered Accountants in Australia;

in relation to this review.

Yours faithfully
GOULD RALPH & COMPANY



MALCOLM BEARD M.Com., F.C.A.
Partner

Dulhunty Power Limited

CONDENSED STATEMENT OF FINANCIAL PERFORMANCE

HALF YEAR ENDED 31 DECEMBER 2004

	ECONOMIC ENTITY	
	31 DECEMBER 2004	31 DECEMBER 2003
	\$	\$
Sales Revenue	5,163,606	3,671,675
Other Revenue from ordinary activities	202,426	230,609
Total Revenues from ordinary activities	5,366,032	3,902,284
Cost of sales	(3,291,349)	(2,369,231)
Marketing expenses	(42,968)	(62,873)
Occupancy expenses	(98,908)	(75,597)
Administrative expenses	(961,030)	(815,136)
Depreciation and amortisation expenses	(263,725)	(239,670)
Borrowing costs expensed	(111,686)	(96,092)
Other expenses from ordinary activities	(399,040)	(397,897)
PROFIT / (LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE	197,326	(154,212)
Income Tax expense relating to ordinary activities	(13,557)	15,164
PROFIT / (LOSS) FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE	183,769	(169,376)
NET PROFIT / (LOSS)	183,769	(169,376)
NET PROFIT ATTRIBUTABLE TO OUTSIDE EQUITY INTEREST	(67,112)	(12,521)
NET PROFIT / (LOSS) ATTRIBUTABLE TO MEMBERS OF DULHUNTY POWER LIMITED	116,657	(181,897)
Non-owner transaction changes in equity Net exchange difference on translation of financial reports of foreign controlled entities	(14,576)	(536,003)
TOTAL REVENUES, EXPENSES AND VALUATION ADJUSTMENTS ATTRIBUTABLE TO MEMBERS OF DULHUNTY POWER LIMITED AND RECOGNISED DIRECTLY IN EQUITY	(14,576)	(536,003)
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS ATTRIBUTABLE TO MEMBERS OF DULHUNTY POWER LIMITED	102,081	(717,900)
Basic earnings per share (cents per share)	0.2	(0.3)
Diluted earnings per share (cents per share)	0.2	(0.3)

The Condensed Statement of Financial Performance is to be read in conjunction with the notes to the Financial Statements

Dulhunty Power Limited

CONDENSED STATEMENT OF FINANCIAL POSITION

HALF-YEAR ENDED 31 DECEMBER 2004

	ECONOMIC ENTITY	
	AS AT 31 DECEMBER 2004	AS AT 30 JUNE 2004
	\$	\$
CURRENT ASSETS		
Cash assets	314,074	665,027
Receivables	2,288,771	2,947,199
Inventories	2,162,645	2,013,396
Other	54,003	205,354
TOTAL CURRENT ASSETS	4,819,493	5,830,976
NON-CURRENT ASSETS		
Other financial assets	90,000	90,000
Property, Plant and Equipment	1,049,327	961,957
Intangibles	4,057,066	4,201,855
TOTAL NON-CURRENT ASSETS	5,196,393	5,253,812
TOTAL ASSETS	10,015,886	11,084,788
CURRENT LIABILITIES		
Payables	2,243,928	3,035,499
Interest bearing liabilities	1,870,034	1,092,625
Current tax liabilities	921	50,444
Provisions	100,022	87,882
TOTAL CURRENT LIABILITIES	4,214,905	4,266,450
NON-CURRENT LIABILITIES		
Payables	320,924	362,161
Interest bearing liabilities	1,171,085	2,203,243
TOTAL NON-CURRENT LIABILITIES	1,492,009	2,565,404
TOTAL LIABILITIES	5,706,914	6,831,854
NET ASSETS	4,308,972	4,252,934
SHAREHOLDERS' EQUITY		
Contributed equity	6,033,789	6,033,789
Reserves	630,195	644,771
Accumulated losses	(4,131,537)	(4,248,196)
	2,532,447	2,430,364
Outside equity interest	1,776,525	1,822,570
TOTAL EQUITY	4,308,972	4,252,934

The Condensed Statement of Financial Position is to be read in conjunction with the notes to the Financial Statements

Dulhunty Power Limited

CONDENSED STATEMENT OF CASH FLOWS

HALF YEAR ENDED 31 DECEMBER 2004

	ECONOMIC ENTITY	
	31 DECEMBER 2004	31 DECEMBER 2003
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	6,271,432	3,635,819
Payments to suppliers and employees	(6,085,553)	(3,582,412)
Dividend received	-	13
Interest received	1,905	1,530
Borrowing costs	(55,569)	(43,002)
Income tax paid	(94,530)	(19,383)
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	37,685	(7,435)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(295,036)	(119,549)
Proceeds from sale of property, plant and equipment	16,582	
Purchase of investments		
Loans and advances	(22,815)	(19,250)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(301,269)	(138,799)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issues of ordinary shares		
Proceeds from borrowings	50,928	2,817
Repayment of borrowings	(47,226)	(101,123)
NET CASH FLOWS FROM FINANCING ACTIVITIES	3,702	(98,306)
NET INCREASE / (DECREASE) IN CASH HELD	(259,882)	(244,540)
Add opening cash brought forward	(173,642)	352,906
Cash acquired on acquisition of subsidiary		-
Effects of exchange rate changes on cash	(30,455)	(28,278)
CLOSING CASH CARRIED FORWARD	(463,979)	80,088

The Condensed Statement of Cash Flows is to be read in conjunction with the notes to the Financial Statements

Notes to the Half-Year Financial Statements

31 DECEMBER 2004

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The half-year financial report does not include all notes of the type normally included within the 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 economic entity as the full financial report.

The half-year report should be read in conjunction with the Annual Financial Report of Dulhunty Power Limited as at 30 June 2004. It is also recommended that the half-year report be considered together with any public announcements made by Dulhunty Power Limited and its controlled entities during the half-year ended 31 December 2004 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of accounting

The half-year financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Comparatives

Where necessary, comparative figures have been reclassified and repositioned for consistency with current period disclosures.

2. PROFIT FROM ORDINARY ACTIVITIES

Revenues from ordinary activities

Profit from ordinary activities before income tax expense includes the following revenues whose disclosure is relevant in explaining the financial performance of the entity:

	ECONOMIC ENTITY	
	31 December 2004	31 December 2003
Revenues from ordinary activities		
Product Sales	5,163,606	3,671,675
Interest	1,905	1,532
Other	200,521	229,077
	<u>5,366,032</u>	<u>3,902,284</u>

3. CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date, there has been no material change of any contingent liabilities or contingent assets.

4. SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material nature, likely, in the opinion of the directors of the Company, to affect significantly the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity.

Dulhunty Power Limited

Notes continued

HALF YEAR ENDED 31 DECEMBER 2004

5. SEGMENT INFORMATION

Primary reporting - Business segments

	Investment		Energy		Eliminations		Economic Entity	
	2004	2003	2004	2003	2004	2003	2004	2003
	\$	\$	\$	\$	\$	\$	\$	\$
Segment Revenues								
External segment revenue	163,174	143,336	5,202,858	3,758,948	-	-	5,366,032	3,902,284
Intersegment revenues	-	-	-	-	-	-	-	-
Total segment revenue	163,174	143,336	5,202,858	3,758,948	-	-	5,366,032	3,902,284
Segment result	67,216	(38,239)	130,110	(115,972)	-	-	197,326	(154,212)
Profit from ordinary activities before income tax							197,326	(154,212)
Income tax expense							(13,557)	(15,164)
Profit from ordinary activities after income tax							183,769	(169,376)
Segment Assets	3,271,921	3,259,955	10,899,115	9,939,288	(4,155,150)	(4,149,071)	10,015,886	9,050,172
Segment liabilities	1,889,907	1,708,017	3,817,007	3,000,007	-	-	5,706,914	4,708,024

Notes continued

6. IMPACT OF ADOPTING AASB EQUIVALENTS TO IFR STANDARDS

International Financial Reporting Standards

For reporting periods beginning on or after 1 January 2005, the consolidated entity is required to comply with International Financial Reporting Standards (IFRS) as issued by the Australian Accounting Standards Board.

Dulhunty Power Limited has commenced transitioning its accounting policies and financial reporting from current Australian Standards to Australian equivalents of International Financial Reporting Standards (IFRS). The company has allocated internal resources and engaged consultants to conduct assessments to isolate key areas that will be impacted by the transition to IFRS. As Dulhunty Power Limited has a 30 June year end, priority has been given to considering the preparation of an opening balance sheet in accordance with AASB equivalents to IFRS as at 1 July 2004. This will form the basis of accounting for Australian equivalents of IFRS in the future, and is required when Dulhunty Power Limited prepare its first fully IFRS compliant financial report for the year ended 30 June 2006. Set out below are the key areas where accounting policies will change and may have an impact on the financial report of Dulhunty Power Limited.

This financial report has been prepared in accordance with Australian accounting standards and other financial reporting requirements (Australian GAAP). The differences between Australian GAAP and IFRS identified to date as potentially having a significant effect on the consolidated entity's financial performance and financial position are summarised below. The summary should not be taken as an exhaustive list of all the differences between Australian GAAP and IFRS. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented.

The consolidated entity has not quantified the effects of the differences discussed below. Accordingly, there can be no assurances that the consolidated financial performance and financial position as disclosed in this financial report would not be significantly different if determined in accordance with IFRS.

Regulatory bodies that promulgate Australian GAAP and IFRS have significant ongoing projects that could affect the differences between Australian GAAP and IFRS described below and the impact of these differences relative to the consolidated entity's financial reports in the future. The potential impacts on the consolidated entity's financial performance and financial position of the adoption of IFRS, including system upgrades and other implementation costs which may be incurred, have not been quantified as at the transition date of 1 July 2004 due to the short timeframe between finalisation of the IFRS standards and the date of preparing this report. The impact on future years will depend on the particular circumstances prevailing in those years.

The key potential implications of the conversion to IFRS on the consolidated entity are as follows:

Classification of Financial Instruments

Under AASB 139 Financial Instruments: Recognition and Measurement, financial instruments will be required to be classified into one of five categories which will, in turn, determine the accounting treatment of the item. The classifications are loans and receivables - measured at amortised cost, held to maturity - measured at amortised cost, held for trading - measured at fair value with fair value changes charged to net profit or loss, available for sale - measured at fair value with fair value changes taken to equity and non-trading liabilities - measured at amortised cost. This will result in a change in the current accounting policy that does not classify financial instruments. The future financial effect of this change in accounting policy is not yet known as the classification and measurement process has not yet been fully completed.

Goodwill

Under the Australian equivalent to IFRS 3 Business Combinations goodwill will no longer be able to be amortised but instead will be subject to annual impairment testing. This will result in a change in the group's current accounting policy which amortises goodwill over its useful life but not exceeding 10 years. Under the new policy, amortisation will no longer be charged, but goodwill will be written down to the extent it is impaired. Reliable estimation of the future financial effects of this change in accounting policy is impracticable because the conditions under which impairment will be assessed are not yet known.

Notes continued

6. IMPACT OF ADOPTING AASB EQUIVALENTS TO IFR STANDARDS (continued)

Impairment of Assets

Under the Australian equivalent to IAS 36 Impairment of Assets the recoverable amount of an asset is determined as the higher of net selling price and value in use. This will result in a change in the group's current accounting policy which determines the recoverable amount of an asset on the basis of discounted cash flows. Under the new policy it is likely that impairment of assets will be recognised sooner and that the amount of write-downs will be greater. Reliable estimation of the future financial effects of this change in accounting policy is impracticable because the conditions under which impairment will be assessed are not yet known.

Intangible Assets

Under the Australian equivalent to IAS 38 Intangible Assets, costs incurred in the research phase of the development of an internally generated intangible must be expensed. This will result in a change in the group's current accounting policy which allows for the capitalisation of costs incurred in the research phase of an internally generated intangible asset where future benefits are expected beyond reasonable doubt. Under the new policy, all research costs will be written off as incurred.

Share based payments

Under AASB 2 Share based Payments, the company will be required to determine the fair value of options issued to employees as remuneration and recognise an expense in the Statement of Financial Performance. It applies to all share-based payments issued after 7 November 2002 which have not vested as at 1 January 2005. Reliable estimation of the future financial effects of this change in accounting policy is impracticable as the details of future equity based remuneration plans are unknown.

Income taxes

Under the Australian equivalent to IAS12 Income Taxes, the company will be required to use a balance sheet liability method which focuses on the tax effects of transactions and other events that affect amounts recognised in either the Statement of Financial Position or a tax-based balance sheet. The most significant impact will be the recognition of a deferred tax liability in relation to the asset revaluation reserve. Previously, the capital gains tax effects of asset revaluations were not recognised. It is not expected that there will be any further material impact as a result of adoption of this standard.

7. CURRENT LIABILITIES

As noted in the Directors' Report, the noteholders in a controlled entity, Dulhunty Engineering Limited, have indicated their intention to convert their notes to equity in the controlled entity. The liability for the notes has therefore been transferred from a non-current liability to a current liability.

If the conversion proceeds, the impact on the Statement of Financial Position of the economic entity will be a significant reduction in the current interest bearing liabilities of \$843,300. The interest that Dulhunty Power Limited has in the controlled entity, Dulhunty Engineering Limited, will be reduced from 68.42% to 50%

Dulhunty Power Limited

Half-Year Report

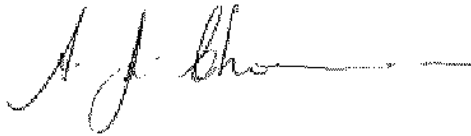
Directors' Declaration

In accordance with a resolution of the directors of Dulhunty Power Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the economic entity:
 - (i) give a true and fair view of the financial position as at 31 December 2004 and the performance for the half-year ended on that date of the economic entity; and
 - (ii) comply with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 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.

On behalf of the Board



Director: Alfred J Chown
Hong Kong, 23 February 2005

Independent review report to members of Dulhunty Power Limited

Scope

The financial report and directors' responsibility

The financial report comprises the concise consolidated statement of financial performance, concise statement of financial position, concise statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Dulhunty Power Limited (the economic entity), for the half-year ended 31 December 2004. The consolidated entity comprises both the company and the entities it controlled during that half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review Approach

We conducted an independent review 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 the Corporations Act 2001, 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 was conducted in accordance with Australian Auditing and Assurance Standards applicable to review engagements. A review is limited primarily to inquiries of 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 provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Review 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 Dulhunty Power Limited 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 2004 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

Inherent Uncertainty Regarding the Carrying Value of Cogenic Assets

Without qualification to the review statement, attention is drawn to the following matters.

The directors of a controlled entity, Cogenic Pty Limited ("Cogenic") have assessed the fair value of the intellectual property associated with the development of the Cogenic Series 245 distributed generation units to be \$1,480,000. As at the date of this report Cogenic had yet to complete development and testing of the unit and no orders for units have been received. Significant uncertainty exists with respect to the future economic benefits that may be provided by the intellectual property to the consolidated entity and consequently the appropriateness of that valuation.

In turn, the directors of the Company have revalued its investment in Cogenic at balance date. The directors of the Company have assessed the fair value of their interest in Cogenic to be \$533,752 being the net asset backing. In addition, the parent entity has current loans totaling \$958,646 receivable from Cogenic. The total amount invested in and receivable from Cogenic at balance date is \$1,492,398. The future viability of Cogenic is dependent upon the successful completion of development and testing and the exploitation thereof through the sale of product and/or technology. Significant uncertainty exists with respect to the future economic benefits that may be provided by Cogenic to the Company, and consequently the recoverability of the investment in Cogenic, and the recoverability and classification as current of the loan receivable from Cogenic.

GOULD RALPH & COMPANY

Chartered Accountants

A handwritten signature in black ink, appearing to read 'Malcolm Beard', is enclosed within a rectangular box.

Malcolm Beard, M.Com F.C.A.
Partner

Sydney, 23 February 2005