ENERGY WORLD CORPORATION LTD.

ASX APPENDIX 4E
PRELIMINARY FINAL REPORT

For the year ended 30 June 2003
Energy World Corporation Ltd and its Controlled Entities

ABN 34 009 124 994

Results for announcement to the market

				$A'000
Revenues from ordinary activities (including proceeds on sale of non-current assets)	up	193.4%	to	90,491
Loss from ordinary activities after tax attributable to members	down	N/A	to	(31,999)
Loss for the period attributable to members	down	N/A	to	(31,999)

Dividends	
Final dividend	NIL
Previous corresponding period	NIL
Record date for determining entitlements to the dividend:	N/A

An analysis of results for the year ended 30 June 2003 is included in the attached "Review of Operations".

STATEMENT OF FINANCIAL PERFORMANCE
ENERGY WORLD CORPORATION LIMITED AND ITS CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2003

	Notes	Consolidated	
		2003	2002
		$000	$000
Revenue from sale of goods	2	22,185	23,378
Other revenue from ordinary activities	2	68,306	7,467
Total revenue		90,491	30,845
Changes in inventories of finished goods		(658)	397
Raw materials and consumables used		(13,923)	(13,057)
Depreciation and amortisation expenses	3	(6,838)	(7,030)
Borrowing costs	3	(10,748)	(8,318)
Book value of assets disposed		(92,205)	-
Provision for diminuition of non-current assets		(4,171)	-
Provision for loss on interest rate swap agreements		(3,177)	-
General Administration expenses from ordinary activities		(5,524)	(6,247)
Share of net profit of associates accounted for using the equity method	4(b)	14,754	12,877
Profit / (loss) from ordinary activities before related income tax expense		(31,999)	9,467
Income tax (expense) / benefit relating to ordinary activities		-	-
Net profit / (loss) attributable to members of the parent entity		(31,999)	9,467
Non-owner transaction changes in equity			
Net exchange difference relating to self-sustaining foreign operation and equity accounted investments		(23,132)	(11,147)
Total changes in equity from non-owner related transactions attributable to members of the parent entity		(55,131)	(1,680)
Basic and Diluted earnings/(loss) per share			
▪ Ordinary shares (cents per share)	9	(3.84)	1.32

The statement of financial performance is to be read in conjunction with the notes set out on pages 5 to 15.

STATEMENT OF FINANCIAL POSITION
ENERGY WORLD CORPORATION LIMITED AND ITS CONTROLLED ENTITIES
AS AT 30 JUNE 2003

	Notes	Consolidated 2003 $000	2002 $000
Current Assets			
Cash assets		235	795
Receivables		7,914	3,914
Inventories		147	805
Other		1,107	1,120
Total Current Assets		9,403	6,634
Non-Current Assets			
Receivables		38,046	43,822
Other financial assets		6	6
Investments accounted for using the equity method	4	54,557	107,609
Inventories		482	1,270
Property, plant and equipment		14,134	71,896
Exploration, evaluation and development expenditure		14,273	14,451
Other		6,368	6,389
Total Non-Current Assets		127,866	245,443
Total Assets		137,269	252,077
Current Liabilities			
Payables		5,562	8,412
Interest-bearing liabilities		6,280	82,660
Provisions		7,789	217
Total Current Liabilities		19,631	91,289
Non-Current Liabilities			
Payables		2,026	12,338
Interest-bearing liabilities		36,043	9,450
Provisions		1,566	6,002
Total Non-Current Liabilities		39,635	27,790
Total Liabilities		59,266	119,079
Net Assets		78,003	132,998
Equity			
Contributed equity	5	187,794	187,658
Reserves		(432)	17,358
Accumulated losses	6	(109,359)	(72,018)
Total parent entity interest		78,003	132,998
Outside equity interest		-	-
Total equity		78,003	132,998

The statement of financial position is to be read in conjunction with the notes set out on pages 5 to 15.

STATEMENT OF CASH FLOW

ENERGY WORLD CORPORATION LIMITED AND ITS CONTROLLED ENTITIES
For the year ended 30 JUNE 2003

	Notes	Consolidated	
		2003	2002
		$000	$000
Cash Flows From Operating Activities			
Cash receipts in the course of operations		26,111	25,616
Cash payments in the course of operations		(22,702)	(19,804)
Interest received		14	66
Borrowing costs paid		(9,839)	(9,579)
Net Cash Flows (Used in) Operating Activities		(6,416)	(3,701)
Cash Flows From Investing Activities			
Proceeds on disposal of non-current assets	7(b)	56,683	-
Payments for property, plant and equipment		(46)	(640)
Payments for, exploration, evaluation and development expenditure		(54)	(1,309)
Payments for deferred project costs		(941)	-
Loans to associated entities		(226)	-
Net Cash Flows From/(Used in) Investing Activities		55,416	(1,949)
Cash Flows From Financing Activities			
Proceeds from issue of shares		-	9,147
Repayment of borrowings - other		(56,588)	(2,963)
Proceeds from borrowings – related parties		6,340	-
Net Cash Flows From/ (Used in) Financing Activities		(50,248)	6,184
Net Increase/(Decrease) In Cash Held		(1,248)	534
Cash at the beginning of the year		102	(432)
Cash at the end of the financial year	7(a)	(1,146)	102

The statement of cashflows are to be read in conjunction with the notes set out on pages 5 to 15.

NOTES TO FINANCIAL INFORMATION

1. Accounting Policies

Basis of preparation

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

It has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or fair values of non-current assets.

These accounting policies have been consistently applied by each entity in the consolidated entity and are consistent with those of the previous year.

Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

During the year, milestones stipulated in the Amending Deed 7 Facility Agreement signed with the Commonwealth Bank of Australia ("CBA") on 20 February 2002 and the Variations to the Amending Deed 7 signed on the 21 May 2003 were achieved in August 2003. On 4 July 2003, the CBA and the Company signed a Deed of Release and Amending Deed 8 in which the CBA agreed to extent the repayment of the loan facilities to 31 December 2004.

Agreement has also been reached with the Company's major shareholder, Energy World International ("EWI"), to provide loan facilities up to $17.1 million secured against specified assets of the consolidated entity.

As a consequence of restructuring the business and the development of a revised business and financing strategy, management believe that the Company's viability will be underpinned by dividend streams to be generated from its Indonesian assets from 2005 onwards and the development opportunities associated with its LNG technologies in both Asia and Pacific regions, including the agreement with PT PLN (Persero) for the 60MW expansion of the Sengkang Gas and Power Project.

In developing this strategy the directors are aware of the impact on the Company's short term working capital liquidity and have secured a commitment from the Company's major shareholder, EWI, to provide additional short term funding, if required.

Changes in Accounting Policy

The consolidated entity has applied revised AASB 1012 "Foreign Currency Translation", AASB 1028 "Employee Benefits" and AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets" for the first time from 1 July 2002 without material effect.

NOTES TO FINANCIAL INFORMATION

	Consolidated 2003 $000	Consolidated 2002 $000
2. Revenues from Ordinary Activities		
Revenue from sale of goods		
Oil and Gas	928	2,690
Power	17,237	16,957
LNG	4,020	3,731
Total revenue from sale of goods	22,185	23,378
From operating activities		
Interest		
- Related parties	-	44
- Other parties	14	22
Management Fees	899	961
Net foreign exchange gain	10,500	6,440
From outside operating activities		
Insurance recoveries	210	-
Proceeds from sale of non-current assets	56,683	-
Total other revenues	68,306	7,467
Total revenue from ordinary activities	90,491	30,845

3. Profit / (loss) from ordinary activities, before related income tax

a) Profit / (loss) from ordinary activities before income tax expense has been arrived at after charging/(crediting) the following items:

	2003 $000	2002 $000
Cost of Production	14,581	12,660
Depreciation of non-current assets		
Plant and equipment	6,668	6,857
Buildings	89	92
Total depreciation of non-current assets	6,757	6,949
Amortisation of exploration, evaluation and development costs	81	81
Total depreciation and amortisation expenses	6,838	7,030
Borrowing costs:		
Other parties	9,202	7,738
Related parties	1,546	580
Total borrowing costs	10,748	8,318

NOTES TO FINANCIAL INFORMATION

	Consolidated 2003 $000	Consolidated 2002 $000
3. Profit/(loss) from ordinary activities, before related income tax (continued)		
a) Profit / (loss) from ordinary activities before income tax expense has been arrived at after charging/(crediting) the following items:		
Exploration, evaluation and development costs written-off	451	693
Write off of inventory spares	-	31
Net movements in Provision for:		
Loss on interest rate swap agreements	3,177	-
Diminuition of non-current assets	4,171	-
Doubtful debts expense	163	782
Movement in provision for Employee entitlements	(41)	75
Operating lease rental expense	374	462
Loss on write off of plant and equipment	-	7
(b) Individually significant expenses/(revenue) included in loss from ordinary activities before income tax expense		
Proceeds on sale of non-current assets	(56,683)	-
Carrying amount of assets sold	92,205	-
Loss on sale of non-current assets	35,522	-
Net foreign currency (gains)/losses	(10,500)	(6,440)

4. Investments accounted for using the equity method

(a) Details of Investment in Associates are as follows:

Name	Note	Reporting Date	% of Ownership Interest 2003 %	2002 %	Investment Carrying Amount 2003 $000	2002 $000
Sulawesi Energy Pty Ltd	(1)	30 June	50	50	13,942	21,844
PT Energi Sengkang	(2)	30 June	47.5	47.5	-	-
Energy Equity EPIC (Sengkang) Pty Ltd	(3)	30 June	50	50	36,319	31,316
Asian Resources Limited	(4)	30 April	42.5	42.5	4,296	4,296
Siasin Energy Limited	(5)	30 April	40	40	-	-
Odeon Limited	(6), (8)	31 March	-	63.3	-	50,153
GMR Power Corporation Private Ltd	(7)	31 March	-	25	-	-
					54,557	107,609

(1) Holding company of PT Energi Sengkang
(2) Operator of the Sengkang 135MW Power Station in Sulawesi, Indonesia
(3) Operator of the Sengkang Production Sharing Contract in Sulawesi, Indonesia
(4) Holding company of Siasin Energy Ltd
(5) Developer of the proposed 680MW Vypeen Power Project in Cochin, India
(6) Holding company for GMR Vasavi Power Corporation Pty Ltd
(7) Operator of 200MW Basin Bridge Power Station.
(8) On 20 June 2003 the consolidated entity disposed of its shares in Odeon Limited for $25.4 million.

NOTES TO FINANCIAL INFORMATION

4. Investments accounted for using the equity method

(b) Results of associates

	Sulawesi Energy Pty Ltd	Energy Equity EPIC(Sengkang) Pty Ltd	Odeon Ltd	Total
	2003	2003	2003	2003
	$000	$000	$000	$000
Share of associates profits				
Share of associates:				
- Profit from ordinary activities	2,263	10,266	3,825	16,354
- Income tax expense	(767)	-	-	(767)
Share of associates net profit	1,496	10,266	3,825	15,587
Adjustments:				
Amortisation of goodwill arising from investment	-	-	(833)	(833)
Share of associates net profit accounted for using the equity method	1,496	10,266	2,992	14,754

	Sulawesi Energy Pty Ltd	Energy Equity EPIC(Sengkang) Pty Ltd	Odeon Ltd	Total
	2002	2002	2002	2002
	$000	$000	$000	$000
Share of associates profits				
Share of associates:				
- Operating profits before income tax	4,155	8,364	5,433	17,952
- Income tax expense	(1,282)	-	-	(1,282)
Share of associates net profit	2,873	8,364	5,433	16,670
Adjustments:				
- Amortisation of goodwill on acquisition	-	-	(857)	(857)
- Provision for dissimilar accounting policy	-	-	(2,936)	(2,936)
Share of associates net profit accounted for using the equity method	2,873	8,364	1,640	12,877

NOTES TO FINANCIAL INFORMATION

5. Contributed Equity

	Consolidated 2003 $000	Consolidated 2002 $000
Share capital		
835,105,000 (2002: 831,996,000) ordinary shares, fully paid	187,794	187,658

(a) Ordinary shares

	2003 $000	2002 $000
Movements during the year		
Balance at beginning of year	187,658	178,511
Shares issued		
3,190,000 in settlement of debt	136	-
150,375,000 pursuant to prospectus	-	10,000
Transaction Costs	-	(853)
Balance at end of year	187,794	187,658

During the year 3,109,000 fully paid ordinary shares were issued to Pacific Energy Ltd at a price of 4.4 cents in settlement of outstanding debt.

(b) Share Options

There have been no options granted over unissued shares in Energy World Corporation Ltd during or since the end of the year.

At the date of this report unissued ordinary shares of the Company under option are:

Expiry date	Exercise price	Number of shares
29 November 2003	$0.20	35,000,000

These options were issued under the convertible note facility agreement (CNFA) dated 22 June 2000.

No options were exercised during or since the end of the financial year.

6. Accumulated Losses

	Consolidated 2003 $000	Consolidated 2002 $000
Accumulated losses at beginning of year	(72,018)	(81,485)
Net profits / (loss) attributed to members of the parent entity	(31,999)	9,467
Transfer from foreign currency translation reserve on disposal of equity accounted investment	(5,342)	-
Accumulated losses at the year end	(109,359)	(72,018)

NOTES TO FINANCIAL INFORMATION

7. Notes to the statement of cash flows

(a) Reconciliation of cash

	Consolidated	
	2003	2002
	$000	$000
For the purpose of the statements of cash flows, cash includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statements of financial position as follows:		
Cash assets	235	795
Bank overdraft	(1,381)	(693)
Closing cash balance	(1,146)	102

(b) Proceeds on disposal

Investment in associates	25,406	-
Non-current assets	31,277	-
	56,683	-

8. Net tangible asset backing

	2003	2002
Net tangible asset backing per ordinary security	9.34 cents	15.98 cents

9. Earnings per shares (EPS)

Classification of securities as ordinary shares

Ordinary shares have been included in basic earnings per share.

	Consolidated	
	2003	2002
	$000	$000
Earnings reconciliation		
Net profit/(loss), basic and diluted earnings	(31,999)	9,467

	Consolidated	
	2003	2002
	Number	Number
Weighted average number of shares used as a denominator		
Number for basic and diluted earnings per share	833,197,482	715,272,025

- The 35,000,000 shares options disclosed in Note 5 were not included in the calculation of diluted EPS as they are not dilutive.

NOTES TO FINANCIAL INFORMATION

10. Segment Reporting

Inter-segment pricing is determined on arm's length basis.

Segment results, assets and liabilities include items directly attributed to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business segments

Oil & Gas	Exploration, development and production of gas and oil, design, construction, operation and maintenance of gas, processing plants and gas pipelines.
Power	Development, design, construction operation and maintenance of power stations.
LNG	Development and production of liquefied natural gas, design, construction, operation and maintenance of LNG Plants, Road transport of LNG.

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

The consolidated entity's business segments operate geographically as follows:

Australia	power, gas and oil plants
Indonesia	power and gas
India	power and gas

NOTES TO FINANCIAL INFORMATION

SEGMENT REPORTING (continued)	OIL & GAS		POWER		LNG		ELIMINATIONS		CONSOLIDATED	
Primary reporting	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Business segments	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue										
External segment revenue	2,328	2,690	73,534	17,918	4,020	3,731			79,882	24,339
Inter-segment sales	1,076	2,146					(1,076)	(2,146)	-	-
Total segment revenue	3,404	4,836	73,534	17,918	4,020	3,731	(1,076)	(2,146)	79,882	24,339
Other unallocated revenue									10,609	6,506
Total revenue									90,491	30,845
Result										
Segment result	(21,137)	(1,465)	(19,475)	3,082	36	1,206			(40,576)	2,823
Share of net profit/loss of equity accounted investments	10,266	8,364	4,488	4,513					14,754	12,877
Unallocated corporate expenses									(6,177)	(6,233)
Profit from ordinary activities before income tax									(31,999)	9,467
Income tax expense									-	-
Net Profit/(Loss)									(31,999)	9,467
Depreciation and amortisation	2,996	3,051	3,507	3,705	335	274			6,838	7,030
Non-cash expenses other than depreciation and amortisation	4,171	-	-	-	-	-			4,171	-
Exploration expenditure written off in respect of areas abandoned					451	693			451	693
Assets										
Segments assets	20,382	40,698	49,222	89,151	3,940	4,202			73,544	134,051
Equity accounted investment	36,319	31,127	18,238	76,482					54,557	107,609
Unallocated corporate assets									9,168	10,417
Consolidated total assets									137,269	252,077
Liabilities										
Segment liabilities	1,650	1,554	1,511	4,451	206	262			3,367	6,267
Unallocated corporate liabilities									55,899	112,812
Consolidated total liabilities									59,266	119,079

	AUSTRALIA		INDONESIA		INDIA		CONSOLIDATED	
Secondary reporting	2003	2002	2003	2002	2003	2002	2003	2002
Geographical segments	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External segment revenue by location of customers	53,576	23,378	899	961	25,407	-	79,882	24,339
Segment Assets by location	20,961	80,796	37,321	37,969	15,262	15,286	73,544	134,051
Acquisition of non-current assets	46	640					46	640

NOTES TO FINANCIAL INFORMATION

11. Contingent Liabilities

Details of contingent liabilities and contingent assets where the probability of future payments/receipts is not considered remote are set out below, as well as details of contingent liabilities and contingent assets, which although considered remote, the directors consider should be disclosed.

The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

Contingent liabilities not considered remote

(i) In relation to the PY1 project, a notice of default, a notice of withdrawal and an arbitration notice dated 13 September 2001, 28 September 2001 and 29 January 2002, respectively, were received from Mosbacher, one of the parties to the joint operating agreement. The Company has taken legal advice in regard to the withdrawal notice and was advised that the notices issued by Mosbacher to Energy Equity India Petroleum Pty Ltd are invalid. It was not possible to amicably agree a settlement with Mosbacher. Under the circumstances in accordance with the contractually agreed dispute resolution process the parties to the agreement entered into Arbitration. The Company appointed Mulla & Mulla & Simmons and Simmons and other parties to defend its investment in the Joint Operating Agreement and the Sengkang Block Production Sharing Contract ("PSC") at the Arbitration proceedings which took place in London on 24 September 2002 and completed in July 2003. The outcome from the Arbitration process is now awaited.

(ii) Kvaerner Process Systems have commenced legal action for payment of approximately $1 million pursuant to an EPC Contract for the Eromanga Gas Plant in Queensland. The consolidated entity denies the amount claimed and have counterclaimed for approximately $2.7 million.

Contingent liabilities considered remote

(i) The Company has given an undertaking that it will not require loans to wholly owned controlled entities to be repaid within a 12 month period from the date of this report where it would place those entities in a position where they could not pay their debts as and when they fall due.

(ii) The maximum contingent liability of the Company for the termination of service agreements with Directors and executives of the Company is $150,000 (2002: $150,000).

(iii) The Company and certain wholly owned controlled entities have entered into a Deed of Cross Guarantee to pay any deficiency in the event of winding up of any of the entities which are party to the deed.

(vi) The Company is party to the "Investor Support Agreement" for the Sengkang Gas and Power Project. The Investor Support Agreement currently remains in place pending ongoing negotiation with the projects lenders. At 30 June 2003 a balance of US$8,371,472 (A$12,549,051) remains outstanding, of which the Company's share is US$4,185,736 (A$6,274,526) as at 30 June 2003.

(v) In accordance with Section XVI of the Renewal of the Production Sharing Contract (PSC) between Pertamina and Energy Equity Epic (Sengkang) Pty Ltd, effective on 24 October 2000, Pertamina is entitled to acquire a ten percent (10%) undivided interest in the PSC from the Contractor (EEES). Pertamina is required to advise EEES of the basis of the 10% participating interest within 90 days of the 24 October 2000. Pertamina may elect to pay for its 10% participating interest by either:

1. by transfer of cash; or
2. by way of "payments out of its share of production", with uplift on the amount payable.

At the time of preparation of the Financial Report, Pertamina have not advised EEES of its intention to acquire the 10% interest or the basis for such acquisition. Accordingly EEES continues to account and report for its 100% participating interest in the PSC.

NOTES TO FINANCIAL INFORMATION

12. Events subsequent to balance date

- In July 2003, the Company executed a Deed of Release and Amending Deed (Facility Agreement) to amend the Facility Agreement (Agreement) with Commonwealth Bank of Australia ('CBA") on the arrangements for payment of the balance of the Multi-Option Facility. This Agreement formalises the extensive discussions between the Company and CBA in relation to the extension of the banking facilities until 31 December 2004. Under the Agreement, CBA may also (but is not obliged to) review each Facility under the Agreement upon a written request by the Company with a view to supporting a medium term facility.

- In August 2003, $19.9million of the Multi-Option Facility under the Facility Agreement was converted into US Dollars. As a result, the interest rate was based on USD LIBOR (approximately 1.1% pa) rather than the AUD BBR (approximately 4.5% pa). The remaining portion of the Overdraft Facility is remained in Australian Dollars.

- Subsequent to the execution of the Agreement with CBA, $5.4 million was drawndown under the $12.1 Million Loan Facility from Energy World International Ltd (EWI) to partially meet the payment obligation to CBA in accordance with the Agreement. As a result, the outstanding level of the MOF was reduced from $27 million to $21.6 million. This advance of $5.4 million is secured by a fixed and floating charges over the shares and assets of Australian Gasfields Ltd and Central Energy Australia Pty Ltd.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

Annual Meeting

The annual meeting will be held as follows:

Place	Royal Automobile Club of Australia
Date	Friday, 14 November 2003
Time	2:00 pm

Approximate date the annual report will be available

Compliance Statement

1. This report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements and Urgent Issues Consensus Views.

2. This report, and the accounts upon which the report is based, use the same accounting policies.

3. This report gives a true and fair view of the matters disclosed.

4. This report is based on accounts to which one of the following applies

☐	The financial report has been audited.	☐	The financial report has been subject to review.
☑	The financial report is in the process of being audited or subject to review.	☐	The financial report has *not* yet been audited or reviewed.

5. The function of the audit committee is carried out by the full board.

Sign here: .... Date: 11 September 2003
Director

Print name: Ian Jordan

Attachment A

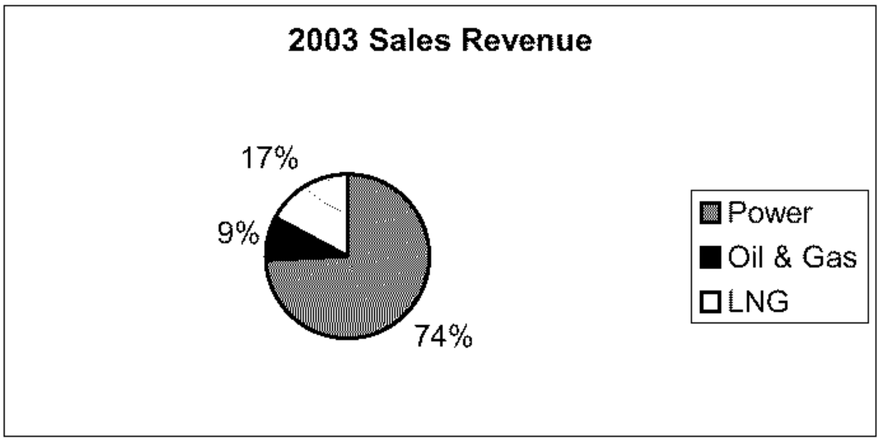
Review and of operations

Before tax results from ordinary and extraordinary activities (including the sale of assets) amounted to a loss of $31,999,000 (2002: profit of $9,467,000).

Earnings before interest, depreciation, and tax after equity accounted results of associates reduced from a profit of $24,815,000 to a loss of $10,242,000 mainly due to:

- As part of the debt reduction programme agreed with the Commonwealth Bank of Australia (CBA), the Company sold its 63% interest in Odeon, its business in Central Queensland Power Pty Ltd (CQP) and the Cheepie-Barcaldine Pipeline of Australian Gasfield Ltd (AGF) in June 2003. As a result, a total loss on sale of $35.5 million was recorded.
- Subsequent to the sale of its business in CQP, the interest rate swap hedging arrangements with CBA are no longer effective and a mark to market provision of $3.2 million was recorded.
- A $4.1 million provision for diminution in the carrying value of AGF's non current assets has been recorded at 30 June 2003.
- An unrealised foreign exchange gain of $10.5 million was recorded against outstanding US dollar forward contracts as the Australian dollar strengthened.

Borrowing costs increased to $10,748,000 (2002: $8,318,000) due to (1) the average interest rate on CBA loan increased in 2003, (2) payment of extension fees to CBA and (3) accrual on interest and fee to Energy World International Ltd for provision of (3a) $5 Million Additional Loan in July 2002 and (3b) $12.1 million Loan Facility in May 2003.



POWER OPERATIONS

The Company has interests in four operating power plants:

- **Sengkang Power Project, Indonesia**

  The US$225 million Sengkang Gas and Power Project in South Sulawesi, Indonesia, is the Company's largest project. Construction commenced in July 1996 and commissioning started in July 1997. Full commercial operation of the open cycle stage commenced in September 1997. The combined cycle construction was completed on budget and schedule in September 1998 to bring the power capacity to 135MW.

EWC has a 47.5% interest in the power plant with El Paso Energy, a major United States gas energy group, holding 47.5%, having acquired their interest from EWC in 1996. A local partner, P.T. Trihasra holds a 5% interest.

The Sengkang Power Project has a 20-year take-or-pay power sales agreement contract to supply power to PLN into the South Sulawesi Electricity Grid. The project is the first gas-fired combined cycle power plant in Indonesia and the first integrated private power and gas development in the country.

Funding for the Sengkang Power Project is a combination of equity and non-recourse project finance. EWC's exposure to the Sengkang project is equity, loan contributions, its share of retained earnings and reserves of the project since the commencement of operations and a joint and several guarantee under the Investor Support Agreement (ISA). The outstanding amount under the ISA to the Project Lenders is US$7.4 million (A$11.1 million) as at 30 June 2003.

During the year, Sengkang generated 955 GWH – EWC'S share 454 GWH (2002-853 GWH –EWC's share 406 GWH) of electricity into the South Sulawesi grid. The first amendment of the power purchase agreement was signed with PLN (the Indonesian Government Electricity Authority) on 19 September 2002 and will be effective upon completion of conditions precedent including amendment of gas supply agreements and the Combined Financing Agreements to provide for the expansion of the Sengkang power plant capacity.

A team jointly elected by the shareholders, namely EWC and El Paso has been set up to progress and develop the Expansion project. The Technical members of the team are currently reviewing the Equipment Procurement Contract options with various contractors.

- **Basin Bridge Power Project, India**

As part of the debt reduction programme agreed with the CBA, 100% of EWC's investment shares in Odeon Limited, the Mauritius based Company through which EWC holds its 25% ownership in the Basin Bridge Power Station, was sold in June 2003. The proceeds from the sale were utilized to pay down the Company debt obligations to the CBA.

The Basin Bridge Power Project located in Chennai in the State of Termil Nadu was the third independent power project commissioned in India and the first for the State of Tamil Nadu. .

The 200MW project began commercial operations with two 50 MW units being commissioned in January 1999 and the second two 50 MW in March 1999.

The Power Plant sold electricity to Tamil Nadu Electricity Board (TNEB) under a 15-year take-or-pay contract that was signed in September 1996.

During the year, Basin Bridge generated 1,086 GWH (2002: 1,235 GWH) EWC's share 272 GWH (2002: 309 GWH).

- **Barcaldine Power Project - Central Queensland, Australia**

As part of the debt reduction programme agreed with the CBA, on June 2003, the Barcaldine Power Project was sold to Queensland Power Trading Corporation trading as Enertrade (Enertrade) in June 2003. The proceeds from the sale was utilized to reduce the outstanding debt with the CBA and the Guarantee of $3.4 Million associated with the transaction was retired accordingly.

Central Queensland Power Pty Ltd (CQP) owned and operated the 55 MW gas-fired Barcaldine Power Station under a 21 year take or pay Electricity Supply Agreement (ESA) with Enertrade.

The power project was the first independently owned integrated gasfield and power station project to provide power into a state grid in Australia.

During the year the Power Project generated 167 GWH (2002 – 178 GWH) into the Queensland Electricity Grid. The decrease in production was due to the station was sold to Enertrade on 13 June 2003.

- **Alice Springs Power Project, Australia**

  Central Energy Power Pty Ltd (CEP) owns and operates an 8.7 MW gas-fired, base load power station at Alice Springs in the Northern Territory under a 20 year take or pay Power Purchase Agreement with the Northern Territory Power and Water Authority that expires in 2016. The contract for supply of electricity was executed on 15 April 1996 with electricity supply commencing on 23 December 1996. Northern Territory Power and Water Authority (PAWA) supply the gas for the power station through a gas supply agreement from the operators of the Palm Valley gasfield.

  The Power Plant in Alice Springs produced 59 GWH during the year (2002 – 51 GWH).

Power Plants By Location	Capacity MW	Number of Power Plants	Capacity Owned MW
Australia*	63.7	2	63.7
Indonesia	135	1	64.1
India*	200	1	50
	398.7	4	177.8

* The Barcaldine Power Station was sold in June 2003.

* The investment in Basin Bridge Power was sold in June 2003.

GAS OPERATIONS

The Company has interests in three operating gas plants:

Australian Gasfields, Queensland

Australian Gasfields Ltd is the owner and operator of three producing gasfields (Gilmore, Bunya & Cocos) located in Queensland.

- **Gilmore**

  Gas produced from the Gilmore gasfield (PL 65) was transported by AGF's 240 km pipeline to the Barcaldine Power Station. The Gilmore Field provided 316,860 GJ of gas (2002 – 466,364 GJ) for the Barcaldine Power Plant. The gas wells production rate and pressure are falling as gas is extracted. Additional gas requirements for the Barcaldine Power Station was provided by third parties via AGF's 160 km Gilmore/Cheepie pipeline that is connected to EPIC's South-West Queensland pipeline.

  AGF's 240 km pipeline was sold to Enertrade in June 2003 as part of an agreement linked to the sale of the Barcaldine Power Station. A Gas Supply Agreement between AGF and Enertrade was entered in June 2003 to cover the continuation of gas supplied from the Gilmore field to the gas supply for Barcaldine Power Plant now owned by Enertrade..

- **Eromanga**

  The Eromanga Gas Plant is located on ATP-549P, which includes the Bunya and Cocos gas fields. The gas supply agreement with Pasminco Century Mine Ltd was terminated on 12 October 2001. The gas plant ceased production on 13 October 2001 and was shut down in 2001. The Company is currently considering the commercial opportunities that may exist following the closure of the plant.

- **Other Interest**

AGF also has a 20% interest in ATP-269P, which contains the Thylungra gasfield adjacent to ATP-549P. In addition, AGF has a 2% interest in the Naccowlah Block (ATP-259P). Apart from the small interest in the oil production from the fields in the Jackson area, the interest also provides AGF with access for transportation of hydrocarbon liquids into the Jackson-Moonie pipeline at concessional rates. AGF's share of the production from the block was 19,805 BBL's (2002 – 20,295 BBL) of condensate during the year.

Sengkang Gas Field, Indonesia

The Sengkang Block Production Sharing Contract (PSC) has a total of 443 BCF (2002 – 451 BCF) of proved and probable net remaining sales – gas reserves in its producing and non-producing fields. Of these reserves 268 BCF is committed to the power station leaving surplus capacity for the anticipated expansion of the power plant and for future sales in South Sulawesi. EWC and EL Paso Energy each own 50% of the PSC.

The Sengkang Block PSC sold 8,987 TJ of gas during the year (EWC's share 4,494 TJ) compared with 8,327 TJ in 2002 (EWC's share 4,164 TJ).

Reserve Movement Schedule (EWC share)

GAS

Permit	Field	Reserves* 30.6.02	Production	Remaining	Revisions	Acquisition/ Divestment	Reserve* 30.06.03
		bcf	bcf	bcf	bcf	bcf	bcf
PL 65	Gilmore	20.9	0.3	20.6	0.0	0.0	20.6
ATP-549P	All	11.3	0.0	11.3	0.0	0.0	11.3
ATP-269P		1.1	0.0	1.1	0.0	0.0	1.1
Sengkang	All	225.7	4.2	221.5	0.0	0.0	221.5
Biru	Biru	28.5	0.0	28.5	0.0	0.0	28.5
Talang Babat	Talang Babat	3.9	0.0	3.9	0.0	0.0	3.9
Gajah Besar	Gajah Besar	4.5	0.0	4.5	0.0	0.0	4.5
PY-1	PY-1	95.2	0.0	95.2	0.0	0.0	95.2
Total Gas Reserves		**391.1**	**4.5**	**386.6**	**0.0**	**0.0**	**386.6**
OIL		mb	mb	mb	mb	mb	mb
Naccowlah Block		99.2	19.8	79.4	0.0	0.0	79.4
Total Oil Reserves		**99.2**	**19.8**	**79.4**	**0.0**	**0.0**	**79.4**
Total Reserves							
		mmb	mmb	mmb	mmb	mmb	mmb
Barrels of Oil Equivalent **		**65.3**	**0.8**	**64.5**		**0.0**	**64.5**

* Reserves quoted being proved plus probable (2P)
** Gas energy normalised at 1000 BTU per scf.

bcf : billion cubic feet
mb : thousand barrels
mmb : million barrels

Interests in Oil and Gas Permits

TENEMENT	LOCATION	BASIN	EQUITY	OPERATOR
PL 115	QLD	COOPER	100%	EWC
PL 116	QLD	COOPER	100%	EWC
PL 65	QLD	ADAVALE	100%	EWC
ATP-549P	QLD	COOPER	85%	EWC
ATP-269P	QLD	COOPER	19.6%	Beach
ATP-259P	QLD	COOPER	2%	Santos
PY-1	INDIA	CAUVERY BASIN	35%	Mosbacher Energy
SENGKANG PSC	INDONESIA	SOUTH SULAWESI	50%	EWC
BIRU TAC *	INDONESIA	SOUTH SUMATRA	100%	EWC
TALANG BABAT TAC *	INDONESIA	SOUTH SUMATRA	100%	EWC
GAJAH BESAR TAC *	INDONESIA	SOUTH SUMATRA	100%	EWC
BONE PSC	INDONESIA	OFFSHORE SULAWESI	100%	EWC

* Pending Pertamina extending the contracts