Energy World Corporation Limited

ABN 34 009 124 994

Half Year Report

31 December 2003

Energy World Corporation Limited

ABN 34 009 124 994

Appendix 4D

31 December 2003

Appendix 4D
Energy World Corporation and Controlled Entities
ABN 34 009 124 994

Results for announcement to the market

				$A'000
Revenue from ordinary activities	Up	1%	to	13,394
Loss from ordinary activities after tax attributable to members	Down	78%	to	(10,370)
Net loss for the period	Down	78%	to	(10,370)

Dividends (distributions)		Amount per security	Franked amount per security
Interim dividend		Nil	Nil
Previous corresponding period		Nil	Nil

Record date for determining entitlements to the dividend	N/A

Commentary on the results for the period
The commentary on the results of the period is contained in the Directors Report included in the Half Year Financial Report.

	Consolidated	
	31 Dec 2003	30 June 2003
Net Tangible Asset Backing		
Net tangible asset backing per ordinary security	7.1 cents	7.6 cents

Energy World Corporation Limited

ABN 34 009 124 994

Half Year Financial Report

31 December 2003

Energy World Corporation and its Controlled Entities
Half Year ended 31 December 2003

Directors' Report

The directors present their report together with the consolidated financial report for the half-year ended 31 December 2003 and the Independent review report thereon.

Directors

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

Name	*Period of Directorship*		
Mr S. W. G. Elliott	Director since 1999	–	appointed Chairman 2003 & Managing Director 2000
Mr I. W. Jordan	Director since 2000		
Mr B. J. Allen	Director since 2001		
Ms K. M. Ling	Director since 2003		
Dr S. Adijanto	Director since 1998		
Mr B. Littlechild	Director since 2001		
Mr R. F. Eller	Director since 2003		

Review of Operations

The Company is an integrated power company utilising dedicated fuel sources to generate electrical power for onward sales of electricity under Power Purchase Agreements. The Company owns gas reserves in Australia, India and Indonesia and has operating projects in Australia and Indonesia.

The Company has an interest in two operating power plants, namely Alice Springs power project in Australia and Sengkang power project in Indonesia. There has been no major interruption in the operation of the Sengkang power plant during this six-month period. The Alice Springs power plant has experienced normal overhaul and unexpected plant repair work during the period which has resulted in lower than expected revenues from this operation.

Following an agreement reached with the Indonesian state electricity company PLN, with whom the Sengkang project has a Power Purchase Agreement ("PPA"), negotiations are presently in hand with various manufactures to extend the capacity of the power station by the installation of a further simple cycle gas turbine. This extension is planned to be completed by year end 2005.

The Company has an interest in three operating gasfields. Gilmore is supplying part of the gas requirement for the Barcaldine power station now owned by Enertrade. The gasfield commenced its gas supply in October last year with a one year contract period. The Eromanga gas plant ceased production in 2001 and is presently on care and maintenance. Management is still reviewing the strategic options for the future development of the plant.

The Sengkang gasfield supplies gas to the Sengkang power station. Sufficient proven and probable resources exist to ensure secure supply to the power station, including the planned expansion of the station capacity for the term of the PPA, and for additional sales in South Sulawesi. The Company also continues to study ways in which it can maximise the use of the gas resources available at Sengkang above and beyond those required for the Power Station located there.

The Company has been a pioneer in the production of LNG for road transportation to small gasfired power plant. This activity has been ongoing for over ten years in Central Australia with an outstanding performance reliability record. Active consideration is being given to expanding this experience to additional transportation methods including shipping to facilitate LNG access to small and medium sized gasfired plant located in the India Sub-continent and Asia markets.

Directors' Report (continued)

Financial Performance

The net loss for the consolidated entity for the half-year ended 31 December 2003 was $10.4 million (2002 period: loss of $46.1 million).

The 1% net increase in revenue is after a $9.1 million reduction in trading revenue resulting from the sale of the Barcaldine power station, production shutdowns at the Central Energy Australia and Central Energy Power plants due to major overhaul and unexpected repair work and a three month delay in starting the gas supply contract with Enertrade. These reductions were offset by;

- A $4.6 million realised and unrealised foreign exchange gain; and
- Revenue of the US $2.9 million arising from the transfer of the company's interest in the PY1 project (refer Note 9).

The current period loss included:

- A $9.7 million loss on transfer of the company's interest in the PY1 (refer to Note 9);
- A $2 million reversal of the provision for foreign currency loss due to closure of the company's foreign exchange contacts with the Commonwealth Bank of Australia ("CBA"). These were closed at no cost to the Company;
- A $2.6 million unrealised foreign currency gain on the US dollar CBA Multi Option Facility due to the increased strength of the Australian dollar. This facility was converted from AUD to USD in July 2003;
- A $1 million reduction in the provision for interest swap agreements due to an increase in market interest rates; and
- Losses of $2.1 million from the equity accounted investments. Despite improved trading performance in these associates the loss resulted from:
  - The recognition of deferred income tax liabilities of $5.7 million recorded in Energy Equity Epic (Sulawesi) Pty Limited; and
  - The increased strength of the Australian dollar which negatively impacted the US dollar results recorded in those investments during the period.

The financial report has been prepared on a going concern basis which contemplates continuity of normal business activities and the settlement of liabilities in the ordinary course of business. The Board of Directors considered this appropriate for the following reasons:

(i) 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 arrangement for payment of the balance of 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, upon a written request by the Company, the CBA may also (but is not obliged to) review each Facility under the Agreement with a view to supporting a medium term facility;

(ii) A recent Award obtained from London Court of International Arbitration regarding the PY1 settlement with Mosbacher India LLC (Mosbacher). Under the Award, Energy Equity India Petroleum Pty Ltd, a wholly owned subsidiary of the Company will withdraw its participation in the PY1 project in India and transfer its shares in the PY1 project to other parties in the project for financial compensation of US$2.9 million.

Directors' Report (continued)

Financial Performance (continued)

(iii) The Company's major shareholder, Energy World International Limited ("EWI"), and its associates have agreed, subject to all necessary shareholder approvals, to provide the Company with continued financial support; and

(iv) As a consequence of restructuring the business and the development of a revised business and financing strategy, the Directors 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 the introduction of its LNG technologies in both Asia and Pacific regions.

In developing this strategy the Directors are aware of the impact on the Company's short-term working capital liquidity and, as described above, have secured a commitment from the Company's major shareholder, EWI, to provide additional short term funding, if required, subject to agreement of terms and conditions.

Rounding off

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Directors

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K.M. Ling
Director

27 February 2004

Energy World Corporation and its Controlled Entities

Statement of Financial Performance
For the Half Year ended 31 December 2003

	Note	Consolidated Half year 31 Dec 2003 $A'000	Half year 31 Dec 2002 $A'000
Revenue from operating activities	3	**3,449**	12,048
Interest revenue	3	**1**	9
Other revenue	3	**9,944**	1,223
Total revenue from ordinary activities		**13,394**	13,280
Depreciation and amortisation expenses	3	**(1,318)**	(3,451)
Other expenses from ordinary activities	3	**(17,451)**	(38,310)
Total expenses from ordinary activities, excluding borrowing costs		**(18,769)**	(41,761)
Borrowing costs	3	**(2,899)**	(4,820)
Share of net loss of associates and joint ventures attributable to members	4	**(2,096)**	(12,836)
Loss from ordinary activities before related income tax expense		**(10,370)**	(46,137)
Income tax expense relating to ordinary activities		**-**	-
Net loss		**(10,370)**	(46,137)
Non-owner transaction changes in equity			
Net exchange differences relating to self-sustaining foreign operations		**(7,823)**	469
Total changes in equity from non-owner related transactions		**(18,193)**	(45,666)
Basic loss per share - ordinary shares		**(1.2) cents**	(5.5) cents
Diluted loss per share - ordinary shares		**(1.2) cents**	(5.5) cents

The statement of financial performance is to be read in conjunction with the notes to the half year financial statements set out on pages 7 to 11.

Energy World Corporation and its Controlled Entities

Statement of Financial Position
As at 31 December 2003

	Note	Consolidated 31-Dec-03 $A'000	Consolidated 30-Jun-03 $A'000
CURRENT ASSETS			
Cash assets		**138**	235
Receivables		**5,172**	7,914
Inventories		**204**	147
Other		**1,077**	1,107
TOTAL CURRENT ASSETS		**6,591**	9,403
NON-CURRENT ASSETS			
Receivables		**38,685**	38,046
Investments accounted for using the equity method		**44,516**	54,557
Inventories		**482**	482
Property, plant and equipment		**13,210**	14,134
Exploration, evaluation and development expenditure		**776**	14,273
Other		**6,151**	6,374
TOTAL NON-CURRENT ASSETS		**103,820**	127,866
TOTAL ASSETS		**110,411**	137,269
CURRENT LIABILITIES			
Payables		**5,830**	5,562
Interest bearing liabilities		**23,566**	6,280
Provisions		**1,300**	7,789
TOTAL CURRENT LIABILITIES		**30,696**	19,631
NON-CURRENT LIABILITIES			
Payables		**-**	2,026
Interest bearing liabilities		**18,828**	36,043
Provisions		**1,077**	1,566
TOTAL NON-CURRENT LIABILITIES		**19,905**	39,635
TOTAL LIABILITIES		**50,601**	59,266
NET ASSETS		**59,810**	78,003
EQUITY			
Contributed equity	5	**187,794**	187,794
Reserves		**(8,255)**	(432)
Accumulated losses	6	**(119,729)**	(109,359)
TOTAL EQUITY	7	**59,810**	78,003

The statement of financial position is to be read in conjunction with notes to the half year financial statements as set out on pages 7 to 11.

Energy World Corporation and its Controlled Entities

Statement of Cash Flows
For the half year ended 31 December 2003

	Consolidated	
	Half year 31 Dec 2003	Half year 31 Dec 2002
	$A'000	$A'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts in the course of operations	**5,679**	15,314
Cash payments in the course of operations	**(5,054)**	(14,324)
Interest received	**1**	9
Borrowing costs paid	**(2,257)**	(4,272)
NET CASH USED IN OPERATING ACTIVITIES	**(1,631)**	(3,273)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on disposal of non-current assets	**45**	8
Payments for property, plant and equipment	**(394)**	-
Payments for exploration, evaluation and development	**(197)**	-
Payments for deferred project costs	**(116)**	(278)
Loans to associated entities	**(639)**	(149)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	**(1,301)**	(419)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings - other	**(5,419)**	-
Proceeds from borrowings - related parties	**8,251**	2,851
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	**2,832**	2,851
NET (DECREASE) IN CASH HELD	**(100)**	(841)
Cash at beginning of the financial period	**(1,146)**	102
Cash at end of the financial period	**(1,246)**	(739)

The statement of cash flows is read in conjunction with the notes to the half year financial statements as set out on pages 7 to 11.

Energy World Corporation and its Controlled Entities

Notes to Financial Statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of half-year financial report

The half-year consolidated financial report is a general purpose financial report which has been prepared in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting", the recognition and measurement requirements of applicable AASB standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. This half-year financial report is to be read in conjunction with the 30 June 2003 Annual Financial Report and any public announcements by Energy World Corporation Limited and its Controlled Entities during the half-year in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

It has been prepared on the basis of historical costs and, expect 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 applied in the 30 June 2003 Annual Financial Report.

The half-year report does not include full note disclosures of the type normally included in an annual financial report.

The financial report has been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Board of Directors considered this appropriate for the following reasons:

(i) 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 arrangement for payment of the balance of 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, upon a written request by the Company, the CBA may also (but is not obliged to) review each Facility under the Agreement with a view to supporting a medium term facility;

(ii) A recent Award obtained from London Court of International Arbitration regarding the PY1 settlement with Mosbacher India LLC (Mosbacher). Under the Award, Energy Equity India Petroleum Pty Ltd, a wholly owned subsidiary of the Company will withdraw its participation in the PY1 project in India and transfer its shares in the PY1 project to other parties in the project for financial compensation of US$2.9 million.

(iii) The Company's major shareholder, Energy World International Limited ("EWI"), and its associates have agreed, subject to all necessary shareholder approvals, to provide the Company with continued financial support; and

(iv) As a consequence of restructuring the business and the development of a revised business and financing strategy, the Directors 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 the introduction of its LNG technologies in both Asia and Pacific regions.

In developing this strategy the Directors are aware of the impact on the Company's short-term working capital liquidity and, as described above, have secured a commitment from the Company's major shareholder, EWI, to provide additional short term funding, if required, subject to agreement of terms and conditions.

Energy World Corporation and its Controlled Entities
Notes to Financial Statements (continued)

	Consolidated	
	Half year 31 Dec 2003	Half year 31 Dec 2002
	$A'000	$A'000
2. INDIVIDUALLY SIGNIFICANT ITEMS		
Individually significant gains/(losses) included in loss from ordinary activities before income tax expense:		
Proceeds on disposal of exploration and development assets	**3,945**	-
Carrying amount of exploration and development disposed	**(13,385)**	-
Net loss	**(9,440)**	-
Share of net losses of associates – recognition of deferred tax liabilities not previously brought to account by the associated entity	**(5,692)**	-
3. OPERATING PROFIT		
REVENUE FROM OPERATING ACTIVITIES		
Sale of goods and services	**3,449**	12,048
INTEREST REVENUE		
Other parties	**1**	9
OTHER REVENUES FROM ORDINARY ACTIVITIES		
Management fees	**1,059**	474
Proceeds received on disposal of non current assets	**3,990**	8
Rental income	**199**	38
Net foreign currency gains	**4,696**	408
Discount on spares	**-**	80
Insurance proceeds	**-**	210
Other	**-**	5
	9,944	1,223
DEPRECIATION AND AMORTISATION EXPENSES		
Land and buildings	**(9)**	(46)
Plant and equipment	**(1,267)**	(3,377)
Deferred evaluation, exploration and development costs	**(42)**	(28)
	(1,318)	(3,451)
OTHER EXPENSES FROM ORDINARY ACTIVITIES (EXCLUDING BORROWING COSTS)		
Cost of production	**(2,737)**	(7,871)
Exploration, evaluation and development costs written-off	**(128)**	(30)
Cost of exploration and development assets disposed	**(13,385)**	-
Net movement in:		
- Provision for interest rate swaps	**992**	(2,700)
- Provision for diminution in value of non-current assets	**-**	(24,701)
General and administrative expenses	**(2,193)**	(3,008)
	(17,451)	(38,310)
BORROWING COSTS		
Interest and loan establishment fees paid or payable to:		
Related parties	**(1,856)**	(557)
Other parties	**(1,043)**	(4,263)
	(2,899)	(4,820)

Energy World Corporation and its Controlled Entities

Notes to Financial Statements (continued)

4. INVESTMENTS IN ASSOCIATES

		Ownership Interest Consolidated		Share of net profits/(losses) Consolidated	
		2003	2002	**31 Dec 2003**	31 Dec 2002
Name	Notes	**%**	%	**$'000**	$'000
Sulawesi Energy Pty Ltd	(1)	**50.0**	50.0	**1,609**	1,891
Energy Equity EPIC (Sengkang) Pty Ltd	(2)	**50.0**	50.0	**(3,705)**	5,071
Asian Resources Limited	(3)	**42.5**	42.5	**-**	-
Odeon Limited	(4)	**-**	63.3	**-**	1,929
Provision for diminution		**-**	-	**-**	(21,727)
Total				**(2,096)**	(12,836)

(1) Holding company of PT Energy Sengkang, operator of the Sengkang 135MW power station in Sulawesi, Indonesia
(2) Operator of the Sengkang Production Sharing Contract in Sulawesi, Indonesia
(3) Holding company of Siasin energy Ltd, developer of the proposed 680MW Vypeen Power Project in Cochin, India
(4) For GMR Vasavi Power Corporation Pty Ltd, operator of 200MW Basin Bridge Power Station on 20 June 2003 the consolidated entity disposed of is shares in Odeon Limited.

	Consolidated	
	Half year 31 Dec 2003	30 June 2003
	$A'000	$A'000
5. CONTRIBUTED EQUITY		
ISSUED AND PAID-UP CAPITAL		
835,105,472 ordinary shares, fully paid	**187,794**	187,794

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders meetings. In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

On 29 November 2003 35,000,000 options under the convertible note facility agreement at an exercise price of $0.20 expired.

There were no options granted over unissued shares in Energy World Corporation Limited during the half year.

Energy World Corporation and its Controlled Entities

Notes to Financial Statements (continued)

	Consolidated	
	Half year 31 Dec 2003	Half year 31 Dec 2002
	$A'000	$A'000
6. ACCUMULATED LOSSES		
Accumulated losses at beginning of the half-year	**(109,359)**	(72,018)
Net loss	**(10,370)**	(46,137)
Accumulated losses at end of the half-year	**(119,729)**	(118,155)
7. TOTAL EQUITY RECONCILIATION		
Total equity at beginning of the half-year	**78,003**	132,998
Total changes in equity recognised in statement of financial performance	**(18,193)**	(45,666)
Total equity at end of the half-year	**59,810**	132,998

8. ACQUISITION OF CONTROLLED ENTITIES

The following controlled entities were acquired of during the half year:

2003

Name	Date acquired	Consolidated entity's interest %	Consideration $'000	Contribution to consolidated net profit $'000
Kerbridge Energy Pty Ltd	27 October 2003	100	-	-

The company was acquired for no consideration on the cessation of the R&D syndication facility during the period.

2002

The consolidated entity did not gain control over any entities during the prior corresponding half-year period.

9. CONTINGENT LIABILITIES

Other than as set out below, there were no material changes in contingent liabilities since 30 June 2003.

(i) On 4 December 2003 the arbitration proceedings in relation to the PY1 project between a consolidated entity of Energy World Corporation Limited, Energy Equity India Petroleum Pty Limited ("EEIP"), and Mosbacher, one of the parties to the joint operation agreement was settled by the London Court of International Arbitration.

As part of this settlement EEIP is required to transfer its 35% interest in the PY1 project to Mosbacher who, in turn, are required to pay EEIP US $2.963 million plus interest.

The results of this settlement have been recorded in the half year financial report at 31 December 2003.

(ii) A former consultant has claimed for relief under Trade Practices Act 1974 for unpaid fees, termination payment and damages for breach. EWC disagreed and filed defence on 18 December 2003. The maximum contingent liability of the Company for the termination of service agreements with Directors and executives of the Company is $150,000.

Notes to Financial Statements (continued)

10. SEGMENT REPORTING

Primary reporting Business segments	OIL & GAS 31 Dec 2003 $'000	31 Dec 2002 $'000	POWER 31 Dec 2003 $'000	31 Dec 2002 $'000	LNG 31 Dec 2003 $'000	31 Dec 2002 $'000	ELIMINATIONS 31 Dec 2003 $'000	31 Dec 2002 $'000	CONSOLIDATED 31 Dec 2003 $'000	31 Dec 2002 $'000
Revenue										
External segment revenue	**4,718**	487	**2,941**	10,297	**981**	2,031	-	-	**8,640**	12,815
Inter-segment sales	-	426					-	(426)	-	-
Total segment revenue									**8,640**	12,815
Unallocated revenue									**4,754**	465
Total revenue									**13,394**	13,280
Result										
Segment result	**(11,390)**	(21,076)	**1,078**	(3,100)	**333**	373			**(9,979)**	(23,803)
Share of net profit/loss of equity accounted investments	**(3,705)**	5,071	**1,609**	(17,907)					**(2,096)**	(12,836)
Unallocated corporate result									**1,705**	(9,498)
Profit from ordinary activities before income tax									**(10,370)**	(46,137)
Income tax expense									-	-
Net loss									**(10,370)**	(46,137)

Energy World Corporation and its Controlled Entities

Directors' declaration

In the opinion of the directors of Energy World Corporation Limited:

1. the financial statements and notes set out on pages 4 to 11, are in accordance with the Corporations Act 2001, including:

    (a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2003 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date: and

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

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable for the reasons set out in Note 1(a) to the financial statements.

Signed in accordance with a resolution of the directors:

K.M. Ling
Director

Dated

Independent review report to the members of Energy World Corporation

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements and the directors' declaration set out on pages 4 to 12 for the Energy World Corporation Limited Consolidated Entity ("the Consolidated Entity"), for the half-year ended 31 December 2003. The Consolidated Entity comprises Energy World Corporation Limited ("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 Corporation 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 for the Company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether on the basis of the procedures described anything has come to our attention that would indicate the financial report does not present fairly, in accordance with the Corporations Act 2001, Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Consolidated Entity's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performance, which were limited primarily to:

- enquiries of company personnel; and
- analytical procedures applied to the financial data.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

The 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.

A review cannot guarantee that all material misstatements have been detected.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Independent review report to the members of Energy World Corporation (continued)

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe the half-year financial report of Energy World Corporation 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 2003 and of its performance for the half-year ended on that date; and

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

(b) other mandatory financial reporting requirements in Australia.

Working Capital Liquidity

Without qualification to the statement expressed above, attention is drawn to the following significant matter:

The financial report has been prepared on a going concern basis as discussed in Note 1(a), which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

As a consequence of the restructuring undertaken by the Consolidated Entity to meet its obligations with the Commonwealth Bank of Australia and the decision to invest capital in the expansion of the Sengkang Gas and Power Project to secure long term financial returns, the Consolidated Entity is exposed to a short term working capital deficiency. The Consolidated Entity has developed a revised business and financing strategy and has obtained a commitment from the Company's major shareholder to support the short term working capital position of the Consolidated Entity as discussed in Note 1(a).

KPMG

Trent van Veen
Partner

Sydney
27 February 2004