ENERGY WORLD CORPORATION LTD.

ASX APPENDIX 4E
PRELIMINARY FINAL REPORT

For the year ended 30 June 2004
Energy World Corporation Ltd and its Controlled Entities

ACN 009 124 994

Results for announcement to the market

				$A'000
Revenues from ordinary activities (including proceeds on sale of non-current assets)	Down	81.0%	to	17,176
Loss from ordinary activities after tax attributable to members				(25,088)
Loss for the period attributable to members				(25,088)
Percentage and directional movements are not provided as a consequence of the non-comparability of prior year results to the current year loss.				

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 2004 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 2004

	Notes	Consolidated 2004 $000	Consolidated 2003 $000
Revenue from sale of goods	2	7,808	22,185
Other revenue from ordinary activities	2	9,368	68,306
Total revenue		17,176	90,491
Changes in inventories of finished goods		(30)	(658)
Raw materials and consumables used		(6,381)	(13,923)
Depreciation and amortisation expenses	3	(2,592)	(6,838)
Borrowing costs	3	(5,132)	(10,748)
Book value of assets disposed		(13,385)	(92,205)
Provision for diminuition of non-current assets		(2,941)	(4,171)
Exploration, evaluation and development written off		(845)	(451)
Deferred expenditure written off		(5,570)	-
Gain/(loss) on interest rate swap agreements		992	(3,177)
General administration expenses		(2,659)	(5,073)
Share of net profit/(loss) of associates accounted for using the equity method	4	(3,721)	14,754
Loss from ordinary activities before related income tax expense	3	(25,088)	(31,999)
Income tax benefit relating to ordinary activities		-	-
Net loss attributable to members of the parent entity		(25,088)	(31,999)
Non-owner transaction changes in equity			
Net exchange difference relating to self-sustaining foreign operations and equity accounted investments		(1,527)	(23,132)
Total changes in equity from non-owner related transactions attributable to members of the parent entity		(26,615)	(55,131)
Basic and Diluted loss per share			
▪ Ordinary shares (cents per share)	10	(3.00)	(3.84)

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 2004

	Notes	Consolidated	
		2004	2003
		$000	$000
Current Assets			
Cash assets		288	235
Receivables		1,520	7,914
Inventories		117	147
Other		1,079	1,107
Total Current Assets		3,004	9,403
Non-Current Assets			
Receivables		39,520	38,046
Other financial assets		-	6
Investments accounted for using the equity method		49,315	54,557
Inventories		218	482
Property, plant and equipment		9,176	14,134
Exploration, evaluation and development expenditure		-	14,273
Other		640	6,368
Total Non-Current Assets		98,869	127,866
Total Assets		101,873	137,269
Current Liabilities			
Payables		5,325	5,562
Interest-bearing liabilities		20,098	6,280
Provisions		2,389	7,789
Total Current Liabilities		27,812	19,631
Non-Current Liabilities			
Payables		-	2,026
Interest-bearing liabilities		22,511	36,043
Provisions		162	1,566
Total Non-Current Liabilities		22,673	39,635
Total Liabilities		50,485	59,266
Net Assets		51,388	78,003
Equity			
Contributed equity	5	187,794	187,794
Reserves		(1,959)	(432)
Accumulated losses	6	(134,447)	(109,359)
Total equity		51,388	78,003

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 2004

	Notes	Consolidated	
		2004	2003
		$000	$000
Cash Flows From Operating Activities			
Cash receipts in the course of operations		8,655	26,111
Cash payments in the course of operations		(7,443)	(22,030)
Interest received		8	14
Borrowing costs paid		(4,370)	(9,839)
Net Cash Flows (Used in) Operating Activities		(3,150)	(5,744)
Cash Flows From Investing Activities			
Proceeds on disposal of non-current assets		3,990	56,683
Payments for property, plant and equipment		(544)	(718)
Payments for, exploration, evaluation and development expenditure		(34)	(54)
Payments for deferred project costs		(495)	(941)
Loans to associated entities		(1,238)	(226)
Net Cash Flows From/(Used in) Investing Activities		1,679	54,744
Cash Flows From Financing Activities			
Repayment of borrowings - other		(5,419)	(56,588)
Proceeds from borrowings – related parties		6,990	6,340
Net Cash Flows From/ (Used in) Financing Activities		1,571	(50,248)
Net Increase/(Decrease) In Cash Held		100	(1,248)
Cash at the beginning of the year		(1,146)	102
Cash at the end of the financial year	8	(1,046)	(1,146)

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 and other authoritative pronouncements of the Australian Accounting Standards Board.

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 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. The Company has now commenced discussions with the CBA in connection with the settlement/refinancing of the banking facilities and will advise the outcome of these discussions when known;

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

(iii) 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 revenue to be generated from its Indonesian assets from 2006 onwards.

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 documentation of the terms and conditions.

NOTES TO FINANCIAL INFORMATION

	Consolidated 2004 $000	Consolidated 2003 $000
2. Revenues from Ordinary Activities		
Revenue from sale of goods	7,808	22,185
From operating activities		
Interest - Other parties	8	14
Management Fees	1,863	899
Net foreign exchange gain	3,507	10,500
From outside operating activities		
Insurance recoveries	-	210
Proceeds from sale of non-current assets	3,990	56,683
Total other revenues	9,368	68,306
Total revenue from ordinary activities	17,176	90,491

3. Loss from ordinary activities, before related income tax

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

	2004 $000	2003 $000
Cost of Production	6,411	14,581
Depreciation of non-current assets		
Plant and equipment	2,497	6,668
Buildings	18	89
Total depreciation of non-current assets	2,515	6,757
Amortisation of exploration, evaluation and development costs	77	81
Total depreciation and amortisation expenses	2,592	6,838
Borrowing costs:		
Other parties	2,381	9,202
Related parties	2,751	1,546
Total borrowing costs	5,132	10,748

NOTES TO FINANCIAL INFORMATION

	Consolidated 2004 $000	Consolidated 2003 $000
3. Loss from ordinary activities, before related income tax (continued)		
a) Loss from ordinary activities before income tax expense has been arrived at after charging/(crediting) the following items:		
Net movements in Provision for:		
(Gain)/loss on interest rate swap agreements	(992)	3,177
Diminution of non-current assets	2,941	4,171
Doubtful debts	-	163
Operating lease rental expense	201	374
(b) Individually significant expenses/(revenue) included in loss from ordinary activities before income tax expense		
Proceeds on disposal of exploration and development expenditure	(3,945)	(56,683)
Carrying amount of exploration and development expenditure disposed	13,385	92,205
Net loss	9,440	35,522
Deferred expenditure written off	5,570	-
Share of net losses of associates:		
- Recognition of deferred tax liabilities not previously brought to account by the associated entity	5,692	-
- Write down in value	4,296	-
	9,988	-
Net foreign currency gains	3,507	(10,500)

NOTES TO FINANCIAL INFORMATION

4. Investments accounted for using the equity method

Details of Investment in Associates are as follows:

Name	Note	Reporting Date	% of Ownership Interest 2004 %	2003 %	Share of net profits/(losses) 2004 $000	2003 $000
Sulawesi Energy Pty Ltd	(1)	30 June	50	50	1,549	1,496
PT Energi Sengkang	(2)	30 June	47.5	47.5	-	-
Energy Equity EPIC (Sengkang) Pty Ltd	(3)	30 June	50	50	(974)	10,266
Asian Resources Limited	(4)	30 April	42.5	42.5	(4,296)	-
Siasin Energy Limited	(5)	30 April	40	40	-	-
Odeon Limited	(6), (8)	31 March	-	-	-	2,992
GMR Power Corporation Private Ltd	(7), (8)	31 March	-	-	-	-
					(3,721)	14,754

(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 Power Corporation Private Ltd
(7) Operator of 200MW Basin Bridge Power Station.
(8) On 20 June 2003 the consolidated entity disposed of its interest in Odeon Limited and GMR Power Corporation Private Ltd for $25.4 million.

NOTES TO FINANCIAL INFORMATION

5. Contributed Equity

	Consolidated 2004 $000	Consolidated 2003 $000
Share capital		
835,105,000 ordinary shares, fully paid	187,794	187,794

(a) Ordinary shares

	2004 $000	2003 $000
Movements during the year		
Balance at beginning of year	187,794	187,658
Shares issued 3,190,000 in settlement of debt	-	136
Balance at end of year	187,794	187,794

(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 there were no unissued ordinary shares of the Company under option as the 35,000,000 options outstanding at 30 June 2003 lapsed during the current financial year.

6. Accumulated Losses

	Consolidated 2004 $000	Consolidated 2003 $000
Accumulated losses at beginning of year	(109,359)	(72,018)
Net loss attributed to members of the parent entity	(25,088)	(31,999)
Transfer from foreign currency translation reserve on disposal of equity accounted investment	-	(5,342)
Accumulated losses at the year end	(134,447)	(109,359)

7. Acquisition of Controlled Entities

The following controlled entities were acquired during the financial year:

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 year.

NOTES TO FINANCIAL INFORMATION

8. Notes to the statement of cash flows

Reconciliation of cash	Consolidated	
	2004	2003
	$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	288	235
Bank overdraft	(1,334)	(1,381)
Closing cash balance	(1,046)	(1,146)

9. Net tangible asset backing

	2004	2003
Net tangible asset backing per ordinary security	6.15 cents	9.34 cents

10. Earnings per shares (EPS)

Classification of securities as ordinary shares

Ordinary shares have been included in basic earnings per share.

	Consolidated	
	2004	2003
	$000	$000
Earnings reconciliation		
Net loss, basic and diluted earnings	(25,088)	(31,999)

	Consolidated	
	2004	2003
	Number	Number
Weighted average number of shares used as a denominator		
Number for basic and diluted earnings per share	835,105,000	833,197,482

	Consolidated	
	2004	2003
Loss per share basic and diluted	3.00 cents	3.84 cents

NOTES TO FINANCIAL INFORMATION

11. 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	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Business segments	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue										
External segment revenue	5,447	2,328	6,171	73,534	1,998	4,020	-	-	13,616	79,882
Inter-segment sales	-	1,076	-	-	-	-	-	(1,076)	-	-
Total segment revenue	5,447	3,404	6,171	73,534	1,998	4,020	-	(1,076)	13,616	79,882
Other unallocated revenue									3,560	10,609
Total revenue									17,176	90,491
Result										
Segment result	(16,488)	(21,137)	68	(19,475)	(3,399)	36			(19,819)	(40,576)
Share of net profit/loss of equity accounted investments	(974)	10,266	(2,747)	4,488	-	-			(3,721)	14,754
Unallocated corporate expenses									(1,548)	(6,177)
Profit from ordinary activities before income tax									(25,088)	(31,999)
Income tax expense									-	-
Net Profit/(Loss)									(25,088)	(31,999)
Depreciation and amortisation	(1,900)	(2,996)	(676)	(3,507)	(16)	(335)			(2,592)	(6,838)
Non-cash expenses other than depreciation and amortisation	(2,941)	(4,171)	-	-	-	-			(2,941)	(4,171)
Exploration expenditure written off in respect of areas abandoned	(845)	-	-	-	-	(451)			(845)	(451)
Individually significant items										
Net loss on disposal of exploration and development expenditure	(9,440)	-	-	-	-	-			(9,440)	-
Deferred expenditure written off	-	-	(1,700)	-	(3,870)	-			(5,570)	-
Share of net losses of associates:										
Recognition of deferred tax liabilities	(5,692)	-	-	-	-	-			(5,692)	-
Write down in value	-	-	(4,296)	-	-	-			(4,290)	-

SEGMENT REPORTING (continued)	OIL & GAS		POWER		LNG		ELIMINATIONS		CONSOLIDATED	
Primary reporting (continued)	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Business segments (continued)	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets										
Segments assets	1,185	20,382	48,435	49,222	735	3,940			50,355	73,544
Equity accounted investment	35,294	36,319	14,021	18,238	-	-			49,315	54,557
Unallocated corporate assets									2,203	9,168
Consolidated total assets									101,873	137,269
Liabilities										
Segment liabilities	1,288	1,650	1,613	1,511	366	206			3,267	3,367
Unallocated corporate liabilities									47,218	55,899
Consolidated total liabilities									50,485	59,266

	AUSTRALIA		INDONESIA		INDIA		CONSOLIDATED	
Secondary reporting	2004	2003	2004	2003	2004	2003	2004	2003
Geographical segments	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External segment revenue by location of customers	7,808	53,576	1,863	899	3,945	25,407	13,616	79,882
Segment Assets by location	10,836	20,961	39,519	37,321	-	15,262	50,355	73,544
Acquisition of non-current assets	455	718	-	-	-	-	455	718

NOTES TO FINANCIAL INFORMATION

12. 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 considered remote

(i) The consolidated entity has received an application from a former Director and former Senior Executive claiming compensation for the termination of Service Agreements. The Company has taken legal advice in connection with these applications and is defending the claims made. No provision for the payment of funds to these parties is considered to be required at this time.

(ii) The consolidated entity 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 2004 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 2004.

(iii) 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.

13. Subsequent Events

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

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. This 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 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 company's financial reports in the future.

NOTES TO FINANCIAL INFORMATION

13. Subsequent Events (continued)

The potential impact 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, has not been quantified as at the transition date of 1 July 2004 due to the short time 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:

- financial instruments must be recognised in the statement of financial position and all derivatives and most financial assets must be carried at fair value;
- income tax will be calculated based on the "balance sheet" approach, which will result in more deferred tax assets and liabilities and as the tax effect follows the underlying transaction, some tax effects will be recognised in equity;
- impairments of assets will be determined on a discounted basis, with strict tests for determining whether goodwill and cash-generating operations have been impaired; and
- changes in accounting policies will be recognised by restating comparatives rather than making current year adjustments with note disclosure of prior year effects.

The impact of exposure draft ED 6 Exploration for and Evaluation of Mineral Resources on the consolidated entity's accounting policy for the treatment of exploration and evaluation expenditure cannot be determined until the final standard is issued by the International Accounting Standards Board and the equivalent Australian accounting standard is subsequently issued by the Australian Accounting Standards Board.

Recent announcements from the AASB indicate that the IASB will amend ED6 and will grandfather Australia's existing areas of interest method of accounting for exploration and evaluation expenditure. Until these proposed changes are enacted it is not possible to determine the potential impact in respect to extractive industries.

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:	18 November 2004
Time:	2:00pm

Approximate date the annual report will be available: 21 October 2004

Compliance Statement

1. This report gives a true and fair view of the matters disclosed.
2. This report is based on accounts in the process of being audited.
3. The function of the audit committee is carried out by the full board.

Sign here: .... Date: 31 August 2004
Director

Print name: Brian Allen

Attachment A

Review of operations

Before tax results from ordinary and extraordinary activities (including the sale of assets) amounted to a loss of $25,088,000 (2003: loss of $31,999,000).

Earnings after equity accounted results of associates but before interest, depreciation, and tax amounted to a loss of $18,364,000 (2003: $11,250,000) mainly due to:

- A $9,440,000 loss on transfer of the consolidated entity's 35% interest in the PY1 project to Mosbacher, one of the parties to the joint operation agreement. This transfer was completed on receipt of US$2,963,000 cash in accordance with the settlement terms provided by the London Court of International Arbitration;
- A $3,842,000 million write-down of deferred expenditure recorded in relation to development of the consolidated entity's investment in the LNG programme. The consolidated entity is continuing to pursue these developments, however, until such time as the Company is positioned to attract additional funding to permit the development of this programme recovery of costs linked to the LNG Programme are unlikely. Accordingly it has been decided to write down the carrying value of the LNG Programme. When the Company is positioned in the future to fully develop the potential of this LNG Programme further consideration may be given to the recovery of costs linked to the LNG Programme;
- A $5,964,000 write-down of the consolidated entity's net investment in the Vypeen project (comprising deferred expenditure of $1,668,000 and an equity investment of $4,296,000). This project related to development of a 680MW gas fired power project to be located in Mangalore, South West India. Although management still believes that the investment made in the Vypeen project can eventually be recovered as a consequence of the future development and implementation of the project the prospects for achieving this recovery in the near term foreseeable future remain remote. Accordingly it has been decided to write down the carrying value of the Vypeen investment;
- A $2,941,000 provision for diminution against the non-current assets of AGF. The Company have confidence in the valuation of the Eromanga and Gilmore plants and the potential for additional gas to be sourced from the Gilmore gas field however since the Company does not currently have any valid agreements in connection with the sale of the gas plants or the sale of gas sourced from the Gilmore field it is unable to sustain the current asset valuations. Accordingly the valuations currently attributed to these non-current assets have been reduced. In the event the position in respect of those assets changes then future valuation adjustments will be made to reflect the circumstances at that time;
- Losses of $3,721,000 recorded from the equity accounted investments. Despite improved trading performance in these associates the loss resulted from:
  - Recognition of $5,692,000 of deferred tax liabilities not previously brought to account by the associate, Energy Equity Epic (Sulawesi) Pty Limited;
  - A write-down of the $4,296,000 investment in Asian Resources Limited as included in the net investment of the Vypeen project; and
  - The increased strength of the Australian dollar which negatively impacted the US dollar results recorded in those investments during the year.

Borrowing costs decreased to $5,132,000 (2003: $10,748,000) due to a reduction in the average interest rate on CBA loan and an overall reduction in the level of borrowings.

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.

  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 guarantees under the Investor Support Agreement (ISA).

  During the year, Sengkang generated 965 GWH – EWC'S share 458 GWH (2003 - 955 GWH –EWC's share 454 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. It will become effective upon completion of conditions precedent including amendment of gas supply agreements and the Combined Financing Agreements. The conditions of the first amendment provide for a 60-65MW expansion of the Sengkang power plant capacity.

  Outstanding details in respect of the Expansion Project are expected to be finalised during the second half of the 2004 year.

- **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 42 GWH during the year (2003 – 59 GWH).

Power Plants By Location	Capacity MW	Number of Power Plants	Capacity Owned MW
Australia	8.7	1	8.7
Indonesia	135	1	64.1
	143.7	2	72.8

GAS OPERATIONS

The Company has interests in three operating gas plants:

Australian Gasfields, Queensland

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

- **Gilmore**

  A Gas Supply Agreement between AGF and Enertrade was signed in June 2003 to cover the ongoing sales of gas sourced from the Gilmore field to the Barcaldine Power Plant now owned by Enertrade. The Gilmore field provided 255,978 GJ of gas during the year (2003 – 316,860 GJ). Discussions are currently on going with Enertrade in connection with an extension of the Gas Supply Agreement from 1 October 2004.

- **Eromanga**

  The Eromanga Gas Plant is located on ATP-549P, which also includes the Bunya and Cocos gas fields. 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 this plant.

- **Other Interest**

  AGF also has a 19.2% interest in the Thylungra gasfield adjacent to ATP-549P. In addition, AGF has a 2% interest in the Naccowlah Block (ATP-259P). AGF's share of the production from the block was 17,782 BBL's (2003 – 19,805 BBL) of condensate during the year.

  Whilst the Company have confidence in the valuation of the Eromanga and Gilmore plants and the potential for additional gas to be sourced from the Gilmore gas field since the Company does not currently have any valid agreements in connection with the sale of the gas plants or the sale of gas sourced form the Gilmore field it is unable to sustain the current asset valuations. Accordingly the valuations currently attributed to these not-current assets have been reduced. In the event the position in respect of those assets changes then future valuation adjustments will be made to reflect the circumstances at that time.

Sengkang Gas Field, Indonesia

The Sengkang Block Production Sharing Contract (PSC) has a total of 434 BCF (2003 – 443 BCF) of proved and probable net remaining sales – gas reserves in its producing and non-producing fields. Of these reserves 152 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 9,097 TJ of gas during the year (EWC's share 4,548 TJ) compared with 8,987 TJ in 2003 (EWC's share 4,494 TJ).

PY-1 Gas Field, India

During the year the Company transferred its35% interest in the PY-1 gas field to Mosbacher, one of the parties to the joint operation agreement, for US$2,963,000 under the settlement terms provided by the London Court of International Arbitration.

Reserve Movement Schedule (EWC share)

GAS

Permit	Field	Reserves* 30.6.03 bcf/mb	Production	Remaining	Acquisition/ Divestment	Reserve* 30.06.04 bcf/mb
PL 65	Gilmore	20.6	0.3	20.3	0.0	20.3
ATP-549P	All	11.3	0.0	11.3	0.0	11.3
ATP-269P		1.1	0.0	1.1	1.1	0.0
Sengkang	All	221.5	4.5	217.0	0.0	217.0
Biru	Biru	28.5	0.0	28.5	0.0	28.5
Talang Babat	Talang Babat	3.9	0.0	3.9	0.0	3.9
Gajah Besar	Gajah Besar	4.5	0.0	4.5	0.0	4.5
PY-1	PY-1	95.2	0.0	95.2	95.2	0.0
Total Gas Reserves		**386.6**	**4.8**	**381.8**	**96.3**	**285.5**
OIL						
Naccowlah Block		79.4	17.8	61.6	0.0	61.6
Total Oil Reserves		**79.4**	**17.8**	**61.6**	**0.0**	**61.6**
Total Reserves						
Barrels of Oil Equivalent ** mmb	**BOE**	**64.4**	**0.8**	**63.6**	**16.05**	**47.6**

* Reserves quoted being proved plus probable (2P)
** 6mcf of gas equals one barrel of oil equivalent
bcf: billion cubic feet
mb: thousand barrels
mmb: million barrels
mcf: thousand cubic feet

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-259P	QLD	COOPER	2%	Santos
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 BP Migas extending the contracts

Alice Springs LNG Plant, Australia

Central Energy Australia Pty Ltd owned and operated a 454 TJ pa liquefied natural gas ("LNG") plant at Alice Springs in the Northern Territory under a 15 year take or pay Regasified Liquid Natural Gas (RLNG) Sales Agreement with the Northern Territory Power and Water Authority (PAWA). The contract for the supply of LNG was executed on 16 April 1987 with LNG supply commencing on 16 October 1989. The RLNG supply contract expired on 30 June 2004 and has not been renewed.

During 2004, 107TJ of gas was supplied (2003 – 224TJ).

The LNG plant consists of a number of skids mounted units together with a cryogenic LNG storage and dispensing facility. All plant and facilities have been constructed in accordance with Australian Standard 1596, the Dangerous Goods Regulations of the Territory, Refinery Piping Code ANSI B 31.3, LNG Standards Z 276 – M1981 and the NFPA 59A and the Australian code for the transport of dangerous goods by road and rail.

The operation of this plant has confirmed the feasibility of LNG as an alternative liquid fuel and demonstrates that Australian engineering and construction skills can develop new and innovative opportunities even in the hostile central Australian environment.

By operating a remote LNG facility located at Alice Springs and transporting LNG to a remote power station located in Yulara for more than a decade, the Company has developed a proven track record in converting natural gas to LNG, in transporting LNG at cryogenic temperatures to remote power plants. The Company has also demonstrated that it is capable of storing LNG at cryogenic temperatures before converting the LNG back to combustible material for fuelling power generating equipment. The Company is therefore currently considering its options with regard to the future commercial activities for the plant.

Future Opportunities

As shareholders are aware the Company has endured a period of significant restructuring which is now in its final stages. Assets have been sold to meet debt repayments and historical investments have been written down to reflect current values, regulatory and accounting standards requirements. With the improving economic conditions in Asia and the opportunities potentially available in Asia and The People's Republic of China in the power and infrastructure sectors, the Company will now move to reposition itself to access and develop selected opportunities in these markets.

These opportunities will include but may not be limited to developments in power generation, management, transportation and storage of LNG, development of infrastructure (roads, bridges, ports and harbours), large scale and selected property developments including hotel and resort developments, and where required engineering and construction Services.

Shareholders will be informed of the specific opportunities as and when they reach a point of development appropriate for public announcement.