

**BLUEFIRE SERVICES WA PTY
LTD**

Financial Statements
For the year ended 30 June, 2003

B W GODFREY

BLUEFIRE SERVICES WA PTY LTD

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Compilation Report to BLUEFIRE SERVICES WA PTY LTD

On the basis of the information provided by the Directors of BLUEFIRE SERVICES WA PTY LTD, we have compiled, in accordance with APS 9 'Statement of Compilation of Financial Reports', the special purpose financial report for the period ended 30 June, 2003.

The specific purpose for which the special purpose financial report has been prepared is set out in Note 1. The extent to which applicable Accounting Standards and UIG Consensus Views have or have not been adopted in the preparation of the special purpose financial report is set out in Note 1.

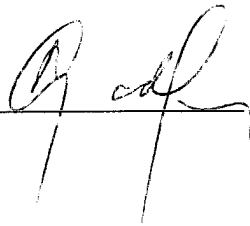
The Directors are solely responsible for the information contained in the special purpose financial report and have determined that the accounting policies used are consistent with the financial reporting requirements of BLUEFIRE SERVICES WA PTY LTD and are appropriate to meet the needs of the directors and members of the company.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the directors provided into a financial report. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

To the extent permitted by law, we do not accept liability for any loss or damage which any person, other than the company, may suffer arising from any negligence on our part. No person should rely on the special purpose financial report without having an audit or review conducted.

The special purpose financial report was prepared for the benefit of the directors and members of the company and the purpose identified above. We do not accept responsibility to any other person for the contents of the special purpose financial report.

B W GODFREY



18 February, 2004

BLUEFIRE SERVICES WA PTY LTD

Directors' Report

Your directors submit the financial accounts of the company for the year ended 30 June, 2003.

Directors

The names of the directors holding office at the date of this report are:

Kim Gardner
Guiseppe Giura
Geraldine Taylor

Principal activities

The principal activities of the company during the year were maintenance of heavy vehicles and gas services.

There has been no significant change in the nature of these activities during the year.

Results

The net loss of the company for the financial year after provision for income tax was:

Year ended	Year ended
30 June, 2003	30 June, 2002
\$	\$
(103,233)	(64,657)

Dividends

No dividends were declared or paid for the previous year and the directors recommend that no dividend be paid for the current year.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the year.

Matters subsequent to the end of the financial year

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company, in future years.

Share options

No options were granted nor shares issued as a result of the exercise of options during the financial year or since the end of the financial year. No unissued shares are subject to options at the date of this report.

Directors Benefits

No director has received or has become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

BLUEFIRE SERVICES WA PTY LTD

Directors' Report

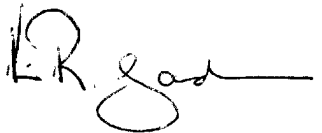
Directors and Auditors Indemnification

The company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the company or a related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings.

Signed in accordance with a resolution of the Board of Directors.

Kim Gardner
Director



Guiseppe Giura
Director



Geraldine Taylor
Director



BLUEFIRE SERVICES WA PTY LTD

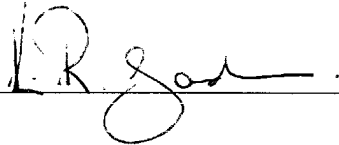
Directors' Declaration

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies prescribed in Note 1 to the financial statements.

The directors of the company declare that:

1. the financial statements and notes, present fairly the company's financial position as at 30 June, 2003 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements;
2. in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

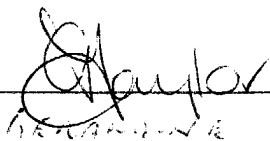
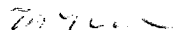


Kim Gardner
Director



Guiseppe Giura
Director

Dated:


KIM GARDNER GIUSEPPE GIURA

BLUEFIRE SERVICES WA PTY LTD
Detailed Profit and Loss Statement
For the year ended 30 June, 2003

	2003	2002
	\$	\$
Income		
Trading profit	2,109,271	590,115
Sundry Charges	6,655	2,102
Miscellaneous Income		6,320
Bad Debts Recovered	94	
Assessable gov. industry paymt	5,775	
Interest received	1,133	357
Subsidy Received	27,500	
Rent Contribution	26,665	
Vehicle Reimbursement	4,180	
Total income	2,181,273	598,894

Expenses

Accountancy		500
Advertising and promotion	8,636	3,757
Bad Debts	20,636	
Bank Fees And Charges	16,382	4,691
Computer Supplies	16,249	2,878
Consultants fees	(7,623)	18,900
Depreciation	130,328	20,264
Advertising	20	5
Electricity	14,425	4,218
Entertainment	3,061	383
Freight	3,231	1,427
Gas - Freight Courier	14,643	3,025
Gas - Advertising	6,723	1,406
Gas - Workshop Consumables	2,287	3,200
Gas - Workshop Expenses	5,040	1,879
Gas - Workshop Repairs & Maintenance	7,705	1,954
Gas - Laundry Service	7,380	974
Gas - Workshop Warranty	17,345	353
General expenses	1,833	300
Hire/rent of Plant & Equipment	1,509	
Hire purchase charges	13,994	

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached compilation report.

BLUEFIRE SERVICES WA PTY LTD
Detailed Profit and Loss Statement
For the year ended 30 June, 2003

	2003 \$	2002 \$
Insurance - Business Pack	20,820	4,446
Insurance - Motor Vehicle	4,570	1,134
Insurance - Workers Compensation	27,834	7,169
Interest	9,493	195
Laundry	14,966	4,508
Lawnmowing		25
Medical & Safety	2,921	732
Membership - Truck	1,915	695
M/V car - Allowance	16,847	
Motor Vehicle Expenses	5,497	681
M/V car - Gas	2,116	46
M/V Gas - Rego, Lic	1,141	
M/V commercial - Fuel & oil	27,671	6,462
M/V commercial - Reg/Insurance	11,180	1,357
M/V commercial - Other	25,960	5,429
Office expenses		2,374
Payroll Tax	62,861	
Printing & stationery	28,207	
Rent - Workshop	92,403	34,673
Rent - Gas	38,000	15,833
Rent - O'Connor	6,000	
Repairs and Maintenance - Gas	2,208	454
Repairs and Maintenance - Truck	10,552	2,907
Repairs and Maintenance - O'Connor	309	
Research & development	35,238	
Security	1,517	902
Staff amenities	9,394	2,746
Staff Training & Seminars - Gas	1,916	4,083
Staff Training & Seminars - Admin	6,721	1,995
Staff Training & Seminars - Truck	4,729	
Stamp Duty	255	293
Subcontractors	136,178	70,236
Sundry expenses		1,060
Superannuation - Gas	26,567	8,367
Superannuation - Admin	26,394	7,082
Superannuation - Managers		760
Superannuation - Truck	41,718	8,354

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached compilation report.

BLUEFIRE SERVICES WA PTY LTD

Detailed Profit and Loss Statement

For the year ended 30 June, 2003

	2003	2002
	\$	\$
Superannuation - O'Connor	3,586	
Technical Library - Truck	(240)	160
Technical Library - Gas	595	48
Telephone	38,082	15,719
Travel, accom & conference	3,027	1,331
Wages - Gas Chargeable	65,556	32,106
Wages - Gas Manager	57,917	9,289
Wages - Gas Non Chargeable	88,271	65,843
Wages - Gas Parts	44,582	9,909
Wages - Truck Chargeable	301,728	79,463
Wages - Truck Managers	109,137	26,538
Wages - Truck Non Chargeable	97,064	35,588
Wages - Truck Parts	40,663	12,355
Wages - Admin	296,199	88,574
Wages - O'Connor Chargeable	27,198	
Wages - O'Connor Non Chargeable	20,141	
Wages - O'Connor Manager	11,770	
Workshop - Warranty Truck	22,183	453
Workshop - Consumables Truck	16,342	10,108
Workshop - Truck	31,793	9,407
Workshop - Repairs & Maintenance	12,051	1,548
Workshop - O'Connor Expenses	5,570	
Workshop - O'Connor Warranty	3,389	
Total expenses	<u>2,284,506</u>	<u>663,551</u>
Profit (Loss) from Ordinary Activities before income tax	<u><u>(103,233)</u></u>	<u><u>(64,657)</u></u>

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached compilation report.

BLUEFIRE SERVICES WA PTY LTD
Detailed Balance Sheet As At 30 June, 2003

	2003	2002
Current Assets		
Cash Assets		
Cash At Bank	37,123	7,358
Bank - SG - O'Connor	9,072	
Bank - SG - Welshpool	10,090	
Cash on Hand - Petty Cash	633	210
Cash on Hand - Till		65
Cash on Hand - Issued Shares	2	2
	56,920	7,635
Receivables		
Trade debtors	700,927	415,020
Deposit - Bond	4,482	3,167
Loans - Staff	2,502	326
Loan - GasResearch Australia Pty Ltd	2,620	
	710,531	418,513
Inventories		
Stock on hand	167,754	159,194
	167,754	159,194
Total Current Assets	935,205	585,342

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached compilation report.

BLUEFIRE SERVICES WA PTY LTD
Detailed Balance Sheet As At 30 June, 2003

	2003	2002
Non-Current Assets		
Property, Plant and Equipment		
Plant & equipment - at cost	409,670	368,710
Less: Accumulated depreciation	(88,210)	(6,675)
Office equipment	16,361	14,546
Less: Accumulated depreciation	(6,248)	(2,614)
Plant - Tools & Set Up	77,780	70,739
Less: Accumulated depreciation	(29,527)	(4,445)
Motor vehicles - at cost	86,133	79,133
Less: Accumulated depreciation	(26,608)	(6,531)
	439,351	512,863
Total Non-Current Assets	439,351	512,863
Total Assets	1,374,556	1,098,205
Current Liabilities		
Payables		
Unsecured:		
- Trade creditors	337,672	168,756
- Accrued Superannuation	10,172	5,857
- Accrued Leave/Super		21,564
- Accrued Wages/Super	15,009	8,088
- Accrued Payroll Tax	50,363	
	413,216	204,265
Interest-Bearing Liabilities		
Secured:		
- Deposits Received	1,137	6,500
- Insurance Payable		12,749
	1,137	19,249

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached compilation report.

BLUEFIRE SERVICES WA PTY LTD
Detailed Balance Sheet As At 30 June, 2003

	2003	2002
Current Tax Liabilities		
GST payable control account	41,562	(18,126)
Amounts withheld from salary and wages	24,980	17,608
	66,542	(518)
Provisions		
Accrued Leave/ Super	41,512	
	41,512	
Total Current Liabilities	522,407	222,996
Non-Current Liabilities		
Interest-Bearing Liabilities		
Unsecured:		
- Loan - Giura Family Trust		300,000
- Loan - St Francis Group Ltd	813,709	639,864
Secured:		
- St George Bank - Loan	206,328	
	1,020,037	939,864
Total Non-Current Liabilities	1,020,037	939,864
Total Liabilities	1,542,444	1,162,860
Net Assets (Liabilities)	(167,888)	(64,655)
 Equity		
Issued Capital		
Issued & paid up capital	2	2
Retained profits / (accumulated losses)	(167,890)	(64,657)
Total Equity	(167,888)	(64,655)

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached compilation report.

BLUEFIRE SERVICES WA PTY LTD

Notes to the Financial Statements

For the year ended 30 June, 2003

Note 1: Statement of Accounting Policies

This financial report is a special purpose financial report prepared for use by directors and members of the company. The directors have determined that the company is not a reporting entity.

The financial report has been prepared in accordance with the requirements of the following Australian Accounting Standards.

AAS 5: Materiality

AAS 8: Events Occurring After Reporting Date

No other Australian Accounting Standards, Urgent Issues Group Consensus Views or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values, or except where specifically stated, current valuations of non-current assets.

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report:

(a) Property, Plant and Equipment

Property, plant and equipment are carried at cost, independent of directors' valuation. All assets, excluding freehold land and buildings, are depreciated over their useful lives to the company.

(b) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis and include direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenses.