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TRANSERV AUSTRALIA LIMITED
(A.B.N. 68 079 432 796)
AND ITSCONTROLLED ENTITIES

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

TRANSERV AUSTRALIA LIMITED
CORPORATE DIRECTORY

DIRECTORS:

Mr Kim Gardner – Chairman and Executive Director
Mr Ian Sandover – Non Executive Director
Mr Robert Gould – Non Executive Director

COMPANY SECRETARY:

Mr Brian Arthur William Roberts

REGISTERED OFFICE:

C/- B W Godfrey
Suite 8
Kingsley Professional Centre
56 Creaney Drive
KINGSLEY WA 6026

PRINCIPAL OFFICE:

278 Welshpool Road
WELSHPOOL WA 6106

Telephone: (08) 9356 1333
Facsimile: (08) 9356 1832

INDEPENDANT ACCOUNTANT AND AUDITORS:

Hall Chadwick
Chartered Accountants
Level 40, Bank West Tower
108 St Georges Terrace
Perth WA 6000

SHARE REGISTRY:

Computershare Investor Services Pty Limited
Level 2
45 St Georges Terrace
PERTH WA 6000
Telephone: (08) 9323 2033

STOCK EXCHANGE LISTING:

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Stock Exchange Limited.

TRANSERV AUSTRALIA LIMITED
DIRECTORS' REPORT

Your directors submit the financial statements of the company for the year ended 30 June 2004.

DIRECTORS

The names of the directors in office at any time during or since the end of the year are,

Mr Kim Gardner
Mr Ian Sandover
Mr Robert Gould (appointed 24 December 2003)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

The particulars of the qualifications and experience of each of the current directors, are as follows:-

KIM ROBERT GARDNER (CHAIRMAN AND EXECUTIVE DIRECTOR)

Experience:
Mr Gardner has over 32 years experience in the management and daily operations of large and small business and mining operations in Australia and overseas, with a background in mine engineering.

During his working career Mr Gardner gained extensive commercial experience preparing and evaluating feasibility studies. He has served on the boards of several public mining companies.

Interest in shares and options:
1,395,431 ordinary shares in Transerv Australia Limited

Directors meetings attended: 2

Remuneration:
Remuneration earned by entities associated with Mr Gardner from the Parent Entity during the financial year consisted of consulting fees of $128,200 with non-cash benefits and superannuation contributions. Remuneration is based on a consulting agreement which has been approved by shareholders of the Parent Entity and is calculated on an hourly basis subject to a minimum number of hours per year.

IAN RICHARD SANDOVER (NON EXECUTIVE DIRECTOR)

Qualifications:
Bachelor of Business Degree (with majors in Management and Accounting) from Curtin University in Western Australia.

Experience:
Mr Sandover has participated in a broad range of business and corporate advisory projects for a diverse range of companies over the past 25 years, including the banking, mining and corporate finance industries in Australia and overseas.

He is experienced particularly in the treasury and financial markets sectors including financial feasibility studies for the provision of debt or equity for project funding.

Interest in shares and options:
546,968 ordinary shares in Transerv Australia Limited

Directors meetings attended: 2

Remuneration:
Remuneration earned by entities associated with Mr Sandover from the Parent Entity during the financial year consisted of consulting fees of $12,000 with no non-cash benefit and superannuation contributions. Remuneration is based on a consulting agreement which has been approved by shareholders of the Parent Entity

TRANSERV AUSTRALIA LIMITED
DIRECTORS' REPORT (Cont'd)

ROBERT CHARLES GOULD (NON EXECUTIVE DIRECTOR)

Experience:
Mr Gould is a director and shareholder of Javelin Partners Pty Limited specialising in providing advice to directors and shareholders of private and listed enterprises.

After qualifying as a chartered accountant in the United Kingdom, Mr Gould held a number of senior executive roles in finance and general management in various industries. His experience, which included international merger and acquisition activity, spanned medium sized privately owned companies and a major diversified listed industrial base in Melbourne.

Mr Gould has over 17 years continual experience in the venture capital industry and for 6 years was a director and shareholder of a fund manager with $113 million under management invested in a range of private companies in different industries.

Interest in shares and options
Nil ordinary shares in Transerv Australia Limited.

Directors meetings attended: *2*

Remuneration
Remuneration earned by entities associated with Mr Gould from the Parent Entity during the financial year consisted of consulting fees of $18,750 with no non-cash benefit and superannuation contributions. Remuneration is based on a consulting agreement which has been approved by the shareholders of the Parent Entity.

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the year were focused entirely in the industrial sector. Specifically truck and automotive repairs and servicing, including gas distribution and refuelling infrastructure supply and operations for LPG, LNG and ING gases, the distribution of associated equipment for the conversion of engines to utilise these gases.

No significant change in the nature of principal activities occurred during the financial year.

SIGNIFICANT CHANGES AND REVIEW OF OPERATIONS

The following significant changes in the state of affairs of the Consolidated Entity occurred during the financial year.

On 10 September 2003, St Francis Group Ltd (St Francis) (On 5 December 2003, the Australian Securities and Investments Commission approved a change of name from St Francis Group Ltd to Sundance Resources Ltd) announced a proposal whereby St Francis would ultimately be split into two separate ASX Listed entities by a demerger process.

The subsidiaries of St Francis, being Bluefire Gas Australia Pty Limited and its subsidiaries Bluefire Services Pty Ltd, Gas Research Australia Pty Ltd and Prins Australia Pty Ltd would form its own ASX Listed entity. The "new" parent entity of Bluefire Gas Pty Limited would now be Transerv Australia Limited.

To achieve this structure the following occurred:

An in specie distribution of Bluefire Gas Pty Ltd shares to St Francis shareholders on a post Rights Issue. This would be followed by a further raising in the demerged entity (Transerv Australia Limited) supported by a prospectus to obtain compliance listing of shares on ASX.

On 27 November 2003, the shareholders of St Francis approved a pro-rata in specie capital distribution of approximately 11,603,286 fully paid ordinary shares in Bluefire Gas Pty Ltd (Transerv Australia Limited) on the basis of 1 Bluefire Share for every 25 shares held to all holders of fully paid ordinary shares in the capital of St Francis on 4 December 2003.

TRANSERV AUSTRALIA LIMITED
DIRECTORS' REPORT (Cont'd)

On 24 December 2003 Transerv Australia Limited (Transerv) issued a prospectus for the issue of 7,275,000 shares at 20 cents each to Sundance (previously St Francis) to raise $1,455,000 and 2,725,000 shares at 20 cents each to raise $545,000. Sundance advised Transerv that it was to subscribe for the full 7,275,000 shares pursuant to the prospectus.

Transerv Australia Limited was admitted to the official list of the Australian Stock Exchange Limited on 5 March 2004 and official quotation of its securities commenced on 10 March 2004. A total of 11,602,972 fully paid ordinary shares in Transerv were distributed to shareholders of Sundance as a capital distribution.

On 30 April 2004, Transerv purchased a trucking division located in Salisbury Queensland for $433,020, this division is congruent with selection criteria set out by the Board, including the business being synergistic with Transerv's existing business.

CORPORATE GOVERNANCE

Any director may nominate a person to be considered for appointment as a director of the Parent Entity, either as an additional director or as a replacement for a retiring director.

Criteria for Board membership rests on the Board's assessment of the capacity of a nominee to contribute to the Parent Entity. Membership of the Board of directors is reviewed on an on-going basis by the Chairman of the Board.

The terms and conditions relating to the appointment and retirement of non-executive directors are determined by the Board on an individual basis at the time of appointment of the director and are reviewed by the Chairman on an on-going basis.

Each director of the Parent Entity or a controlled entity has the right to seek independent professional advice at the expense of the Parent Entity or the controlled entity, however prior approval of the relevant Chairman is required which is not unreasonably withheld.

The remuneration of executive directors and non-executive directors is reviewed by the Board of directors with the exclusion of the director concerned. The remuneration of other senior executives of the Parent Entity is approved by the relevant board of directors. Directors are not remunerated in accordance with the performance of the Parent Entity or the Consolidated Entity.

The nomination of external auditors and the review of the adequacy of external audit arrangements is the responsibility of the Board of Directors as a whole.

The Parent Entity does not have a nomination committee, a remuneration committee or an audit committee as the Parent Entity is not of a size or complexity to justify such separate committees of directors. All matters, which might properly be dealt with by such committees are subject to scrutiny at full board meetings.

The identification of areas of significant business risk and arrangements to manage such risks is the responsibility of the Chairman, executive directors and senior executives. The Chairman reports to the Board on such matters on an on-going basis.

All directors, executives and staff of the Parent Entity and of all controlled entities, if any, are required to abide by the legal requirements and the highest standards of ethical conduct as recognised in each relevant jurisdiction in which the Consolidated Entity operates.

All directors, executives and staff of the Parent Entity and of all controlled entities, if any, are required to abide by all legal requirements, the Listing Rules of the Australian Stock Exchange and the highest standards of ethical conduct with regard to their personal trading in the securities of the Parent Entity or any of its controlled Entities, including the use of trading windows.

TRANSERV AUSTRALIA LIMITED
DIRECTORS' REPORT (Cont'd)

OPERATING RESULTS

The company has reported a profit/(loss) of ($836,991) (2003 ($789,684)) for the year, after providing for nil income tax.

DIVIDENDS

No dividends were paid during the year and no recommendation is made to pay a dividend.

EVENTS SUBSEQUENT TO BALANCE DATE

On 25 August 2004 Transerv Australia Limited bought shareholdings, which were less than a marketable parcel of shares for an average price of $0.096 per share. A total of 1,146,296 shares were involved, and the reduction of shareholders was 2,305. This reduction in shareholders will result in substantial savings to the company.

ENVIRONMENTAL ISSUES

The Consolidated Entity's operations are subject to environmental regulation under the law of the Commonwealth and the States of Western Australia and Queensland. The Consolidated Entity continues to comply with these regulations.

FUTURE DEVELOPMENTS

The Company proposes to continue with its automotive businesses as detailed in the Review of Operations.

OPTIONS

No options were granted over unissued shares or interest during or since the financial year by the company to the executives as part of their remuneration package.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

DIRECTORS' AND EXECUTIVE OFFICERS' EMOLUMENTS

The company does not pay directors fees but pays fees on a consulting basis to the executive chairman and to non-executive directors.

The emoluments of Directors during the financial year are shown in the following table;

	Other Benefits Paid $	Directors Fees Paid $	Consulting Fees Paid $	Total $
K Gardner	-	-	128,200	128,200
I Sandover	-	-	12,000	12,000
R Gould	-	-	18,750	18,750

Other Benefits include items paid and shown as related party transactions in the Notes to the Financial Statements at Note 15.

TRANSERV AUSTRALIA LIMITED
DIRECTORS' REPORT (Cont'd)

MEETINGS OF DIRECTORS

During the year 2 directors' meetings were held. The number of meetings at which directors were in attendance is as follows:

	No. of meetings held	No. of meetings attended
K Gardner	2	2
J Sandover	2	2
R Gould	2	2

INDEMNIFYING OFFICERS OR AUDITOR

During or since the end the financial year the company has given an indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

During the year the company has taken out and paid the premium to insure the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company.

Signed in accordance with a resolution of the Board of Directors

R GOULD
Director
Signed in Perth this 30th day of September 2004

TRANSERV AUSTRALIA LIMITED
DIRECTORS DECLARATION

The directors of the company declare that:

1 the financial statements and notes, as set out on pages 8 to 27, are in accordance with the Corporations Act 2001:

(a) comply with Accounting Standards and the Corporations Regulations 2001; and

(b) give a true and fair view of the financial position as at 30 June 2004 and of the performance for the year ended on that date of the company and economic entity;

2. in the director's 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.

R. GOULD
Director

Signed in Perth this 30TH day of Septembert 2004

TRANSERV AUSTRALIA LIMITED AND ITS CONTROLLED ENTITIES
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2004

	Note	Consolidated 2004 $	Consolidated 2003 $	Parent 2004 $	Parent 2003 $
Sales Revenue	(2)	4,223,485	3,948,550	287,451	-
Changes in inventories of finished goods and work in progress		(2,803,543)	(2,523,768)	(323,188)	-
Gross Profit/(Loss)		1,419,942	1,424,782	(35,737)	-
Other Revenue from ordinary activities	(2)	44,709	55,920	41,049	-
Borrowing Costs	(2)	(85,012)	(24,890)	-	-
Other expenses from ordinary activities	(2)	(2,216,630)	(2,245,496)	(4,035,334)	(65,378)
Profit/(Loss) from Ordinary Activities Before Income Tax		(836,991)	(789,684)	(4,030,022)	(65,378)
Income Tax Relating to Ordinary Activities		-	-	-	-
Profit/(Loss) from Ordinary Activities After Related Income Tax	(12)	(836,991)	(789,684)	(4,030,022)	(65,378)
Basic Earnings/(Loss) per Share (Cents per Share)		(0.13)	(1.67)		
Dilutes Earnings/(Loss) per Share (Cents per Share)		(0.13)	(1.67)		

The accompanying notes form part of these financial statements.

TRANSERV AUSTRALIA LIMITED AND ITS CONTROLLED ENTITIES
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2004

	NOTE	CONSOLIDATED 2004 $	CONSOLIDATED 2003 $	PARENT 2004 $	PARENT 2003 $
CURRENT ASSETS					
Cash Assets	4	699,405	58,270	663,599	-
Receivables	5	933,525	763,816	208,984	-
Inventories	6	541,831	438,786	159,537	-
TOTAL CURRENT ASSETS		2,174,761	1,260,872	1,032,120	-
NON CURRENT ASSETS					
Property, plant and equipment	7	639,542	510,659	261,522	-
Receivables	5	121,026	-	1,526,495	-
TOTAL NON CURRENT ASSETS		760,568	510,659	1,788,017	-
TOTAL ASSETS		2,935,329	1,771,531	2,820,137	-
CURRENT LIABILITIES					
Payables	8	503,026	572,002	568,864	-
Interest Bearing Liabilities	10	12,883	11,761	12,883	-
Loans		-	4,984,488	-	854,767
Provisions	9	94,740	45,667	33,737	-
TOTAL CURRENT LIABILITIES		610,649	5,613,918	615,484	854,767
NON CURRENT LIABILITIES					
Interest Bearing Liabilities	10	120,944	206,328	-	-
TOTAL NON CURRENT LIABILITIES		120,944	206,328	-	-
TOTAL LIABILITIES		731,593	5,820,246	615,484	854,767
NET ASSETS		2,203,736	(4,048,715)	2,204,653	(854,767)
EQUITY					
Contributed Equity	11	8,398,639	1,309,197	8,398,639	1,309,197
Accumulated losses	12	(6,194,903)	(5,357,912)	(6,193,986)	(2,163,964)
TOTAL EQUITY		2,203,736	(4,048,715)	2,204,653	(854,767)

The accompanying notes form part of these financial statements.

TRANSERV AUSTRALIA LIMITED AND ITS CONTROLLED ENTITIES
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2004

		CONSOLIDATED		PARENT	
	NOTE	2004	2003	2004	2003
		$		$	
Cashflows From Operating Activities					
Receipts from Customers		4,061,892	3,718,513	84,923	-
Payments to suppliers and employees		(4,913,716)	(4,472,441)	(600,570)	(65,378)
Interest Received		36,593	6,621	34,593	-
Borrowing Costs		(85,012)	(24,890)	-	-
Net cash used in operating activities	17(b)	(900,243)	(772,197)	(481,054)	(65,378)
Cash Flows from Investing Activities					
Purchase of Property, Plant & Equipment		(53,317)	(2,758)	(35,415)	-
HP Liability Repayments		(4,738)	(12,069)	-	-
Loans to/from related parties		-	627,955	(504,749)	65,378
Purchase of Entity		(433,020)	-	(433,020)	-
Net Cash inflows/(outflows) from Investing Activities		(491,075)	613,128	(973,184)	65,378
Cash Flows from Financing Activities					
Proceeds from issue of shares		2,255,927	-	2,255,927	-
Share Issue Costs		(150,973)	-	(150,973)	-
Net cash inflows from financing activities		2,104,954	-	2,104,954	-
Net increase/(decrease) in cash held		713,636	(159,069)	650,716	
Cash at beginning of the financial year		(148,058)	11,011	-	-
Cash at the end of the financial year	17(a)	565,578	(148,058)	650,716	-

The accompanying notes form part of these financial statements.

TRANSERV AUSTRALIA LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

1. Statement of Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Statements Board and the Corporations Act 2001.

The financial report covers the economic entity of Transerv Australia Limited and its controlled entities, and Transerv Australia Limited as an individual parent entity. Transerv Australia Limited is a listed public company incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration in exchange for assets.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Principles of Consolidation

A controlled entity is any entity controlled by Transerv Australia Limited. Control exists where Transerv Australia Limited has the capacity to dominate the decsion making in relation to the financial and operating policies of another entity so that the other entity operates with Transerv Australia Limited to achieve the objectives of Transerv Australia Limited. A list of controlled entities is contained in Note 23 to the financial statements.

(b) Income Tax

The company has adopted the liability method of tax effect accounting whereby income tax expense for the period is calculated on the accounting profit after adjusting for items which, as a result of their treatment under income tax legislation, create permanent differences between that profit and the taxable income. The tax effect of timing differences which arises from the recognition in the accounts of items of revenue and expenses in periods different from those in which they are assessable or allowable for income tax purposes, are represented in the balance sheet as "future income tax benefits" or "provision for deferred income tax", as the case may be at current tax rates. The net future income tax benefit relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of work in progress includes direct materials and direct labour.

TRANSERV AUSTRALIA LIMITED AND ITS CONTROLLED ENTITIES.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

1. Statement of Accounting Policies (Cont'd)

(d) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

Plant and Equipment
Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employed and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. The depreciation rates used for Plant and Equipment are 15-30%

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(f) Revenue

Revenue from the sale of goods is recognised upon delivery to the customer.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(g) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by the employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries and annual leave, which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on costs other employee benefits payable later than one year have been measured at the present value of estimated future cashflows for those benefits.

Contributions are made by the economic entity to employee superannuation funds and are charged as expenses when incurred.

(h) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

TRANSERV AUSTRALIA LIMITED AND ITS CONTROLLED ENTITIES.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

(i) **International Financial Reporting Standards**

Adoption of Australian Equivalents to International Financial Reporting Standards

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing 1 January 2005. This requires the production of accounting data for future comparative purposes at the beginning of the next financial year.

The economic entity's management, along with its auditors, are assessing the significance of these changes and preparing for their implementation. We will seek to keep stakeholders informed as to the impact of these new standards as they are finalised.

Comparatives-Changes in accounting policies will be recognised by restating comparatives rather than making current year adjustments with note disclosure of prior year effects

The directors are of the opinion that the key differences in the economic entity's accounting policies which will arise from the adoption of IFRS are:

- Impairment of Assets

The economic entity currently determines the recoverable amount of an asset on the basis undiscounted net cash flows that will be received from the assets use and subsequent disposal. In terms of pending AASB 136; impairment of Assets, the recoverable amount of an asset will be determined as the higher of fair value less costs to sell and value in use. It is likely that this change in accounting policy will lead to impairments being recognised more often than under the existing policy.

- Income Tax

Currently, the economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. Under the Australian equivalent to IAS 12, the economic entity will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of the timing and permanent differences between taxable income and accounting profit.

-Non-Current Investments:

Under the pending AASB139: Financial Instruments: Recognition and Measurement, financial instruments must be carried at fair value. Current accounting policy is to measure these non-current investments at cost, with an annual review by directors to ensure that the carrying amounts are not in excess of the recoverable amount of the investment.

TRANSERV AUSTRALIA LIMITED AND ITS CONTROLLED ENTITIES.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

	Note	Consolidated 2004 $	Consolidated 2003 $	Parent 2004 $	Parent 2003 $
2. Operating Loss					
The loss from ordinary activities before income tax has been determined after:					
Revenue from Ordinary Activities					
Operating Activities					
Sale of goods		4,223,485	3,948,550	287,451	
Interest		36,593	6,621	34,593	-
Other		8,116	49,299	6,456	-
Total Revenue from Ordinary Activities		4,268,194	4,004,470	328,500	
Charging as Expenses					
Borrowing Costs					
Interest Expense		84,232	22,693	-	-
Hire Purchase Finance Charges		780	2,197	-	-
		85,012	24,890	-	-
Depreciation of Plant & Equipment		154,199	152,971	5,172	-
Rental expense on operating lease		223,531	177,790	51,021	-
Write down in Inventory		75,000	-	-	-
Employee Expenses		1,442,563	1,690,716	50,342	-
Consultants		197,188	-	197,188	-
Other Expenses		124,149	224,019	502,611	65,378
Provision for doubtful debt	5	-	-	3,229,000	-
Total Other Expenses from Operating Activities		2,216,630	2,245,496	4,035,334	65,378

TRANSERV AUSTRALIA LIMITED AND ITS CONTROLLED ENTITIES.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

	Note	Consolidated 2004 $	Consolidated 2003 $	Parent 2004 $	Parent 2003 $
3. Income Tax					
The prima facie tax (benefit) on loss from ordinary activities before income tax is reconciled to the income tax expense as follows;		(836,991)	(789,684)	(4,030,022)	(65,378)
Prima facie tax expense/(benefit) on loss from ordinary activities before income tax @ 30%		(251,097)	(236,905)	(1,209,007)	(19,613)
Tax effect of permanent differences		3,619	4,565	2,234	-
Future income tax benefits not recognised		247,478	232,340	1,206,773	19,613
Income tax expense/(benefit) attributable to loss from ordinary activities before income tax		-	-	-	-

The benefits will only be available if:-

(a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;

(b) the conditions for deductibility imposed by the tax legislation continue to be complied with; and

(c) no changes in tax legislation adversely affect the company in realising the benefit.

4. Cash Assets

	Consolidated 2004 $	Consolidated 2003 $	Parent 2004 $	Parent 2003 $
Cash on Hand	952	783	98	-
Cash at Bank	698,453	57,487	663,501	-
	699,405	58,270	663,599	-

TRANSERV AUSTRALIA LIMITED AND ITS CONTROLLED ENTITIES.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

	Note	Consolidated 2004 $	Consolidated 2003 $	Parent 2004 $	Parent 2003 $
5. Receivables					
Current:					
Trade Debtors		943,552	746,069	187,345	-
Provision of Doubtful Debts		(33,509)	-	-	-
Sundry Debtors		23,482	9,333	21,639	-
Deposit – Bond		-	5,794	-	-
Intercompany Loans		-	2,620	-	-
		933,525	763,816	208,984	-
Non Current					
Intercompany					
Loan Bluefire Services Pty Ltd		-	-	1,186,426	-
- Loan Gas Research Pty Ltd		-	-	3,332,024	-
- Loan Prins Australia Pty Ltd		-	-	116,019	-
Provision for doubtful debt		-	-	(3,229,000)	-
Deposit – Bond		121,026	-	121,026	-
		121,026	-	1,526,495	-
6. Inventory					
Stock on Hand		513,419	438,786	128,880	-
Provision for Obsolescence		(75,000)	-	-	-
Work in Progress		103,412	-	30,657	-
		541,831	438,786	159,537	-
7. Property, Plant and Equipment					
Plant and Equipment					
At Cost		1,107,014	1,058,966	266,694	-
Accumulated Depreciation		(467,472)	(548,307)	(5,172)	-
Balance at end of year		639,542	510,659	261,522	-
Total Property, Plant & Equipment		639,542	510,659	261,522	-

(a) Movements in Carrying Amounts
Movement in carrying amounts for plant and equipment between the beginning and the end of the current financial year

	Consolidated Plant & Equipment	Consolidated Total	Parent Plant & Equipment	Parent Total
Balance at beginning of the year	510,659	510,659	-	-
Additions – Acquisition	231,278	231,278	231,278	231,278
Additions	72,509	72,509	35,416	35,416
Disposals	(20,705)	(20,705)	-	-
Depreciation Expense	(154,199)	(154,199)	(5,172)	(5,172)
Carrying amount at the end of the year	639,542	639,542	261,522	261,522

TRANSERV AUSTRALIA LIMITED AND ITS CONTROLLED ENTITIES.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

	Note	Consolidated 2004 $	Consolidated 2003 $	Parent 2004 $	Parent 2003 $
8. Payables					
Current:					
Trade Creditors		340,503	424,111	79,855	-
Sundry Creditors and Accruals		162,523	147,891	94,213	-
Loan payable to Bluefire Services Pty Ltd		-	-	394,796	-
		503,026	572,002	568,864	-
9. Provisions					
Current					
Employee Entitlements		94,740	45,667	33,737	-
Number of Employees		27	35	-	-
10. Interest Bearing Liabilities					
Current					
Hire Purchase Liability		-	11,761	-	-
Bank Overdraft		12,883	-	12,883	-
Non Current – Debt Finance Facility					
Secured Liability – Debt Finance Facility		120,944	206,328	-	-

The debt finance facility is secured by guarantees and an unlimited fixed and floating charge over all the assets of Bluefire Services Pty Ltd.

Bank Overdraft – Unsecured

	Consolidated 2004 $	Consolidated 2003 $	Parent 2004 $	Parent 2003 $
11. Contributed Equity				
15,779,635 ordinary shares fully paid (2003: 474,007 ordinary shares fully paid)	8,398,639	1,309,197	8,398,639	1,309,197
(a) Movements in Contributed Equity During the Year				
Opening Balance				
474,007 ordinary shares fully paid	1,309,197	1,309,197	1,309,197	1,309,197
4,025,993 Shares issued to settle debt (Note 17c)	4,984,488	-	4,984,488	-
11,279,635 Shares issued through Prospectus	2,255,927	-	2,255,927	-
Less Share Issue Costs	(150,973)	-	(150,973)	-
Closing Balance				
15,779,635 (2003: 474,007) ordinary shares fully paid	8,398,639	1,309,197	8,398,639	1,309,197

Of the 15,779,635 Shares, 898,131 Shares are in escrow at 30 June 2004, to be released March 2005.

(b) Options
No options to acquire shares have been issued during the year.

TRANSERV AUSTRALIA LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

	Note	Consolidated 2004	Consolidated 2003	Parent 2004	Parent 2003
		$	$	$	$
12. Accumulated Losses					
Accumulated losses at the beginning of the financial year		5,357,912	4,568,228	2,163,964	2,098,586
Net Loss for the Year		836,991	789,684	4,030,022	65,378
Accumulated Losses at the end of the financial year		6,194,903	5,357,912	6,193,986	2,163,964

TRANSERV AUSTRALIA LIMITED AND ITS CONTROLLED ENTITIES.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

13. SEGMENTAL INFORMATION

PRIMARY SEGMENT

Geographical Segments	Revenue: Segment Revenues from external customers	Other Segments	Total Segment Revenue	Results: Segment profit (loss)	Unallocated expenses net of unallocated revenue	Loss from Ordinary activities before income tax expense	Income tax expense	Loss from Ordinary activities after income tax expense	Assets: Carrying Amount of Segment Assets	Unallocated assets	Total Assets	Liabilities: Segment Liabilities	Unallocated Liabilities	Total Liabilities	Other: Acquisition of Non current asset segments	Depreciation of segment assets	Other non cash segment expenses
Year to 30 June 2004																	
WA																	
Transerv Australia	290,937	0	291,907	-4,302,232	0	-4,330,022	0	-4,050,232	6,249,137	0	5,049,137	615,484	0	615,484	4,945,549	5,172	0
Pacific Services	3,730,374	0	3,728,374	171,434	0	171,424	0	171,431	1,667,392	-	1,667,391	1,574,433	-	1,674,433	37,255	125,756	0
Prins	0	0	1	-10,061	0	-10,060	0	-10,061	73,225	1	73,231	115,019	0	115,019	0	3,363	0
Queensland	190,913	0	190,917	-197,232	0	-197,233	0	-197,336	180,719	0	180,719	3,362,108	0	3,362,108	0	33,403	0
Eliminations	1	0	0	3,229,050	2	3,229,000		3,229,500	-6,334,499		-5,036,459	-5,036,452		-5,036,450	-4,684,529		
Consolidated Total	4,383,154	0	4,362,134	-436,991	0	-436,991	0	-376,991	1,935,139		1,935,132	711,593		711,593	291,094	134,991	0
Year to 30 June 2003																	
WA																	
Transerv Australia	0	0	0	35,653	0	-45,318	0	-65,378	0	0	0	354,767	0	354,767	0	0	0
Bluefire Services	3,651,400	0	3,651,450	-130,237	0	-140,237	0	-138,237	1,374,358	0	1,374,398	1,542,749	0	1,541,749	53,307	125,627	0
Prins	12,903	0	12,353	-45,378	0	-45,683	0	-35,685	82,703	0	32,733	118,418	0	113,418	8,312	2,564	0
Queensland	340,169	2	345,093	-583,141	0	-525,334	0	-583,384	333,940	0	313,940	1,704,312	0	1,704,312	1,642	24,250	0
Eliminations												0					
Consolidated Total	4,004,472		4,004,470	-789,624	3	-729,684	0	-729,684	5,771,531	0	1,332,211	5,830,246	0	5,830,246	65,560	152,961	0

Transerv Australia Limited is the parent entity and includes a division located in Queensland.

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and Expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories and plant and equipment, net of accumulated depreciation and non current loans to subsidiaries.
Whilst most such assets can be directly attributed to individual segments, the carrying amount, of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis.
Segment liabilities consist principally of accounts payable, employee entitlements, accrued expenses, provisions and borrowings.

SECONDARY SEGMENTS

Business Segment
The consolidated entity consists of the following business segment;

Truck and automotive repairs and servicing including gas distribution and refueling infrastructure Supply and operations for LPG, LNG and CNG gases, the distribution of associated equipment for the conversion of engines at retro fit and OEM levels to utilise these goals.

TRANSERV AUSTRALIA LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

14. Remuneration of Directors and Executives

The names and positions of directors and specified executives of the Company who have held office during the financial year are:

Kim Gardner	Executive Chairman
Ian Sandover	Non-Executive Director
Robert Gould	Non-Executive Director (appointed 24 December 2003)
Joseph Giura	Director, Bluefire Services Pty Ltd
Geraldine Taylor	Director, Bluefire Services Pty Ltd
Brian Godfrey	Company Secretary, Transerv Australia Limited (appointed 9 September 2003, resigned 22 September 2004).

2004

REMUNERATION OF DIRECTORS.	PRIMARY REMUNERATION	RETIREMENT BENEFITS	OTHER
	$	$	$
Kim Gardner	128,200	-	-
Ian Sandover	12,000	-	-
Robert Gould	18,750	-	-
	158,950	-	-

REMUNERATION OF EXECUTIVES			
Geraldine Taylor	59,476	2,617	-
Brian Godfrey	39,796	-	-
Joseph Giura	75,000	6,750	-
	174,272	9,367	

2003

REMUNERATION OF DIRECTORS	PRIMARY REMUNERATION	RETIREMENT BENEFITS	OTHER
Kim Gardner	-	-	-
Ian Sandover	-	-	-
Robert Gould	-	-	-
	-	-	-

REMUNERATION OF EXECUTIVES			
Geraldine Taylor	52,865	4,757	-
Brian Godfrey	-	-	-
Joseph Giura	75,000	6,750	-
	127,865	11,507	-

Remuneration Practices

The company's policy for determining the nature and amount of emoluments of board members and senior executives of the company is as follows:

The remuneration structure for executive officers, including executive directors, is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the company. The contracts for service between the company and specified directors and executives are on a continuing basis the terms of which are not expected to change in the immediate future. Upon retirement specified directors and executives are paid employee benefit entitlements accrued to date of retirement.

TRANSERV AUSTRALIA LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

15. Remuneration of Directors and Executives (Cont'd)

The number of ordinary shares in which the directors have a relevant interest at the 30 June 2004 are :

	Opening Balance	Ordinary Shares Acquired During the Year	Ordinary Shares Disposed of During the Year	Closing Balance
K Gardner	-	249,135	-	249,135
I Sandover	-	546,968	-	546,968
R Gould	-	-	-	-
B Godfrey	-	1,188	-	1,188
G Taylor	-	37,134	-	37,134
J Giura	-	40,000	-	40,000

211,378 ordinary shares were obtained by Striker Holdings Pty Ltd of which Mr Gardner is a director and shareholder.

37,757 ordinary shares were obtained by Change Holdings Pty Ltd of which Mr Gardner is a director and shareholder.

189,551 ordinary shares were obtained by Hillside Investments (WA) Pty Ltd of which Mr Sandover is a director and shareholder.

250,789 ordinary shares were obtained by Ian Sandover & Associates Pty Ltd of which Mr Sandover is a director and shareholder.

106,628 ordinary shares were obtained by Carolside Pty Ltd of which Mr Sandover is a director and shareholder.

37,134 ordinary shares were obtained by Cleanpower Gas Technology Pty Ltd of which Ms Taylor is director and shareholder.

16. Related Party Transactions

Transactions with related parties, unless otherwise stated, are at normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:
Director related Parties

$271,657 was paid to Change Holdings Pty Ltd of which Mr Gardner is a director. The payment consisted of payment of director related party fees and consulting fees to Mr Gardner as well as payment of four employees salaries of the Conslidated Entity. There is a formal agreement between Change Holdings Pty Ltd and Transerv Australia Limited for remuneration of Mr Gardner, which has been approved by the Board.

$12,000 was paid to Hillside Investments Pty Ltd of which Mr Sandover is a director. This payment represents consulting fees for the year.

$18,750 was paid to Javelin Partners Pty Ltd of which Mr Gould is a director. This payment represents consulting fees for the year.

TRANSERV AUSTRALIA LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

	Note	Consolidated 2004	Consolidated 2003	Parent 2004	Parent 2003
		$	$	$	$
17. Notes to the Statement of Cashflows					
(a) Reconciliation of Cash					
For the purpose of this statement of cash flows, cash includes:-					
(i) cash on hand and in at call deposits with banks or financial institutions		699,405	58,270	663,599	-
(ii) Overdraft Account		(133,827)	(206,328)	(12,883)	-
Cash at Bank and on hand		565,578	(148,058)	650,716	-

	Note	Consolidated 2004	Consolidated 2003	Parent 2004	Parent 2003
		$	$	$	$
(b) Reconciliation of the operating loss after income tax to the net cash flow used in operations					
Operating loss after income tax		(836,991)	(789,684)	(4,030,022)	(65,378)
Non-cash flows in operating loss					
Depreciation		154,199	152,971	5,172	-
Writedown in Inventory		75,000	-	-	-
Provision for Doubtful Debt		-	-	3,229,000	-
Changes in assets and liabilities					
Decrease(increase) in receivables		(169,709)	(279,336)	(208,984)	-
(Increase)/decrease in inventories		(64,645)	133,717	(46,137)	-
Increase/(decrease) in provisions		49,073	12,816	33,737	-
Increase/(decrease) in creditors and accruals		(107,170)	(2,681)	536,180	-
Net Cashflows from operating activities		(900,243)	(772,197)	(481,054)	(65,378)

TRANSERV AUSTRALIA LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

(c) Investing and financing activities

During the year the parent entity paid $433,020 to acquire an entity located in Salisbury, Queensland.

During the year a loan of $4,984,488 payable to Sundance Resources Limited was fully settled for the issue of 4,025,993 shares in Transerv Australia Limited. (Refer Note 11)

The Parent entity has a receivable of $4,684,469 at 30 June 2004. The majority of amount $4,374,469 represents a payable to the subsidiaries of Sundance Resources Limited in 2003, but is now payable to the parent via de-consolidation from Sundance.

During the year 11,279,635 ordinary fully paid shares were issued at 20 cents per share through the prospectus.

18. EARNINGS PER SHARE

Basic earnings/(loss) per share (cents per share)	(0.13)	(1.67)
Diluted earnings/(loss) per share (cents per share)	(0.13)	(1.67)
Reconciliation of Earnings to Net Loss Operating loss	(836,991)	(789,684)
Earnings used in the calculation of basic EPS		
Weighted average number of ordinary shares on issue used in calculation of basic earnings per share	6,378,788	474,007

During the year ended 30 June 2004, no options to subscribe for ordinary shares were issued, and there are no options outstanding at 30 June 2004.

TRANSERV AUSTRALIA LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

19. Expenditure Commitments

	Note	Consolidated 2004	Consolidated 2003	Parent 2004	Parent 2003
		$	$	$	$
Finance Lease and Hire Purchase Commitments					
Payable					
- not later than one year		-	12,541	-	-
- later than 1 year, but not later than 5 years		-	-	-	-
Minimum Lease Payments		-	12,541	-	-
Less future finance charges		-	(780)	-	-
Lease Liability		-	11,761	-	-
Operating Lease Commitments					
Non-Cancellable operating leases contracted for , but not capitalised in the accounts:					
Payable					
- not later than one year		350,150	-	336,475	-
- later than 1 year, but not later than 5 years		1,598,256	-	1,598,256	-
- later than 5 years		-	-	-	-
		1,948,406	-	1,934,731	-

20. Events Subsequent to Balance Date

On 25 August 2004, Transerv Australia Limited bought shareholdings, which were less than a marketable parcel of Shares for an average price of $0.096 per share. A total of 1,146,296 shares were involved, reducing the number of Shareholders by 2,305.

21. Auditor's Remuneration

	Consolidated 2004	Consolidated 2003	Parent 2004	Parent 2003
Amounts, received or due and receivable by auditors for:				
- auditing the accounts	6,000	-	6,000	-
- other services	5,000	-	5,000	-
	11,000	-	11,000	-

The audit fees for the 2003 financial year were paid by Sundance Resources Ltd.

TRANSERV AUSTRALIA LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

22. SUPERANNUATION

All employees are entitled to varying benefits on retirement, disability or death and the end benefit is determined by the accumulation of contributions and earnings of the fund and various options within the fund available to each employee. The company makes contributions to the funds at the rate of 9% of gross salaries and wages. These contributions are legally enforceable in Australia.

23. CONTROLLED ENTITIES

	% OWNED		BOOK VALUE OF SHARES HELD		CONTRIBUTION TO CONSOLIDATED PROFIT/(LOSS)	
	2004	2003	2004	2003	2004	2003
Parent Entity						
Transerv Australia Limited					(801,022)	(65,378)
Entities controlled by Transerv Australia Limited (previously Bluefire Gas Pty Ltd)						
Bluefire Services WA Pty Ltd	100%	100%	2	2	171,424	(103,235)
Gas Research Australia Pty Ltd	100%	100%	2	2	(197,332)	(585,384)
Prims Australia Pty Ltd	100%	100%	2	2	(10,061)	(35,685)
			6	6	(836,991)	(789,683)

During the year, the parent entity Bluefire Gas Pty Ltd changed its name to Transerv Australia Limited.

TRANSERV AUSTRALIA LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

24. FINANCIAL INSTRUMENTS

(a) TERMS, CONDITIONS, AND ACCOUNTING POLICIES

The Consolidated Entity's accounting policies, including the terms and conditions of each class of financial assets, financial liability and equity instrument, both recognised and unrecognised at balance date, are as follows;

RECOGNISED FINANCIAL INSTRUMENTS	STATEMENT OF FINANCIAL POSITION NOTES	ACCOUNTING POLICIES	TERMS & CONDITIONS
(i) **Financial Assets** Cash	5	Cash represents cash on hand and at bank with financial institutions. All cash is carried at nominal amounts	Bank deposits are either held at call, subject to notice of withdrawal or subject to maturity after a specified period of time. All cash held is subject to floating interest rate risk. The weighted average effective interest rate earned was 1.5% (2003: 1%). The weighted average effective interest paid was 9.45%. (2003: 9.40%).
Receivables	6	Receivables are carried at nominal amounts	Trade Receivables are normally settled on 30 day terms. Approved Bluefire Service trade debtors are used as security against the overdraft account within Bluefire Services. This overdraft account is subject to floating interest rate.
(ii) **Financial Liabilities** Trade creditors and accrued expenses	9	Liabilities are recognised for amounts to be paid in the future for goods and services, received whether or not billed to the company.	Trade liabilities are normally settled on 30 day terms.
Finance Lease and Hire Purchase Liability		The lease and hire purchase liability is accounted for in accordance with applicable Accounting Standards and other mandatory professional accounting requirements.	Hire Purchase Agreement exired during the year. The average effective interest rate is nil. (2003: 6.2%).
(iii) **Equity** Ordinary shares	10	Ordinary share capital is recognised at the amount paid-up.	Details of shares issued are disclosed separately in these financial statements. These are non-interest bearing and there is no exposure to interest rate risk.

TRANSERV AUSTRALIA LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

2004

FINANCIAL INSTRUMENT	FLOATING INTEREST RATE 0-1 YEAR	NON-INTEREST BEARING 0-1 YEAR	TOTAL	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE
(i) Financial Assets				
Cash	699,405	-	699,405	1.5%
Receivables Trade & other	-	1,054,551	1,054,551	N/A
Total Financial Assets	699,405	1,054,551	1,753,956	
(ii) Financial Liabilities				
Overdraft Accounts	12,883	-	12,883	9.40%
Trade creditors and accrued expenses	-	503,026	503,026	N/A
Debt finance facilility	120,944	-	120,944	N/A
Total Financial Liabilities	133,827	503,026	636,853	

2003

FINANCIAL INSTRUMENT	FLOATING INTEREST RATE 0-1 YEAR	NON-INTEREST BEARING 0-1 YEAR	FIXED INTEREST 0 – 1 YEAR	TOTAL	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE
(i) Financial Assets					
Cash	58,270	-	-	58,270	1.%
Receivables Trade & other	-	763,816	-	763,816	N/A
Total Financial Assets	58,270	763,816	-	822,086	
(ii) Financial Liabilities					
Overdraft Account	206,328	-	-	206,328	9.45%
Trade creditors and accrued expenses	-	572,002	-	572,002	N/A
Hire Purchase Liability	-	-	11,761	11,761	6.2%
Total Financial Liabilities	206,328	572,002	11,761	790,091	

(b) NET FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The aggregate net fair values of financial assets and financial liabilities, at the balance date, are approximated by their carrying value as represented in the Statement of Financial Position.

(c) CREDIT RISK EXPOSURES

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provision for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

Hall Chadwick
Chartered Accountants & Business Advisers

Head Office
Level 40
BankWest Tower
108 St George's Terrace
Perth 6000
Western Australia

GPO Box W2106
PERTH WA 6846

Telephone:(08) 9320 2888
Facsimile: (08) 9320 2999

Kalgoorlie Office
Suite 1, 47 Brookman Street
Kalgoorlie 6430
Western Australia

Telephone:(08) 9021 7066

Bunbury Office
Suite 1, 9A Wittenoom Street
Bunbury 6230
Western Australia

Telephone:(08) 9791 6466

Busselton Office
Suite 2
58 Bussell Highway
Busselton 6280
Western Australia

Telephone:(08) 9751 3895

Email: hcperinfo@hallchadwick.com.au
www.hallchadwick.com.au

Other firms in:
Sydney
Melbourne
Adelaide
Brisbane

TRANSERV AUSTRALIA LIMITED
ABN 68 079 432 796
AND CONTROLLED ENTITIES

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF TRANSERV AUSTRALIA LIMITED AND CONTROLLED ENTITIES

Matters Relating to the Electronic Presentation of the Audited Financial Report

This audit report relates to the financial report of Transerv Australia Limited for the year ended 30 June 2004 included on the Transerv Australia Limited web site. The Directors are responsible for the integrity of the Transerv Australia Limited web site. We have not been engaged to report on the integrity of the Transerv Australia Limited web site. The audit report refers only to the statements named below. It does not provide an opinion on any other information, which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

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 for Transerv Australia Limited (the company) and the consolidated entity, for the year ended 30 June 2004. The consolidated entity comprises both the company and the entities it controlled during that year.

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

Audit Approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

Hall Chadwick Perth Services

- Assurance and Risk Management
- Corporate Taxation
- Business Valuation and Expert's Reports
- Corporate Finance
- Strategic Planning
- Business and Corporate Restructuring
- Corporate and Personal Insolvency
- Financial Investigations
- Non-Statutory Arrangements with Creditors

National Association
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International Association
AGN International

Associations of
Independent Firms

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

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

INDEPENDENCE

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

AUDIT OPINION

In our opinion, the financial report of Transerv Australia Limited is in accordance with:

a. the Corporations Act 2001, including:

   i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2004 and of their performance for the year ended on that date; and

   ii. complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

b. other mandatory professional reporting requirements in Australia.

HALL CHADWICK
CHARTERED ACCOUNTANTS

MICHAEL J HILLGROVE
PARTNER

Dated at Perth this 30th day of September 2004.

TRANSERV AUSTRALIA LIMITED

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

Shareholding

Number of Shareholders

Distribution of Shareholders Number

No. of Ordinary Shares	Shareholders
1 - 1,000	420
1,001 - 5,000	98
5,001 - 10,000	227
10,001 - 100,000	180
100,001 - and over	21

Marketable Parcels

The number of shares held in less than marketable parcels is 523.

Substantial Shareholders	**Ordinary shares**
Total issued shares at 17 September 2004	15,799,635
ANZ Nominees Limited	1,563,792
Striker Holdings Pty Limited (Gardner Investment Trust)	1,146,296

Voting Rights

Subject to any rights or restrictions for the time being attached to any classes of Shares (at present there are none), at meetings of shareholders of the Company

(a) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;

(b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and

(c) on a poll, every person present who is a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid shares, shall have such number of votes as bears the same proportion which the amount paid (not credited) is of the total amounts paid and payable(excluding amounts credited).

Restricted Securities

At the date of listing there were 898,131 shares and NIL options placed in escrow to be released in March 2005.

TRANSERV AUSTRALIA LIMITED
ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

20 Largest Shareholders - Ordinary Shares

	Name	Ordinary Fully Paid Shares	% Held of Issued Ordinary Capital
1.	ANZ Nominees Limited	1,563,792	10.51
2.	Striker Holdings Pty Limited (Gardner Investment A/C)	1,146,296	7.70
3.	Patersons Securities Limited (ECM A/C)	595,000	4.00
4.	Preferential Capital Pty Limited	500,000	3.36
5.	Paso Holdings Pty Limited	486,815	3.27
6.	Dead Knick Pty Limited	400,000	2.69
7.	Mr Nicholas Charles Richards	345,607	2.32
8.	Resolute (International) Trading Company Limited (Number 2 Account)	300,000	2.02
9.	Mr Nolan Lindsay Bear (The Bear Super Fund A/C)	220,000	1.48
10.	Bremerton Pty Limited (The Bartlett Family Fund A/C)	210,248	1.41
11.	Mr Kenneth George Flack	200,000	1.34
12.	Mrs Mary Avril Maher	180,000	1.21
13.	Royal Sunset Pty Limited	169,137	1.14
14.	Blessed Investments Pty Limited (Green Family S/F A/C)	160,000	1.08
15.	Toltec Holdings Pty Limited	158,903	1.07
16.	Custodial Services Limited	150,000	1.01
17.	Mr Zbigniew Stanislaw Fornal	150,000	1.01
18.	Mr Swee Huat Ang Mrs Khim Eng Ang (The Phoenix Super Fund A/C)	148,482	1.00
19.	Nefco Nominees Pty Limited	124,883	0.84
20.	Mrs Kathleen Peters	110,000	0.74
		7,319,163	49.2