

CONCENTRATED CAPITAL LIMITED

ABN 34 087 730 667

Half-Year Financial Report 31 December 2005

**The information provided in this Half Yearly Report should be read in conjunction with
the Company's 2005 Annual Financial Report**

CONCENTRATED CAPITAL LIMITED – HALF-YEAR FINANCIAL REPORT

Corporate Information

ABN 34 087 730 667

Registered Office

Level 2
409 St Kilda Road
Melbourne Vic 3004
Phone: (03) 9820 2087

Solicitors

Deacons Lawyers
Level 24,
385 Bourke Street
Melbourne Vic 3000

Bankers

National Australia Bank Limited

Share Register

Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street
Abbotsford Vic 3067
Phone: 1300 137 328

Auditors

Ernst & Young

Website Address

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Directors' Report

Your directors submit their report for the half-year ended 31 December 2005.

Directors

The names and details of the company's directors in office during the period and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Hamish M Giles (LLB, BEc)
Chairman of Directors

Christopher K G Rowe
B.A., M.A., (Economics and Law) Cambridge University
Non Executive Director

Peter. T. Reilly (B. B. Acc, CA)
Non Executive Director

Nature of operations and principal activities

Your Company continued its role as a funds management business that invested in prospective oil and gas wells both by direct investment as reflected in the West Pine Ridge investment or indirectly through its investment in the Avalon Partnership. Additionally, your Company has made an investment in Persian Petroleum Services ("PPS") which is a vertically integrated petroleum services business with activities in Iran.

For the year ended 31 December 2005, your Company undertook further investments in the Avalon Partnership to maintain its interest. The Manager of the West Pine Ridge investment has advised that they are seeking a farm out of this investment due to the failure of further engineering to realise the potential of the investment. No further activities were undertaken in respect to PPS.

The Persian Petroleum Services Convertible Note yields an interest coupon of 10% per annum which is payable up to 30 June 2006 at which point, it is either repayable or convertible. Discussions are being had with the PPS Board as to the likely listing of PPS on either AIM or the Dubai Exchange. The Convertible Notes convert to equity upon listing of PPS at 70% of the listing price.

The Board of PPS have advised that they are in discussions with a significant third party entity that may look to acquire the activities of PPS and then list itself. No details as yet have been provided to your Board as to the impact that this may have on your Company's holding in PPS.

Your Board continues to review opportunities to either merge or acquire businesses with the objective being to create greater liquidity in the trading of Shares held by Shareholders.

Your Company has also undertaken an investment of \$30,000 in Samson Oil and Gas NL (ASX:SSN) at a placement price of \$0.42. This company has significant activities being undertaken in the United States and the investment is readily tradeable due to its ASX listing.

Investments for Future Performance

No specific additional investments have been undertaken in the period. Your Board continues to review opportunities that will allow shareholders to obtain liquidity in the sale of shares in the Company.

Review of Financial Condition

There have been no adjustments to carrying values of investments in West Pine Ridge, PPS or the Avalon Partnership other than an additional investment in the Avalon Partnership.

The interest coupon paid by PPS meets all operating expenses of the Company with quarterly interest payments up to 30 June 2006 of approximately \$15,000 per quarter.

The investment that your Company has made in the Avalon Partnership is not expected to yield income however the indication from the Manager is that potential capital returns may be received in this calendar year.

Directors' Report (continued)

The weakening of the Australian dollar against the United States dollar also assists in enhancing the investment value of the Avalon Partnership.

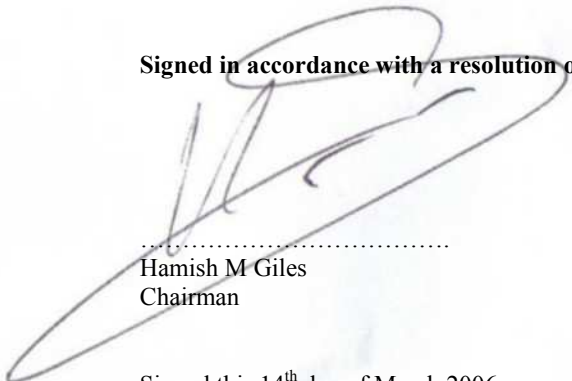
Auditor's Independence Declaration

In accordance with section 307C of the Corporations Act 2001, we have obtained a declaration of independence from our auditors Ernst & Young, a copy of which appears on page 21.

Environmental Regulation and Performance

The Company is not aware of any breaches of any relevant environmental protection legislation in relation to licenses issued to the Company or its subsidiaries and in respect to the activities of Avalon in which the Company is a Partner.

Signed in accordance with a resolution of the directors.



.....
Hamish M Giles
Chairman

Signed this 14th day of March 2006

CONDENSED INCOME STATEMENT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

	Notes	CONSOLIDATED	
		2005	2004
		\$	\$
Revenue	2	35,685	28,127
Expenses	2	(80,966)	(117,035)
PROFIT BEFORE INCOME TAX EXPENSE		(45,281)	(88,908)
INCOME TAX EXPENSE		-	-
NET PROFIT ATTRIBUTABLE TO MEMBERS OF CONCENTRATED CAPITAL LIMITED		(45,281)	(88,908)
Basic earnings per share (cents per share)		(\$0.0036)	(\$0.0075)
Diluted earnings per share (cents per share)		(\$0.0036)	(\$0.0075)
Franked dividends per share (cents per share)		-	-

CONDENSED BALANCE SHEET

AS AT 31 DECEMBER 2005

	Notes	CONSOLIDATED	
		AS AT 31 DECEMBER 2005 \$	AS AT 30 JUNE 2005 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	34,143	55,610
Receivables		23,955	39,199
TOTAL CURRENT ASSETS		58,098	94,809
NON-CURRENT ASSETS			
Financial assets held to maturity		643,358	643,358
Available-for-sale financial assets		277,865	233,721
Deferred exploration and evaluation costs		165,538	142,430
TOTAL NON-CURRENT ASSETS		1,086,761	1,019,509
TOTAL ASSETS		1,144,859	1,114,318
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		27,905	20,297
TOTAL CURRENT LIABILITIES		27,905	20,297
TOTAL LIABILITIES		27,905	20,297
NET ASSETS		1,116,954	1,094,021
EQUITY			
Issued Capital	3	1,934,250	1,866,750
Other Reserves		32,595	31,881
Retained earnings		(849,891)	(804,610)
TOTAL EQUITY		1,116,954	1,094,021

CONDENSED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

	Notes	CONSOLIDATED	
		2005 \$	2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from debtors		26,996	39,000
Payments to suppliers and employees		(33,205)	(44,340)
GST refund received		11,992	14,989
Interest received		16,963	1,009
Deferred exploration and evaluation costs		(23,165)	(36,722)
Other		2,500	-
NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		2,081	(26,064)
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES			
Investments in partnership		(13,513)	(4,880)
Purchase of available-for-sale investments		(30,035)	-
Purchase of convertible notes		-	(99,815)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(43,548)	(104,695)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares		20,000	50,365
Payment of share issue costs		-	(21,491)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		20,000	28,874
NET INCREASE/(DECREASE) IN CASH HELD		(21,467)	(101,885)
Add opening cash brought forward		55,610	106,020
CLOSING CASH CARRIED FORWARD		34,143	4,135

CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

CONSOLIDATED	<i>Attributable to equity holders of the parent</i>			
	<i>Issued capital</i>	<i>Retained earnings</i>	<i>Other reserves</i>	<i>Total equity</i>
At 1 July 2004	1,671,655	(597,655)	-	1,074,000
Profit for the period	-	(88,908)	-	(88,908)
Issue of share capital	50,366	-	-	50,366
Issue costs	(24,476)	-	-	(24,476)
At 31 December 2004	1,697,545	(686,563)	-	1,010,982

CONSOLIDATED	<i>Attributable to equity holders of the parent</i>			
	<i>Issued capital</i>	<i>Retained earnings</i>	<i>Other reserves</i>	<i>Total Equity</i>
At 1 July 2005	1,866,750	(804,610)	31,881	1,094,021
Net gains on available-for-sale financial assets	-	-	714	714
Profit for the period	-	(45,281)	-	(45,281)
Issue of share capital	55,000	-	-	55,000
Exercise of options	12,500	-	-	12,500
At 31 December 2005	1,934,250	(849,891)	32,595	1,116,954

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the Annual Financial Report of Concentrated Capital Limited as at 30 June 2005 which was prepared based on Australian Accounting Standards applicable to reporting periods commencing prior to 1 January 2005. It is also recommended that the half-year financial report be considered together with any public announcements made by Concentrated Capital Limited and its controlled entities during the half-year ended 31 December 2005 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and the NSX Listing rules.

(a) Basis of accounting

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134 “Interim Financial Reporting”. Other mandatory professional reporting requirements (Urgent Issues Group Interpretations) have also been complied with.

The half-year financial report has been prepared on a historical cost basis, except for available for-sale assets that have been measured at fair value.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Statement of Compliance

The half-year financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (‘AIFRS’). Compliance with AIFRS ensures that the half-year financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (‘IFRS’).

This is the first half-year financial report prepared based on AIFRS and comparatives for the half-year ended 31 December 2004 and full-year ended 30 June 2005 have been restated accordingly. A summary of the significant accounting policies of the Group under AIFRS are disclosed in Note 1 (c) below.

Reconciliations of:

- AIFRS equity as at 1 July 2004, 31 December 2004 and 30 June 2005; and
 - AIFRS profit for the half-year 31 December 2004 and full year 30 June 2005,
- to the balances reported in the 31 December 2004 half-year report and 30 June 2005 full-year financial report prepared under AGAAP are detailed in Note 1 (e) below.

Australian Accounting Standards that have recently been issued but are not yet effective have not been adopted for the half-year reporting period ended 31 December 2005.

(c) Summary of significant accounting policies

i. Basis of consolidation

The consolidated financial statements comprise the financial statements of Concentrated Capital Limited and its subsidiaries (‘the Group’).

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS (Continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

(c) Summary of significant accounting policies (continued)

i. Basis of consolidation (continued)

Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Concentrated Capital Limited has control.

ii. Foreign currency translation

Both the functional and presentation currency of Concentrated Capital Limited and its subsidiaries is Australian dollars (A\$).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

iii. Impairment of financial assets

The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the income statement. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS (Continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

(c) Summary of significant accounting policies (continued)

iv. Investments

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as convertible notes, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

v. Trade and other receivables

An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

vi. Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

vii. Exploration and evaluation expenditure

Exploration and evaluation costs related to areas of interest are carried forward to the extent that:

- i. the rights to tenure of the areas of interest are current and the consolidated entity controls the area of interest in which the expenditure has been incurred; and
- ii. such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or
- iii. exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation expenditure will generally be capitalised where a resource has been identified and probable future economic benefits are demonstrated.

Exploration and evaluation assets will be assessed annually for impairment and where impairment indicators exist, recoverable amounts of these assets will be estimated based on discounted cash flows from their associated cash generating units. The income statement will recognise expenses arising from excess of the carrying values of exploration and evaluation assets over the recoverable amounts of these assets.

Expenditure capitalised under the above policy is amortised over the life of the area of interest from the date that commercial production of the related mineral occurs.

In the event that an area of interest is abandoned or if the directors consider the expenditure to be of no value, accumulated costs carried forward are written off in the year in which that assessment is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS (Continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

(c) Summary of significant accounting policies (continued)

viii. Payables (current)

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

xiv. Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

x. Share-based payment transactions

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by reference to the quoted market price of the shares at the date of granting.

The cost of these equity-settled transactions is recognised (expensed), together with a corresponding increase in equity, on grant date which is when the directors become fully entitled to the award (there is no vesting period).

The Group has applied the requirements of AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' in respect of equity-settled awards and has applied AASB 2 'Share-Based Payments' only to equity instruments granted after 7 November 2002 that had not vested on or before 1 January 2005.

xi. Earning per Share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus elements.

xii. Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

CONCENTRATED CAPITAL LIMITED – HALF-YEAR FINANCIAL REPORT

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS (Continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

(c) Summary of significant accounting policies (continued)

xii. Revenue (continued)

Dividends

Revenue is recognised when the shareholders' right to receive the payment is established.

vi. Income Tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

(d) AASB 1 Transitional exemptions

The Group has made its election in relation to the transactional exemptions allowed by AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' as follows:

Business combinations

AASB 3 'Business Combinations' has not been applied to acquisitions of subsidiaries that occurred before 1 July 2004.

Exemption from the requirement to restate comparative information for AASB 132 and AASB 139

The Group has not elected to adopt this exemption and has applied AASB 132 'Financial Instruments: Presentation and Disclosure' and AASB 139 'Financial Instruments: Recognition and Measurement' to its comparative information.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS (Continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

(d) AASB 1 Transitional exemptions (continued)

Designation of previously recognised financial instruments

Financial instruments were designated as financial assets or liabilities at fair value through profit or loss or as available-for-sale at the date of transition to AIFRS.

Exemption from the requirement to restate comparative information for AASB 132 and AASB 139

The Group has not elected to adopt this exemption and has applied AASB 132 'Financial Instruments: Presentation and Disclosure' and AASB 139 'Financial Instruments: Recognition and Measurement' to its comparative information.

(e) Impact of adoption of AIFRS

The impacts of adopting AIFRS on the total equity and profit after tax as reported under Australian Accounting Standards applicable before 1 January 2005 ('AGAAP') are illustrated below.

(i) Reconciliation of total equity as presented under AGAAP to that under AIFRS

CONSOLIDATED

	30-Jun-05	31-Dec-04	01-Jul-04
	\$	\$	\$
Total equity under AGAAP	1,062,140	1,010,981	1,074,000
Changes in valuation of financial assets	31,881	-	-
Total equity under AIFRS	1,094,021	1,010,981	1,074,000

Financial assets that are classified as available-for-sale under AASB 139 'Financial Instruments: Recognition and Measurement' are carried at fair value. They were carried at cost under AGAAP.

(ii) Reconciliation of profit after tax under AGAAP to that under AIFRS

There is no material impacts to the net profit presented under AGAAP on adoption of AIFRS.

(iii) Explanation of material adjustments to the cash flow statements

There are no material differences between the cash flow statements presented under AIFRS and those presented under AGAAP.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS (Continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

	CONSOLIDATED	
	2005 \$	2004 \$
2. REVENUE AND EXPENSES		
(a) Material Items		
Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the entity:		
(i) Revenues from ordinary activities		
Interest	33,184	28,127
Cost Recoveries	2,501	-
	35,685	28,127
(ii) Expenses		
Corporate and administrative expenses	45,966	72,035
Employee benefits	35,000	45,000
	80,966	117,035

(b) Seasonality of Operations

At present there are no seasonal factors for the financial year to date reflected in the results of the half-year.

	2005 \$	2004 \$
3. ISSUED CAPITAL		
<i>Ordinary shares</i>		
Issued and fully paid	1,934,250	1,866,750
	Shares	\$
<i>Movements in ordinary shares on issue</i>		
At 1 July 2005	12,327,110	1,866,750
Issued during the half-year		
- issued in lieu of services	58,332	35,000
- private equity raising	57,143	20,000
- exercise of options	125,000	12,500
	12,567,585	1,934,250

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS (Continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

4. SEGMENT INFORMATION

This company is in the business of investing in small to medium sized Australian companies. These companies then invest in projects in Australia, the United States of America and the United Kingdom.

Geographic segments	Australia		United States of America		United Kingdom		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004
Segment revenue	3,253	1,009	-	-	32,432	27,118	35,685	28,127
Segment result	(77,713)	(116,026)	-	-	32,432	27,118	(45,281)	(88,908)

5. ADDITIONAL INFORMATION

CONSOLIDATED

	2005 \$	2004 \$
Reconciliation of Cash		
For the purposes of the Condensed Cash Flow Statement, cash and equivalents comprise the following at 31 December.		
Cash at bank	34,137	55,604
Cash in hand	6	6
	34,143	55,610

6. CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date, there has been no material change of any contingent liabilities or contingent assets.

7. RELATED PARTY DISCLOSURES

Director-related entity transactions

Services

Accounting services, Nominated Advisor Services and Sundry Corporate Services were provided by Salmon Giles Pty Ltd, of which Mr Hamish M Giles is a director, for an amount of \$30,000.

Equity instruments of directors

Interests at balance date

Interests in the equity instruments of Concentrated Capital Limited held by Directors of the reporting entity and their director-related entities:

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS (Continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

7. RELATED PARTY DISCLOSURES (continued)

	Ordinary Shares Fully Paid		Options over Ordinary Shares	
	2005 Number	2004 Number	2005 Number	2004 Number
H. Giles	348,333	158,750	250,000	375,000
C. Rowe	64,583	-	-	-
P. Reilly	2,306,666	2,262,916	-	-
	2,719,582	2,421,666	250,000	375,000

The Group sometimes pays directors' fees in the form of share-based payments, whereby the directors render their services in exchange for shares.

The cost of these equity-settled transactions with directors is measured by reference to the fair value of the shares at the date at which they are granted. The fair value is determined by reference to the quoted market price of the shares.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity on the grant date, which is the date on which the directors become fully entitled to the award (there is no vesting period).

Movements in director's equity holdings

During the half-year, Mr Giles received 100% of his Director's remuneration by the issue of Shares.

During the half-year, Mr Reilly received 100% of his Director's remuneration by the issue of Shares.

During the half-year, Mr Rowe received 100% of his Director's remuneration by the issue of Shares.

During the half-year, Mr Giles exercised 125,000 options at 10 cents to acquire 125,000 shares.

There have been no other transactions concerning equity instruments during the year with Directors or their director related entities.

Director's Declaration

In accordance with a resolution of the directors of Concentrated Capital Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity:
 - (i) give a true and fair view of the financial position as at 31 December 2005 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) comply with Accounting Standard AASB134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Hamish M Giles
Chairman

Melbourne, 14 March 2006



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Auditor's Independence Declaration to the Directors of Concentrated Capital Limited

In relation to our review of the financial report of Concentrated Capital Limited for the half-year ended 31 December 2005, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



Ernst & Young



Stuart Alford
Partner
14 March 2006



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Independent review report to members of Concentrated Capital Limited

Scope

The financial report and directors' responsibility

The financial report comprises the condensed balance sheet, condensed income statement, condensed cash flow statement, statement of changes in equity and accompanying notes to the financial statements for the consolidated entity comprising both Concentrated Capital Limited (the company) and the entities it controlled during the half year, and the directors' declaration for the company, for the period ended 31 December 2005.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the consolidated entity, and that complies with Accounting Standard AASB 134 "Interim Financial Reporting", 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.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the Newcastle Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Liability limited by a scheme approved under
Professional Standards Legislation



Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of the consolidated entity, comprising Concentrated Capital and the entities it controlled during the half year is not in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity at 31 December 2005 and of its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia.

A handwritten signature in cursive script, appearing to read 'Ernst & Young', positioned above the printed name 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script, appearing to read 'Stuart Alford', positioned above the printed name 'Stuart Alford'.

Stuart Alford
Partner
Melbourne
14 March 2006