

CONCENTRATED CAPITAL LIMITED

ABN 34 087 730 667

Half-Year Report

for the period ended 31 December 2004

**The information provided in this Half Yearly Report should be read in conjunction with
the Company's 2004 Annual 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

www.concentratedcapital.com.au

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Directors' Report

Your directors submit their report for the half-year ended 31 December 2004.

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 is essentially a funds under management business that has invested in prospective oil and gas wells both by direct investment as indicated in the West Pine Ridge investment or indirectly through its investment in the Avalon Partnership. Additionally, your Company has a coal prospect in the Surat Basin and has also entered into arrangements in relation to the Swearingen Project and the investment in Middle East Petroleum Services Limited ("MESL").

For the period ending 31 December 2004, your Company has continued to provide funds in relation to the West Pine Ridge project in order to finalise the drilling which as you are aware has previously been notified as not being successful. Subject to advice from the Avalon Partnership which manages this project, your Company will make a decision as to whether further capital will be injected into this project. At present, the capital that has been injected relates to the final expenses incurred in the drilling and assessment of the initial well.

Your Company has chosen not to make further investments into the Surat Basin or in respect to the Swearingen Project at the present time.

Your Company has made an investment in MESL Convertible Notes which yield an interest coupon of ten percent (10%) per annum which is capitalized up until 31 March 2005 and thereafter is paid quarterly in arrears. In discussions with the Board of MESL, we are advised that MESL is likely to list on the Alternative Investment Market (AIM) in London on or before 30 June 2005. The Convertible Notes convert to equity upon listing of MESL at seventy percent (70%) of the listing price.

Finally, your Board is currently reviewing opportunities to either merge or acquire businesses with the objective being to create greater liquidity in the trading of Shares held by Shareholders in your Company.

Investments for Future Performance

On 31 January 2005, your Board resolved to place up to fifteen percent (15%) of the issued capital of the Company to sophisticated investors in order to raise additional monies to make further investments into MESL and for working capital purposes. In essence, your Board is seeking to leverage its current investment in MESL having regard to discussions it has had with the Board of MESL and to provide additional working capital to review on a due diligence basis various opportunities that have been presented to your Board which may provide greater liquidity to Shareholders and potential capital growth.

Review of Financial Condition

Whilst the investment in West Pine Ridge has been written down by an amount of two hundred fifty thousand dollars (\$250,000) as at 30 June 2004, we are confident there is a residual value in this investment and in addition, the investment into MESL looks most promising, to the extent that your Board is considering a further investment. The MESL investment will also return interest payments from 30 June 2005 of approximately fifteen thousand dollars (\$15,000) per quarter if MESL does not list.

The investment that the Company has made into the Avalon Partnership is not expected to yield income however is expected to yield capital returns upon the sale of proven fields under the management of the Avalon Partnership. Your Company acknowledges that the strength in the Australian dollar has diminished in part the valuation of the Avalon Partnership investment notwithstanding the inherent increase in the value of that investment as a result of increased oil and gas prices over the period since the investment has been made.

Your Board has determined to sell its interest held in the Surat Basin held by its subsidiary Concentrated Coal Pty Ltd and is actively seeking potential purchasers for the investment.

Due to limited working capital resources at the present time, your Board has resolved not to develop its interest in the Swearingen Project.

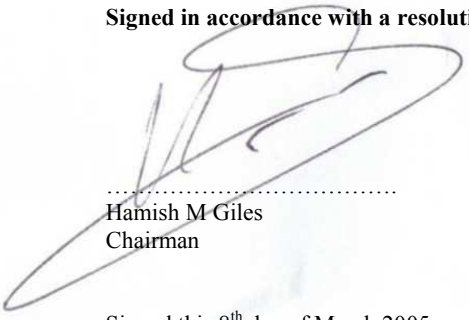
Auditor's Independence Declaration

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 10.

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 8th day of March 2005

CONDENSED STATEMENT OF FINANCIAL PERFORMANCE

HALF-YEAR ENDED 31 DECEMBER 2004

| | Notes | CONSOLIDATED | |
|--|-------|--------------|------------|
| | | 2004 \$ | 2003 \$ |
| Revenues from ordinary activities | 2 | 28,127 | 3,253 |
| Expenses from ordinary activities | | (117,035) | (91,905) |
| (LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE | 2 | (88,908) | (88,652) |
| INCOME TAX EXPENSE RELATING TO ORDINARY ACTIVITIES | | - | - |
| (LOSS) FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE | | (88,908) | (88,652) |
| Loss from extraordinary item after income tax expense | | - | - |
| NET PROFIT | | (88,908) | (88,652) |
| NET PROFIT ATTRIBUTABLE TO MEMBERS OF CONCENTRATED CAPITAL LIMITED | | (88,908) | (88,652) |
| Basic earnings per share (cents per share) | | \$(0.0075) | \$(0.0085) |
| Diluted earnings per share (cents per share) | | \$(0.0075) | \$(0.0055) |
| Franked dividends per share (cents per share) | | - | - |

CONDENSED STATEMENT OF FINANCIAL POSITION**HALF-YEAR ENDED 31 DECEMBER 2004****Notes****CONSOLIDATED**

| | AS AT 31 DECEMBER 2004 \$ | AS AT 30 JUNE 2004 \$ |
|--|--|--------------------------------------|
| CURRENT ASSETS | | |
| Cash assets | 4,135 | 106,020 |
| Receivables | 83,302 | 105,018 |
| Prepayments | - | 23,610 |
| TOTAL CURRENT ASSETS | 87,437 | 234,648 |
| NON-CURRENT ASSETS | | |
| Other financial assets | 787,041 | 682,346 |
| Deferred exploration, evaluation and development costs | 219,148 | 219,148 |
| TOTAL NON-CURRENT ASSETS | 1,006,189 | 901,494 |
| TOTAL ASSETS | 1,093,626 | 1,136,142 |
| CURRENT LIABILITIES | | |
| Payables | 82,645 | 62,142 |
| TOTAL CURRENT LIABILITIES | 82,645 | 62,142 |
| TOTAL LIABILITIES | 82,645 | 62,142 |
| NET ASSETS | 1,010,981 | 1,074,000 |
| EQUITY | | |
| Contributed equity | 1,697,545 | 1,671,655 |
| Retained profits | (686,564) | (597,655) |
| TOTAL EQUITY | 1,010,981 | 1,074,000 |

CONDENSED STATEMENT OF CASH FLOWS**HALF-YEAR ENDED 31 DECEMBER 2004**

| | Notes | CONSOLIDATED | |
|--|-------|--------------|----------------|
| | | 2004 | 2003 |
| | | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from debtors | | 39,000 | - |
| Payments to suppliers and employees | | (44,340) | (81,234) |
| GST refund received | | 14,989 | 8,455 |
| Interest received | | 1,009 | 3,264 |
| Deferred exploration, evaluation and development costs | | (36,722) | (19,901) |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | | (26,064) | (89,416) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Investments in associates | | (4,880) | (3,049) |
| Purchase of convertible notes | | (99,815) | - |
| NET CASH FLOWS USED IN INVESTING ACTIVITIES | | (104,695) | (3,049) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from issues of ordinary shares | | 50,365 | 20,000 |
| Proceeds from exercise of options | | - | 15,300 |
| Payment of share issue costs | | (21,491) | - |
| NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES | | 28,874 | 35,300 |
| NET INCREASE/(DECREASE) IN CASH HELD | | (101,885) | (57,165) |
| Add opening cash brought forward | | 106,020 | 300,576 |
| Effects of exchange rates on cash | | - | (6,001) |
| CLOSING CASH CARRIED FORWARD | | 4,135 | 237,410 |

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

HALF-YEAR ENDED 31 DECEMBER 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 2004. 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 2004 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and the NSX Listing rules.

(a) Basis of accounting

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 including applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

The financial report has been prepared in accordance with the historical cost convention. The accounting policies adopted are consistent with those of the previous year.

(b) Changes in accounting policies

The accounting policies applied are consistent with the most recent annual financial report for the year ended 30 June 2004.

| Notes | CONSOLIDATED | |
|--|--------------|------------|
| | 2004 \$ | 2003 \$ |
| 2. REVENUE FROM ORDINARY ACTIVITIES | | |
| (a) Specific Items | | |
| Profit from ordinary activities 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 | 28,127 | 3,253 |
| (ii) Expenses | | |
| Corporate and administrative expenses | 72,035 | 59,237 |
| Employee benefits | 45,000 | 26,667 |
| Other expenses from ordinary activities | - | 6,001 |

NOTES CONTINUED

HALF-YEAR ENDED 31 DECEMBER 2004

3. 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 | |
|-----------------------|-----------|----------|--------------------------|------|----------------|------|--------------|----------|
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| Segment revenue | | | | | | | | |
| Interest | 1,009 | 3,253 | - | - | 27,118 | - | 28,127 | 3,253 |
| Total segment revenue | 1,009 | 3,253 | - | - | 27,118 | - | 28,127 | 3,253 |
| Segment result | (88,908) | (88,652) | - | - | - | - | (88,908) | (88,652) |

4. SUBSEQUENT EVENTS

On 17 January 2005, a receivable of fifty thousand dollars (\$50,000) being for Shares issued during the financial year ended 30 June 2004 was received in full.

On 31 January 2005 it was resolved by the Directors to undertake a capital raising by a placement of Shares to professional and sophisticated investors of up to fifteen percent (15%) of the existing capital as at 31 December 2004. It is proposed that the capital to be raised be utilised for further participation in the Middle Eastern Petroleum Services Limited project and for working capital. It was further resolved that subject to Shareholder approval the Directors be eligible to participate in the placement.

On 31 January 2005 it was resolved by the Directors that from 1 January 2005 until further notice that all Directors fees payable from that date be settled by way of the issue of Shares on a quarterly basis at the weighted average of the Share price in the ten (10) days immediately proceeding the quarter, subject to Shareholder ratification.

On 31 January 2005 it was resolved by the Directors to sell the lease investments of a subsidiary (Concentrated Coal Pty Ltd) and in the absence of a sale the carrying value to be reviewed as at 30 June 2005.

| | AS AT 31 DECEMBER 2004 \$ | AS AT 30 JUNE 2004 \$ |
|--|---------------------------------|-----------------------------|
| 5. ADDITIONAL INFORMATION | | |
| Reconciliation of retained profits | | |
| Balance at beginning of the half-year | (597,655) | (279,291) |
| Net (loss) attributable to members of Concentrated Capital Limited | (88,908) | (318,364) |
| Balance at end of half-year | (686,564) | (597,655) |

6. CONTINGENT ASSETS AND LIABILITIES

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

NOTES CONTINUED

HALF YEAR ENDED 31 DECEMBER 2004

7. IMPACT OF ADOPTING AASB EQUIVALENTS TO IASB STANDARDS

Concentrated Capital Limited has commenced transitioning its accounting policies and financial reporting from current Australian Standards to Australian International Financial Reporting Standards (AIFRS). The company has allocated internal resources to perform diagnostics and conduct impact assessments to isolate key areas that will be impacted by the transition to IFRS. As a result of these procedures, the Audit and Compliance Committee will address each of the areas in order of priority. As the Company has a 30 June year end, priority has been given to considering the preparation of an opening balance sheet in accordance with AIFRS as at 1 July 2004. This will form the basis of accounting for Australian equivalents of IFRS in the future, and is required when the Company will prepare its first fully AIFRS compliant financial report for the year ended 30 June 2006. Set out below are the key areas where accounting policies will change and may have an impact on the financial report of the Company. At this stage the Company has not been able to reliably quantify the impacts on the financial report.

Classification of Financial Instruments

Under AASB 139 Financial Instruments: Recognition and Measurement, financial instruments are required to be classified into one of five categories which will, in turn, determine the accounting treatment of the item. The classifications are loans and receivables- measured at amortised cost, held to maturity - measured at amortised cost, at fair value through profit or loss – measured at fair value with fair value changes charged to profit or loss and non-trading liabilities - measured at amortised cost.

Hedge Accounting

Under AASB 139 Financial Instruments: Recognition and Measurement in order to achieve a qualifying hedge, the entity is required to meet the following criteria:

Identify the type of hedge - fair value or cash flow;

Identify the hedged item or transaction;

Identify the nature of the risk being hedged;

Identify the hedging instrument;

Demonstrate that the hedge has and will continue to be highly effective; and

Document the hedging relationship, including the risk management objectives and strategy for undertaking the hedge and how effectiveness will be tested.

At this stage the company does not have any hedge contracts and reliable estimation of the future financial effect of this change in accounting policy has not yet been measured.

Impairment of Assets

Under AASB 136 Impairment of Assets the recoverable amount of an asset is determined as the higher of fair value less costs to sell and value in use. This will result in a change in the group's current accounting policy which determines the recoverable amount of an asset on the basis of discounted cash flows. Under the new policy it is likely that impairment of assets will be recognised sooner and that the amount of write-downs will be greater. Reliable estimation of the future financial effects of this change in accounting policy is impracticable because the conditions under which impairment will be assessed are not yet known.

Intangible Assets

Under AASB 138 Intangible Assets, costs incurred in the research phase of the development of an internally generated intangible must be expensed. The company presently has no internally generated intangible assets. Under the new policy, all research costs will be written off as incurred.

Share based payments

Under AASB 2 Share based Payments, the company is required to determine the fair value of options issued to employees as remuneration and recognise an expense in the Statement of Financial Performance. This standard is not limited to options and also extends to other forms of equity based remuneration. It applies to all share-based payments issued after 7 November 2002 which have not vested as at 1 January 2005. Reliable estimation of the future financial effects of this change in accounting policy is impracticable as the details of future equity based remuneration plans are unknown.

Income taxes

Under the AASB 112 Income Taxes, the company is required to use a balance sheet liability method which focuses on the tax effects of transactions and other events that affect amounts recognised in either the Statement of Financial Position or a tax-based balance sheet. It is not expected that there will be any further material impact as a result of adoption of this standard. In the immediate/short term future as the company presently has substantial tax losses.

Exploration and evaluation expenditure

AASB 6 covers Accounting for the Extractive Industries. As there has been no change in the accounting policies applied, there is not expected to be any impact of adopting this standard.

NOTES CONTINUED

HALF-YEAR ENDED 31 DECEMBER 2004


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 2004 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) comply with Accounting Standard AASB1029 "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

Date: 8th March 2005
Melbourne, Victoria, 3004

FORM: Half yearly report

Name of issuer

CONCENTRATED CAPITAL LIMITED

ACN or ARBN

087 730 667

Half yearly
(tick)

√

Preliminary
final (tick)Half year/financial year ended
(‘Current period’)

31 December 2004

For Announcement to the market

Extracts from this statement for Announcement to the market (see note 1).

| | | | | | | \$A,000 |
|--|---------|----------------|------|-----|-----|---------|
| Sales (or equivalent) operating revenue (item 1.1) | Up | 933% | 3 | to | | 28 |
| Operating profit (loss) before abnormal items and tax (item 1.4) | up/down | -% | (89) | to | | (89) |
| Abnormal items before tax (item 1.5) | | gain (loss) of | - | to | | - |
| Operating profit (loss) after tax but before outside equity interests (item 1.8) | up/down | -% | (89) | to | | (89) |
| Extraordinary items after tax attributable to members (item 1.13) | | gain (loss) of | - | to | | - |
| Operating profit (loss) and extraordinary items after tax attributable to members (item 1.16) | up/down | -% | (89) | to | | (89) |
| Exploration and evaluation expenditure incurred (item 5.2) | up | 7% | 30 | to | | 32 |
| Exploration and evaluation expenditure written off (item 5.3) | up | 320% | 10 | to | | 32 |
| Dividends Franking rate applicable | | | | | | - |
| Current period | | N/A | N/A | N/A | N/A | |
| Previous corresponding period | | N/A | N/A | N/A | N/A | |
| Record Date for determining entitlements to the Dividend, (in the case of a trust distribution) (see item 15.2) | | | | | | N/A |
| Short details of any bonus or cash issue or other items(s) of importance not previously released to the market: | | | | | | N/A |

Consolidated profit and loss account*(The figures are not equity accounted)*

| | Current period \$A'000 | Previous corresponding period \$A'000 |
|--|---------------------------|---|
| 1.1 Sales (or equivalent operating) revenue | - | - |
| 1.2 Other revenue | 28 | 3 |
| 1.3 Total revenue | 28 | 3 |
| 1.4 Operating profit (loss) before abnormal items and tax | (89) | (89) |
| 1.5 Abnormal items before tax (detail in item 2.1) | - | - |
| 1.6 Operating profit (loss) before tax (items 1.4 + 1.5) | (89) | (89) |
| 1.7 Less tax | - | - |
| 1.8 Operating profit (loss) after tax but before outside equity interests | (89) | (89) |
| 1.9 Less outside equity interests | - | - |
| 1.10 Operating profit (loss) after tax attributable to members | (89) | (89) |
| 1.11 Extraordinary items after tax (detail in item 2.3) | - | - |
| 1.12 Less outside equity interests | - | - |
| 1.13 Extraordinary items after tax attributable to members | - | - |
| 1.14 Total operating profit (loss) and extraordinary items after tax (items 1.8 1.11) | (89) | (89) |
| 1.15 Operating profit (loss) and extraordinary items after tax attributable to outside equity interests (items 1.9 .112) | - | - |
| 1.16 Operating profit (loss and extraordinary items after tax attributable to members (items 1.10 +1.13) | (89) | (89) |
| 1.17 Retained profits (accumulated losses) at beginning of financial period | (598) | (190) |
| 1.18 Aggregate of amounts transferred from reserves | - | - |
| 1.19 Total available for appropriation (carried forward) | (687) | (279) |
| 1.19 Total available for appropriation (carried forward Total available for appropriation (brought forward) | | |

Consolidated profit and loss account continued

| | | | |
|------|--|--------------|--------------|
| 1.20 | Dividends provided for or Paid | - | - |
| 1.21 | Aggregate or amounts transferred to reserves | - | - |
| 1.22 | Retained profits (accumulated losses) at tend of financial period | (687) | (279) |

Abnormal and extraordinary items

| | | Consolidated - current period | | |
|-----|----------------------------------|-------------------------------|------------------------|----------------------|
| | | Before tax \$A'000 | Related tax \$A'000 | After tax \$A'000 |
| 2.1 | Abnormal items | - | - | - |
| 2.2 | Total abnormal items | - | - | - |
| 2.3 | Extraordinary items | - | - | - |
| 2.4 | Total extraordinary items | - | - | - |

Comparison of half year profits*(Preliminary final statement only)*

| | | Current year \$A'000 | Previous year \$A'000 |
|-----|--|-------------------------|--------------------------|
| 3.1 | Consolidated operating profit (loss) after tax attributable to members reported for the 1st half year (item 1.10 in the half yearly statement) | (89) | (89) |
| 3.2 | Consolidated operating profit(loss) after tax attributable to members for the 2nd half year | - | - |

Consolidated balance sheet

(See note 5)

| Current assets | | At end of current period \$A'000 | As shown in last annual report \$A'000 | As in last half yearly statement \$A'000 |
|--------------------------------|--|-------------------------------------|--|--|
| 4.1 | Cash | 4 | 106 | 237 |
| 4.2 | Receivable | 83 | 129 | 16 |
| 4.3 | Investments | - | - | - |
| 4.4 | Inventories | - | - | - |
| 4.5 | Other (provide details if material) | - | - | - |
| 4.6 | Total current assets | 87 | 235 | 253 |
| Non-current assets | | | | |
| 4.7 | Receivables | - | - | - |
| 4.8 | Investments | 787 | 682 | 155 |
| 4.9 | Inventories | - | - | - |
| 4.10 | Exploration and evaluation expenditure capitalised (see para .71 of AASB 1022) | 219 | 219 | 325 |
| 4.11 | Development properties (mining entities) | - | - | - |
| 4.12 | Other property, plant and equipment (net) | - | - | - |
| 4.13 | Intangibles (net) | - | - | - |
| 4.14 | Other (provide details if material) | - | - | - |
| 4.15 | Total non-current assets | 1,006 | 901 | 481 |
| 4.16 | Total assets | 1,094 | 1,136 | 734 |
| Current liabilities | | | | |
| 4.17 | Accounts payable | 83 | 42 | 16 |
| 4.18 | Borrowings | - | - | - |
| 4.19 | Provisions | - | 20 | - |
| 4.20 | Other (provide details if material) | - | - | - |
| 4.21 | Total current liabilities | 83 | 62 | 16 |
| Non-current liabilities | | | | |
| 4.22 | Accounts payable | - | - | - |
| 4.23 | Borrowings | - | - | - |
| 4.24 | Provisions | - | - | - |
| 4.25 | Other (provide details if material) | - | - | - |
| 4.26 | Total non-current liabilities | - | - | - |
| 4.27 | Total liabilities | 83 | 62 | 16 |
| 4.28 | Net Assets | 1,011 | 1,074 | 718 |

Consolidated balance sheet continued

| Equity | | | | |
|---------------|---|--------------|--------------|------------|
| 4.29 | Capital | 1,698 | 1,671 | 998 |
| 4.30 | Reserves | - | - | - |
| 4.31 | Retained profits (accumulated losses) | (687) | (597) | (279) |
| 4.32 | Equity attributable to members of the parent entity | - | - | - |
| 4.33 | Outside equity interests in controlled entities | - | - | - |
| 4.34 | Total equity | 1,011 | 1,074 | 718 |
| 4.35 | Preference capital and related premium included as part of 4.31 | - | - | - |

Exploration and evaluation expenditure capitalised

To be completed only by issuers with mining interests if amounts are material. Include all expenditure incurred regardless of whether written off directly against profit

| | Current period \$A'000 | Previous corresponding period \$A'000 |
|--|---------------------------|--|
| 5.1 Opening balance | 219 | 305 |
| 5.2 Expenditure incurred during current period | 32 | 30 |
| 5.3 Expenditure written off during current period | (32) | (10) |
| 5.4 Acquisitions, disposals, revaluation increments, etc. | - | - |
| 5.5 Expenditure transferred to Development Properties | - | - |
| 5.6 Closing balance as shown in the consolidated balance sheet (item 4.9) | 219 | 325 |

Development properties

(To be completed only by issuers with mining interests if amounts are material)

| | Current period \$A'000 | Previous corresponding period \$A'000 |
|---|---------------------------|--|
| 6.1 Opening balance | - | - |
| 6.2 Expenditure incurred during current period | - | - |
| 6.3 Expenditure transferred from exploration and evaluation | - | - |
| 6.4 Expenditure written off during current period | - | - |
| 6.5 Acquisitions, disposals, revaluation increments, etc. | - | - |
| 6.6 Expenditure transferred to mine properties | - | - |
| 6.7 Closing balance as shown in the consolidated balance sheet (item 4.10) | - | - |

Consolidated statement of cash flows

(See note 6)

| | Current period \$A'000 | Previous corresponding period \$A'000 |
|---|---------------------------|---|
| Cash flows related to operating activities | | |
| 7.1 Receipts from customers | 39 | - |
| 7.2 Payments to suppliers and employees | (44) | (81) |
| 7.3 Dividends received | - | - |
| 7.4 Interest and other items of similar nature received | 1 | 3 |
| 7.5 Interest and other costs of finance Paid | - | - |
| 7.6 Income taxes Paid | - | - |
| 7.7 Other (provide details if material) | | |
| - Deferred exploration and evaluation expenditure | (37) | (20) |
| - GST refundable | 15 | 8 |
| 7.8 Net operating cash flows | (26) | (90) |
| Cash flows related to investing activities | | |
| 7.9 Payments for purchases of property, plant and equipment | - | - |
| 7.10 Proceeds from sale of property, plant and equipment | - | - |
| 7.11 Payment for purchases of equity investments | (5) | (3) |
| 7.12 Proceeds from sale of equity investments | - | - |
| 7.13 Loans to other entities | - | - |
| 7.14 Loans repaid by other entities | - | - |
| 7.15 Other (provide details if material) | | |
| - Convertible Note | (100) | - |
| 7.16 Net investing cash flows | (105) | (3) |
| Cash flows related to financing activities | | |
| 7.17 Proceeds from issues of <i>securities</i> (Shares, options, etc.) | 50 | 35 |
| 7.18 Proceeds from borrowings | - | - |
| 7.19 Repayment of borrowings | - | - |
| 7.20 Dividends Paid | - | - |
| 7.21 Other (provide details if material) | | |
| - Share Issue Costs | (21) | - |
| 7.22 Net financing cash flows | 29 | 35 |
| Net increase (decrease) in cash held | (102) | (57) |
| 7.23 Cash at beginning of period (see <i>Reconciliations of cash</i>) | 106 | 300 |
| 7.24 Exchange rate adjustments to item 7.23 | - | (6) |
| 7.25 Cash at end of period (see <i>Reconciliation of cash</i>) | 4 | 237 |

Non-cash financing and investing activities

Details of financing and investing Transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show comparative amount.

| |
|-----|
| NIL |
|-----|

Reconciliation of cash

| Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows. | | Current period \$A'000 | Previous corresponding period \$A'000 |
|--|---|---------------------------|---|
| 8.1 | Cash on hand and at bank | 4 | 237 |
| 8.2 | Deposits at Call | - | - |
| 8.3 | Bank overdraft | - | - |
| 8.4 | Other (provide details) | - | - |
| 8.5 | Total cash at end of period (item 7.25) | 4 | 237 |

Ratios

| | | Current period | Previous corresponding period |
|--|--|----------------|-------------------------------------|
| Profit before abnormals and tax/sales | | | |
| 9.1 | Consolidated operating profit (loss) before abnormal items and tax (items 1.4) as a percentage of sales revenue (items 1.1) | - | - |
| Profit after tax/equity interests | | | |
| 9.2 | Consolidated operating profit (loss) after tax attributable to members (item 1.10) as a percentage of equity (similarly attributable) at the end of the period (item 4.34) | (8.79)% | (12.40)% |

Earnings per security (EPS)

| | | | |
|------|---|------------|------------|
| 10.1 | Calculation of basic, and fully diluted, EPS in accordance with AASB 1027: Earnings per Share | | |
| (a) | Basic EPS | \$(0.0075) | \$(0.0085) |
| (b) | Diluted EPS (if materially different from (a)) | - | - |

| NTA backing (see note 7) | | Current period | Previous corresponding period |
|-----------------------------|--|----------------|-------------------------------|
| 11.1 | Net tangible asset backing per ordinary security | \$0.067 | \$0.038 |

Details of specific receipts/outlays, revenues/expenses

| | | Current period A\$'000 | Previous corresponding period A\$'000 |
|------|---|---------------------------|--|
| 12.1 | Interest revenue included in determining items 1.4 | 28 | 3 |
| 12.2 | Interest revenue included in item 12.1 but not yet received (if material) | 27 | - |
| 12.3 | Interest expense included in item 1.4 (include all forms of interest, lease finance charges, etc.) | - | - |
| 12.4 | Interest costs excluded from item 12.3 and capitalised in asset values (if material) | - | - |
| 12.5 | Outlays (excepts those arising from the acquisition of an existing business) capitalised in intangibles (if material) | - | 20 |
| 12.6 | Depreciation (excluding amortisation of intangibles) | - | - |
| 12.7 | Amortisation of intangibles | - | - |

Control gained over entities having material effect

(See note 8)

| | | |
|------|---|-----|
| 13.1 | Name of <i>issuer</i> (or <i>group</i>) | N/A |
| 13.2 | Consolidated operating profit (loss) and extraordinary items after tax of the <i>issuer</i> (or <i>group</i>) since the date in the current period on which control was acquired | N/A |
| 13.3 | Date from which such profit has been calculated | N/A |
| 13.4 | Operating profit (loss) and extraordinary items after tax of the <i>issuer</i> (or <i>group</i>) for the whole of the previous corresponding period | N/A |

Loss of control of entities having material effect

(See note 8)

| | | |
|------|--|-----|
| 14.1 | Name of entity (or <i>group</i>) | N/A |
| 14.2 | Consolidated operating profit (loss) and extraordinary items after tax of the entity (or <i>group</i>) for the current period to the date of loss of control | N/A |
| 14.3 | Date from which the profit (loss) in item 14.2 has been calculated | N/A |
| 14.4 | Consolidated operating profit (loss) and extraordinary items after tax of the entity (or <i>group</i>) while controlled during the whole of the previous corresponding period | N/A |
| 14.5 | Contribution to consolidated operating profit (loss) and extraordinary items from sale of interest leading to loss of control | N/A |

Reports for industry and geographical segments

Information on the industry and geographical segments of the entity must be reported for the current period in accordance with AASB 1005: Financial Reporting by Segments. Because of the different structures employed by entities, a pro forma is not provided. Segment information should be completed separately and attached to this statement. However, the following is the personation adopted in the Appendices to AASB 1005 and indicates which amount should agree with items included elsewhere in this statement.

Segments

Operating Revenue

Sales to customers outside the economic entity

Inter-segment sales

Unallocated revenue

Total revenue (consolidated total equal to item 1.3)

Segment result (including abnormal items where relevant)

Unallocated expenses

Consolidated operating profit after tax (before equity accounting) (equal to item 1.8)

| | | | |
|-----------------------------------|--------|---|--|
| Segment | assets |) | Comparative data for segment assets should be as at the end of the previous corresponding period |
| Unallocated | assets |) | |
| Total assets (equal to item 4.15) | |) | |

Dividends

| | | |
|------|--|-----|
| 15.1 | Date the Dividend is payable | N/A |
| 15.2 | Record Date to determine entitlements to the Dividend (ie. on the basis of registrable transfers received up to 5.00 pm) | N/A |

Amount per security

| | Franking rate applicable | | 39% | 36% | 33% |
|------|--|-----|-----|-----|-----|
| | (Preliminary final statement only) | | | | |
| 15.3 | Final Dividend: Current year | N/A | N/A | N/A | N/A |
| 15.4 | Previous year | N/A | N/A | N/A | N/A |
| | (Half yearly and preliminary final statements) | | | | |
| 15.5 | Interim Dividend: Current year | N/A | N/A | N/A | N/A |
| 15.6 | Previous year | N/A | N/A | N/A | N/A |

Total annual Dividend (distribution) per security

(Preliminary final statement only)

| | Current year | Previous year |
|----------------------------|--------------|---------------|
| 15.7 Ordinary securities | N/A | N/A |
| 15.8 Preference securities | N/A | N/A |

Total Dividend (distribution)

| | Current period \$A'000 | Previous corresponding period - \$A'000 |
|-----------------------------|---------------------------|---|
| 15.9 Ordinary securities | N/A | N/A |
| 15.10 Preference securities | N/A | N/A |
| 15.11 Total | N/A | N/A |

The dividend or distribution plans shown below are in operation.

| |
|-----|
| N/A |
|-----|

| | |
|--|-----|
| The last date(s) for receipt of election notices to the dividend or distribution plans | N/A |
|--|-----|

Any other disclosures in relation to Dividends (distributions)

| |
|-----|
| N/A |
|-----|

Equity accounted associated entities and other material interests

Equity accounting information attributable to the economic entity's Share of investments in associated entities must be disclosed in a separate notice. See AASB 1016: Disclosure of Information about Investments in Associated Companies.

| Investments in associated entities | | Current period A\$'000 | Previous corresponding period A\$'000 |
|---|--|---------------------------|---|
| 16.1 | Statutory carrying value of investments in associated entities (SCV) | 406 | 481 |
| 16.2 | Share of associated entities' retained profits and reserves not included in SCV: | - | - |
| | Retained profits | - | - |
| | Reserves | - | - |
| 16.3 | Equity carrying value of investments | 406 | 481 |

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities.

| | | Percentage of ownership interest (ordinary securities, Units etc) held at end of period | | Contributing to operating profits (loss) and extraordinary items after tax | |
|------|---|---|-------------------------------------|--|-------------------------------------|
| 17.1 | Equity accounted associated entities | Current period | Previous corresponding period | Current period | Previous corresponding period |
| | | - | - | <i>Equity accounted</i> | |
| | | | | | |
| 17.2 | Other material interests | - | - | <i>Not equity accounted (ie part of item 1.14)</i> | |
| | | | | | |

Issued and listed securities

Description includes rate of interest and any redemption or conversion rights together with prices and rates.

| Category of securities | | Number issued | Number listed | Par value (cents) | Paid-up value (cents) |
|------------------------|---|-----------------------------------|---------------|----------------------|--------------------------|
| 18.1 | Preference securities (description) | - | - | - | - |
| 18.2 | Issued during current period | - | - | - | - |
| 18.3 | Ordinary securities | 11,895,383 | 11,895,383 | - | - |
| 18.4 | Issued during current period | 91,573 | 91,573 | - | - |
| 18.5 | Convertible debt securities (description and conversion factor) | - | - | - | - |
| 18.6 | Issued during current period | - | - | - | - |
| 18.7 | Options (description and conversion factor) | 575,000 1,150,000 1,305,300 | - | Exercise price | Expiry date |
| | | | | 0.10 | 18/04/07 |
| | | | | 0.20 | 18/04/07 |
| | | | | 0.35 | 30/06/06 |
| | | | | | |
| 18.8 | Issued during current period | 91,573 | - | 0.35 | 30/06/06 |
| 18.9 | Exercised during current period | - | - | - | - |
| 18.10 | Expired during current period | - | - | - | - |
| 18.11 | Debentures (totals only) | - | - | | |
| 18.12 | Unsecured Notes (totals only) | - | - | | |

Comments by directors

Comments on the following matters are required by the Exchange or, in relation to the half yearly statement, by AASB 1029: Half-Year Accounts and Consolidated Accounts. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) and may be incorporated into the directors' report and statement. For both half yearly and preliminary final statements, if there are no comments in a section, state NIL. If there is insufficient space in comment, attach notes to this statement.

Basis of accounts preparation

If this statement is a half yearly statement, it is a general purpose financial report prepared in accordance with the listing rules and AASB 1029: Half-Year Accounts and Consolidated Accounts. It should be read in conjunction with the last annual report and any Announcements to the market made by the issuer during the period. [Delete if in applicable.]

Material factors affecting the revenues and expenses of the issuer for the current period

N/A

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible)

N/A

Franking credits available and prospects for paying fully or partly Franked Dividends for at least the next year

N/A

Changes in accounting policies since the last annual report are disclosed as follows.

(Disclose changes in the half yearly statement in accordance with paragraph 15(c) of AASB 1029: Half-Year Accounts and Consolidated Accounts. Disclose changes in the preliminary final statement in accordance with AASB 101: Accounting Policies-Disclosure.)

N/A

Annual meeting*(Preliminary final statement only)*

The annual meeting will be held as follows:

| | |
|--|-----|
| Place | N/A |
| Date | N/A |
| Time | N/A |
| Approximate date the annual report will be available | N/A |

Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the *Corporations Act* or other standards acceptable to the Exchange (see note 13).
 2. Identify other standards used

| |
|-----|
| N/A |
|-----|
 3. This statement, and the financial statements under the *Corporations Act* (if separate), use the same accounting policies.
 4. This statement does/does not* (*delete one*) give a true and fair view of the matters disclosed (see note 2).
 5. This statement is based on financial statements to which one of the following applies:

☐ The financial statements have been audited.

☐ The financial statements are in the process of being audited or subject to review.

☒ The financial statements have been subject to review by a registered auditor (or overseas equivalent).

☐ The financial statements have *not* yet been audited or reviewed.
 5. If the accounts have been or are being audited or subject to review and the audit report is not attached, details of any qualifications are attached/will follow immediately they are available* (*delete one*). (*Half yearly statement only - the audit report must be attached to this statement if the statement is to satisfy the requirements of the Corporations Act.*)
 6. The *issuer* has a formally constituted audit committee.
- Sign here: Date:11/03/05.....
 (Director)
- Print name: ...Hamish Giles.....

Notes

1. **For announcement to the market** The percentage changes referred to in this section are the percentage changes calculated by comparing the current period's figures with those for the previous corresponding period. Do not show percentage changes if the change is from profit to loss or loss to profit, but still show the amount of the change up or down.

2. **True and fair view** If this statement does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the *issuer* must attach a note providing additional information and explanations to give a true and fair view.
3. **Consolidated profit and loss account**
 - Item 1.1 The definition of “operating revenue” and an explanation of “sales revenue” (or its equivalent) and “other revenue” are set out in *AASB 1004: Disclosure of Operating Revenue*.
 - Item 1.2 “other revenue” includes abnormal items, but excludes extraordinary revenue items.
 - Item 1.4 “operating profit (loss) before abnormal items and tax” is calculated before dealing with outside equity interests and extraordinary items, but after deducting interest on borrowings, depreciation and amortisation.
 - Item 1.7 This item refers to the total tax attributable to the amount shown in item 1.6. Tax includes income tax and capital gains tax (if any) but excludes taxes treated as operating expenses (eg. fringe benefits tax).
4. **Income tax** If the amount provided for income tax in this statement differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the entity must explain in a note the major items responsible for the difference and their amounts.
5. **Consolidated balance sheet**

Format The format of the consolidated balance sheet should be followed as closely as possible. However, additional items may be added if greater clarity of exposition will be achieved, provided the disclosure still meets the requirements of *AASB 1029*. Banking institutions may substitute a clear liquidity ranking for the Current/Non-Current classification.

Basis of revaluation If there has been a material revaluation of non-current assets (including investments) since the last annual report, the *issuer* must describe the basis of revaluation adopted. The description must meet the requirements of paragraphs 19-21 of *AASB 1010: Accounting for the Revaluation of Non-Current Assets*. If the *issuer* has adopted a procedure of regular revaluation, the basis for which has been disclosed and has not changed, no additional disclosure is required. Trusts should also note paragraph 10 of *AASB 1029* and paragraph 11 of *AASB 1030*.
6. **Statement of cash flows** For definitions of “cash” and other terms used in this statement see *AASB 1026: Statement of Cash Flows*. *Issuers* should follow the form as closely as possible, but variations are permitted if the *directors* (in the case of a trust, the management company) believe that this presentation is inappropriate. However, the presentation adopted must meet the requirements of *AASB 1026*. Mining exploration *issuers* may use the form of cashflow statement in Appendix 5B.
7. **Net tangible asset backing** Net tangible assets are determined by deducting from total tangible assets all claims on those assets ranking ahead of the ordinary *securities* (i.e. all liabilities, preference Shares, outside equity interests, etc). Mining *issuers* are *not* required to state a net tangible asset backing per ordinary *security*.
8. **Gain and loss of control over entities** The gain or loss must be disclosed if it has a material effect on the consolidated financial statements. Details must include the contribution for each gain or loss that increased or decreased the *issuer's* consolidated operating profit (loss) and extraordinary items after tax by more than 5% compared to the previous corresponding period.

9. **Equity accounting** If an *issuer* adopts equity accounting, no comparative equity accounting figures are required in the first period following its adoption.
10. **Rounding of figures** This statement anticipates that the information required is given to the nearest \$1,000. However, an *issuer* may report exact figures, if the \$A'000 headings are amended. If an *issuer* qualifies under an AS/C Class Order dated 17 August 1994, it may report to the nearest million dollars, or to the nearest \$100,000, if the \$A'000 headings are amended.
11. **Comparative figures** Comparative figures are normally the unadjusted figures from the previous corresponding period. However, if the previous report figures are adjusted to achieve greater comparability, a note explaining the adjustment must be included with this statement. If no adjustment is made despite a lack of comparability, a note explaining the position should be attached.
12. **Additional information** An *issuer* may disclose additional information about any matter, and must do so if the information is material to an understanding of the financial statements. The information may be an expansion of the material contained in this statement, or contained in a note attached to the statement. The requirement under the *Listing Rules* for an *issuer* to complete this statement does not prevent the *issuer* issuing reports more frequently. Additional material lodged with the AS/C under the *Corporations Act* must also be given to the Exchange. For example, a *directors'* report and statement, if lodged with the AS/C, must be given to the Exchange.
13. **Accounting Standards** the Exchange will accept, for example, the use of International Accounting Standards for *foreign issuers*. If the standards used do not address a topic, the Australian standard on that topic (if one) must be complied with.
14. **Borrowing corporations** As at 1/7/96, this statement may be able to be used by an *issuer* required to comply with the *Corporations Act* as part of its half yearly financial statements if prepared in accordance with Australian Accounting Standards. However, borrowing corporations must comply with Schedule 5 of the Corporations Regulations. See regulation 3.6.02(4).

SEGMENT INFORMATION

| Geographic segments | Australia | | United States of America | | United Kingdom | | Consolidated | |
|----------------------------|------------------|-------------|---------------------------------|-------------|-----------------------|-------------|---------------------|-------------|
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| Segment revenue | | | | | | | | |
| Interest | 1,009 | 3,253 | - | - | 27,118 | - | 28,127 | 3,253 |
| Total segment revenue | 1,009 | 3,253 | - | - | 27,118 | - | 28,127 | 3,253 |
| Segment result | (88,908) | (88,652) | - | - | - | - | (88,908) | (88,652) |



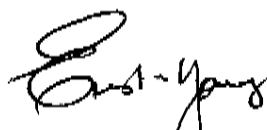
■ 120 Collins Street
Melbourne VIC 3000
Australia

■ Tel 61 3 9288 8000
Fax 61 3 9654 6166
DX 293 Melbourne

GPO Box 67
Melbourne VIC 3001

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 2004, 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

Date: 8 March 2005



■ 120 Collins Street
Melbourne VIC 3000
Australia

■ Tel 61 3 9288 8000
Fax 61 3 9654 6166
DX 293 Melbourne

GPO Box 678
Melbourne VIC 3001

Independent review report to members of Concentrated Capital Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows and accompanying notes to the financial statements for the consolidated entity comprising both Concentrated Capital Ltd (the company) and the entities it controlled during the half-year, and the directors' declaration for the company, for the period ended 31 December 2004.

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 1029 "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 1029 "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.

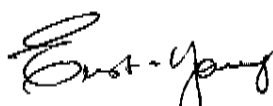
Independence

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 at page 10.

**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 2004 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia.



Ernst & Young



Stuart Alford
Partner
Melbourne
8 March 2005