

CONCENTRATED CAPITAL LIMITED

ABN 34 087 730 667

Financial Report

for the half-year ended 31 December 2003

**The information provided in this Half Yearly Report should be read in conjunction
with the Company's 2003 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

Menzies & Partners
Level 9
356 Collins Street
Melbourne Vic 3000
Phone: (03) 9602 1500

Bankers

National Australia Bank Limited
St George Bank Limited

Share Register

Computershare Investor Services Pty Limited
565 Bourke Street
Melbourne Vic 3000
Phone: 1300 850 505

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 2003.

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 (Appointed 18 April 2002)

Christopher Kenneth George Rowe
B.A., M.A., (Economics and Law) Cambridge University
Non Executive Director (Appointed 30 June 2003)

Peter. T. Reilly (B. B. Acc, CA)
Non Executive Director (Appointed 30 June 2003)

Directors' Report continued

Nature of operations and principal activities

For the period ending 31 December 2003, the Company continued to refine its Corporate Strategy and Business Plan which included:

- < After overcoming several delays due to the desire to acquire extra acreage, Federal Regulations, appointment of drilling contractors, and weather it now appears that the West Pine Ridge project will be spudded in February 2004;
- < Concentrated Coal Pty Ltd secured EPC812 which complimented its application for EPC814 which was granted prior to 30 June 2003. Concentrated Coal Pty Ltd now controls 64.6 million tonnes of second class indicated reserves as outlined within the Company's Prospectus dated 5 August 2002; and
- < The Avalon Oil Company Partnership continued its drilling program and a minor Capital contribution was made to the Partnership to maintain the Company's 3.3% interest.

Investments for Future Performance

The Company has appointed quality project management who are drilling alongside the Company in the West Pine Ridge Project thereby relieving the Company of any requirement for full time staff in the United States. The West Pine Ridge appears to be significantly more prospective than originally estimated as a result of revised geological assessment. In light of the reassessment, the original drilling program scheduled to commence in November 2002 was suspended and additional acreage to the south of the original lease holdings was acquired. The aggregation of the total lease has now been completed and a new drilling site has been identified. The Company expects drilling to commence in February 2004

The Company undertook an investment in the Avalon Oil Company Partnership and has acquired approximately a 3.3% interest in this Partnership. Avalon is conducting an extensive drilling program on a series of projects and the investment in Avalon provides a spread of US oil and gas projects in the region including increased exposure of West Pine Ridge and other projects, both productive and yet to be drilled.

Avalon's revenues are applied to drilling and development programs to maximize long-term capital growth, rather than provide short-term dividends.

Review of Financial Condition

The Company's financial position as at 31 December 2003 reflects expenditure incurred to allow the Company to continue its participation in the West Pine Ridge Project, the Avalon Partnership and obtaining the grant of a further oil and gas Application in the Surat Basin.

Directors' Report continued

Likely Developments and Expected Results

The Directors foresee that the 2004 financial year will bring to fruition investments made in 2003 including drilling results in West Pine Ridge. The other key significant areas which the Directors foresee activity in are:

- The development of the Avalon drilling program and results thereon;
- A strategy to develop greater liquidity in the shares on offer in the Company;
- The assessment of other drilling programs provided to the Company by Avalon by virtue of the Company being a Partner in Avalon;
- The assessment of other strategic investments to augment the current portfolio; and
- The active pursuit of achieving a farm in to our Surat Basin interests.

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 Fifteenth day of March 2004

STATEMENT OF FINANCIAL PERFORMANCE

HALF-YEAR ENDED 31 DECEMBER 2003

	Notes	CONSOLIDATED	
		2003 \$	2002 \$
REVENUES FROM ORDINARY ACTIVITIES	2	3,253	2,293
Corporate and administrative expenses		(59,237)	(45,262)
Salaries and employee benefits expense		(26,667)	(31,250)
Other expenses from ordinary activities	3	(6,001)	-
(LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		(88,652)	(74,219)
INCOME TAX EXPENSE RELATING TO ORDINARY ACTIVITIES	4	-	-
(LOSS) FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE		(88,652)	(74,219)
TOTAL REVENUES, EXPENSES AND VALUATION ADJUSTMENTS RECOGNISED DIRECTLY IN EQUITY		-	-
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS		(88,652)	(74,219)

STATEMENT OF FINANCIAL POSITION**HALF-YEAR ENDED 31 DECEMBER 2003****Notes****CONSOLIDATED**

		AS AT 31 DECEMBER 2003 \$	AS AT 30 JUNE 2003 \$
CURRENT ASSETS			
Cash assets		237,409	300,576
Receivables	5	16,043	38,874
TOTAL CURRENT ASSETS		253,452	339,450
NON-CURRENT ASSETS			
Other financial assets	6	155,217	152,168
Deferred exploration, evaluation and development costs	8	325,431	305,528
TOTAL NON-CURRENT ASSETS		480,648	457,696
TOTAL ASSETS		734,100	797,146
CURRENT LIABILITIES			
Payables	9	15,548	43,991
TOTAL CURRENT LIABILITIES		15,548	43,991
TOTAL LIABILITIES		15,548	43,991
NET ASSETS		718,552	753,155
EQUITY			
Contributed equity	10	997,844	943,794
Retained profits	11	(279,322)	(190,639)
TOTAL EQUITY		718,522	753,155

STATEMENT OF CASH FLOWS

HALF-YEAR ENDED 31 DECEMBER 2003

	Notes	CONSOLIDATED	
		2003	2002
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		-	-
Payments to suppliers and employees		(70,653)	(119,746)
GST refund received		8,455	8,411
Interest received		3,264	2,293
Withholding tax paid		-	(9)
Deferred exploration, evaluation and development costs		(30,484)	(361,458)
Advances to related parties		(3,049)	-
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	12(a)	(92,407)	(470,509)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of shares		-	-
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares		20,000	737,296
Proceeds from exercise of options		15,300	-
Payment of share issue costs		-	-
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		35,300	737,296
NET INCREASE/(DECREASE) IN CASH HELD		(57,167)	266,787
Add opening cash brought forward		300,576	2
Effects of exchange rates on cash		(6,001)	-
CLOSING CASH CARRIED FORWARD	12(b)	237,409	266,789

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

HALF-YEAR ENDED 31 DECEMBER 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(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) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising Concentrated Capital Limited (the parent company) and all entities that Concentrated Capital Limited controlled from time to time during the year and at reporting date.

Information from the financial statements of subsidiaries is included from the date the parent company obtains control until such time as control ceases.

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.

(c) Foreign Currencies

Translation of foreign currency transactions

Transactions in foreign currencies of entities within the consolidated entity are converted to local currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

A monetary item arising under a foreign currency contract outstanding at the reporting date where the exchange rate for the monetary item is fixed in the contract is translated at the exchange rate fixed in the contract.

All resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses for the financial year.

(d) Cash and cash equivalents

Cash on hand and in banks and short term deposits are stated at nominal value.

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 2 working days, net of outstanding bank overdrafts.

(e) Deferred exploration, evaluation and development costs

Costs carried forward

Costs arising from exploration and evaluation activities are carried forward provided such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not, at balance date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves.

Amortisation

Costs carried forward in relation to a producing area of interest will be amortised on a production output basis, over the economic life of the area, pending commencement of production.

(f) Receivables

Trade receivables are carried at original invoice amounts less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable. Bad debts are written off as incurred.

NOTES CONTINUED

HALF-YEAR ENDED 31 DECEMBER 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

(h) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(i) Revenue Recognition

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

Interests

Control of the right to receive the interest payment.

(j) Taxes

Income taxes

Tax-effect accounting is applied using the liability method whereby income tax is regarded as an expense and is calculated on the accounting profit after allowing for permanent differences. To the extent timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a future income tax benefit or a provision for deferred income tax. The net future income tax benefit relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

(k) Comparative figures

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

NOTES CONTINUED**HALF-YEAR ENDED 31 DECEMBER 2003**

	Notes	CONSOLIDATED	
		2003 \$	2002 \$
2. REVENUE FROM ORDINARY ACTIVITIES			
Revenues from non-operating activities			
Interest		3,253	2,293
Total revenues from non-operating activities		3,253	2,293
Total revenues from ordinary activities		3,253	2,293
3. EXPENSES AND LOSSES/(GAINS)			
Losses/(gains)			
Net foreign currency (gains)/losses		6,001	-
Total other expenses from ordinary activities		6,001	-

4. INCOME TAX

No income tax is payable by the parent company or any subsidiary company within the consolidated entity as the companies are in a current tax loss position.

Income tax losses

The parent company has tax losses of A\$229,307 at reporting date. The future income tax benefit arising from these tax losses has not been brought to account at reporting date, as realisation of the benefit is not regarded as virtually certain. As the parent company is a Pooled Development Fund, the rate at which it will pay tax will vary according to the nature of the income earned and as such the value of the future income tax benefit has not been quantified.

This future income tax benefit will only be obtained if:

- (a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- (b) the conditions for deductibility imposed by tax legislation continue to be complied with; and
- (c) no changes in tax legislation adversely affect the consolidated entity in realising the benefit.

NOTES CONTINUED**HALF-YEAR ENDED 31 DECEMBER 2003**

Notes	CONSOLIDATED	
	AS AT 31 DECEMBER 2003 \$	AS AT 30 JUNE 2003 \$
5. RECEIVABLES (CURRENT)		
Sundry debtors	16,045	38,874
Amounts other than trade debts receivable from related parties:		
Wholly-owned group – controlled entities	-	-
	16,045	38,874

Terms and conditions

Terms and conditions relating to the above financial instruments

(i) Sundry debtors and other receivables are non-interest bearing and have repayment terms between 30 and 90 days.

Notes	CONSOLIDATED	
	AS AT 31 DECEMBER 2003 \$	AS AT 30 JUNE 2003 \$
6. OTHER FINANCIAL ASSETS (NON-CURRENT)		
<i>Investments at cost comprise:</i>		
Investments in associates		
3.3% interest in the Avalon Oil Partnership	155,217	152,168
	155,217	152,168

NOTES CONTINUED**HALF-YEAR ENDED 31 DECEMBER 2003****7. INTERESTS IN SUBSIDIARIES**

Name	Country of incorporation	Percentage of equity interest held by the consolidated entity	Investment
		2003	2003
		%	\$
Avalon Investments (Aus) Pty Ltd	Australia	100	1
Colorado Energy Pty Ltd	Australia	100	1
Concentrated Coal Energy Pty Ltd	Australia	100	1
QMI Investments Pty Ltd	Australia	100	1
Swearingen Gas Pty Ltd	Australia	100	1

Notes

CONSOLIDATED

	AS AT 31 DECEMBER 2003 \$	AS AT 30 JUNE 2003 \$
8. DEFERRED EXPLORATION, EVALUATION AND DEVELOPMENT COSTS		
Exploration, evaluation and development costs carried forward in respect of mining, oil and gas areas of interest		
Pre-production		
– exploration and evaluation phases	325,429	305,528
	325,429	305,528

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective mining, oil and gas areas to which the deferred costs relate. Amortisation of the costs carried forward for the development phase is not being charged pending the commencement of production.

NOTES CONTINUED**HALF-YEAR ENDED 31 DECEMBER 2003**

	Notes	CONSOLIDATED	
		AS AT 31 DECEMBER 2003 \$	AS AT 30 JUNE 2003 \$
9. PAYABLES			
Trade creditors		15,548	2,396
Other creditors		-	41,595
		15,548	43,991
Aggregate amounts payable to related parties:			
Director-related entities		6,050	-
		-	-

	Notes	CONSOLIDATED	
		AS AT 31 DECEMBER 2003 \$	AS AT 30 JUNE 2003 \$
10.CONTRIBUTED EQUITY			
(a) Issued and paid up capital			
Ordinary shares fully paid		997,844	943,794
		997,844	943,794

NOTES CONTINUED**HALF-YEAR ENDED 31 DECEMBER 2003****10. CONTRIBUTED EQUITY (continued)**

	Notes	CONSOLIDATED			
		AS AT 31 DECEMBER 2003		AS AT 30 JUNE 2003	
		Number of Shares	\$	Number of Shares	\$
Beginning of the period		10,171,333	943,794	1,200,000	50,002
Issued during the period					
- public equity raising	(i)	40,000	20,000	7,208,000	848,000
- issued in lieu of services	(ii)	37,500	18,750	-	-
- private equity raising		-	-	1,763,333	185,333
- less issue costs		-	-	-	(139,541)
- exercise of options	(iii)	170,000	15,300	-	-
End of the half year		10,418,833	997,844	10,171,333	943,794

(i) On 24 July 2003, 40,000 shares were issued at A\$0.50 each which was receivable at 30 June 2003 from the Offer Information Statement.

(ii) On 30 September 2003, 18,750 shares were issued at A\$0.50 each in lieu of payment for services rendered totalling A\$9,375.

On 18 October 2003, 18,750 shares were issued at A\$0.50 each in lieu of payment for services rendered totalling A\$9,375.

(iii) On 19 November 2003, 170,000 shares were issued by the exercising of 170,000 options at A\$0.09 each.

NOTES CONTINUED

HALF-YEAR ENDED 31 DECEMBER 2003

10. CONTRIBUTED EQUITY (continued)

(b) Terms and conditions of contributed equity

Ordinary Shares

Ordinary Shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary Shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

(c) Options

Employee Share Scheme

An employee share scheme has been established where directors, executives and certain members of staff of the consolidated entity are issued with options over the ordinary Shares of Concentrated Capital Limited. The options, issued for nil consideration, are issued in accordance with performance guidelines established by the Directors of Concentrated Capital Limited. The options are issued for a term of 5 years and are exercisable on granting. The options cannot be transferred and will not be quoted on the Newcastle Stock Exchange. There are currently 3 directors and 1 executive eligible to participate.

	CONSOLIDATED			
	31 DECEMBER 2003		30 JUNE 2003	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Balance at beginning of year	1,895,000	0.16	-	-
- granted	-	-	1,895,000	0.16
- forfeited	-	-	-	-
- exercised	170,000	0.09	-	-
Balance at end of year	1,725,000	0.166	1,895,000	0.16

The following table summarises information about options outstanding and exercisable at 31 December 2003:

Option price	Options	Outstanding		Exercisable	
		Average option life	Average option price	Number of options	Average option price
\$0.10	575,000	4.0	0.10	575,000	0.10
\$0.20	1,150,000	4.0	0.20	1,150,000	0.20
Total	1,725,000	4.0	0.166	1,725,000	0.166

NOTES CONTINUED**HALF-YEAR ENDED 31 DECEMBER 2003**

Notes	CONSOLIDATED	
	AS AT 31 DECEMBER 2003 \$	AS AT 30 JUNE 2003 \$
11. RESERVES AND RETAINED PROFITS		
Retained profits		
Balance at the beginning of the year	(190,639)	(38,113)
(Loss) from ordinary activities	(79,396)	(152,526)
Balance at the end of the year	(270,036)	(190,639)
12. STATEMENT OF CASH FLOWS		
(a) Reconciliation of the net profit after tax to the net cash flows from operations		
Profit from ordinary activities after income tax expense	(79,396)	(74,219)
Non-Cash Items		
Shares issued in lieu of payment for services	18,750	-
Net foreign currency (gains)/losses	6,001	-
Changes in assets and liabilities		
(Increase)/decrease in deferred exploration, evaluation and development costs	(30,481)	(361,458)
(Increase)/Decrease in investment in associates	(3,049)	-
(Increase)/Decrease in trade and other receivables	23,706	(18,737)
(Decrease)/Increase in trade and other creditors	(27,992)	(16,905)
Net cash flow from operating activities	(92,461)	(407,509)
(b) Reconciliation of cash		
Cash balance comprises:		
- Cash assets	237,409	266,789
Closing cash balance	237,409	266,789

13. EXPENDITURE COMMITMENTS

The Directors confirm that there are no material Capital or Income expenditure commitments as at the date of this report.

NOTES CONTINUED

HALF-YEAR ENDED 31 DECEMBER 2003

	Notes	CONSOLIDATED	
		2003	2002
		\$	\$
14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS			
(a) Contingent Liabilities			
The Directors confirm that there are no known contingent liabilities at the date of this report.			
(b) Contingent Assets			
The Directors confirm that there are no known contingent assets at the date of this report.			
15. REMUNERATION OF DIRECTORS			
(a) Director's remuneration			
Income paid or payable, or otherwise made available, in respect of the financial year, to all directors of each entity in the consolidated entity, directly or indirectly, by the entities of which they are directors or any related party:		26,667	31,250

Income paid or payable, or otherwise made available, in respect of the financial year, to all directors of Concentrated Capital Limited, directly or indirectly, from the entity or any related party:

	2003 No	2002 No
The number of directors of Concentrated Capital Limited whose income (including superannuation contributions) falls within the following bands is:		
\$0 - \$9,999	1	-
\$10,000 - \$19,999	2	4
\$20,000 – 29,999	-	-
\$30,000 – \$39,999	-	-

NOTES CONTINUED**HALF-YEAR ENDED 31 DECEMBER 2003**

	Notes	CONSOLIDATED	
		2003	2002
		\$	\$
16. AUDITORS' REMUNERATION			
Amounts received or due and receivable by Ernst & Young Australia for:			
- an audit or review of the financial report of the entity and any other entity in the consolidated entity		5,500	4,000
- other services in relation to the entity and any other entity in the consolidated entity.		-	17,550
		5,500	21,550

17. RELATED PARTY DISCLOSURES**Directors**

The Directors of Concentrated Capital Pty Ltd during the half year were:

C.Rowe

H.M. Giles

P.Reilly

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 A\$24,450 (2002: A\$37,175).

Equity instruments of directors

Mr C. Rowe is a partner of The Avalon Oil Company Partnership and sits on their Advisory Board.

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:

	Ordinary Shares Fully Paid		Options over Ordinary Shares	
	2003 Number	2002 Number	2003 Number	2002 Number
H. Giles	139,584	125,000	375,000	375,000
C. Rowe	-	-	-	-
P. Reilly	2,252,500	2,200,000	-	40,000
	2,392,084	2,325,000	375,000	415,000

NOTES CONTINUED

HALF-YEAR ENDED 31 DECEMBER 2003

Movements in directors' equity holdings

During the half year, Mr Reilly received 58.82% of his Director's remuneration by the issue of Shares, (being 12,500 Shares).

During the half year, Mr Reilly converted 40,000 options at A\$0.09.

During the half year, Mr Giles received 54.5% of his Director's remuneration by the issue of Shares, (being 17,500 Shares).

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

All equity dealings with Directors have been entered into with terms and conditions no more favourable than those that the entity would have adopted if dealing at arm's length.

18. SEGMENT REPORTING

The company is a Pooled Development Fund which is in the business of investing in small to medium sized Australian companies. These companies then invest in projects both in Australia and in the United States of America.

19. FINANCIAL INSTRUMENTS

Interest Rate Risk

The consolidated entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the reporting date, are as follows:

Fixed interest rate maturing in:

Financial Instruments	Floating Interest rate		Total carrying amount as per the statement of financial position		Weighted average effective interest rate	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 %	2002 %
<i>(i) Financial assets</i>						
Cash	237	267	237	267	3.0	3.0
Trade and other receivables	15	28	15	28	N/A	N/A
	252	295	252	295	3.0	3.0

Net Fair Values

All financial assets and financial liabilities have been recognised at balance date at their net fair values.

Credit Risk Exposures

The Company's maximum exposures to credit risk at reporting date in relation to each class of recognised financial asset, is the carrying amount of those assets in the Statement of Financial Position.

NOTES CONTINUED

HALF-YEAR ENDED 31 DECEMBER 2003

Director's Declaration

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

1. In the opinion of the directors:

- (a) the financial statements and notes of the company and of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2003 and of their performance for the period ended on that date; and
 - (ii) complying with Accounting Standards and 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.

2. In the opinion of the directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 7 will be able to meet any obligations or liabilities to which they are or may become subject.

On behalf of the Board

A handwritten signature in black ink, appearing to be 'H. M. Giles', enclosed within a large, loopy oval shape.

Hamish M Giles
Chairman
Fifteenth March 2004
Melbourne, Victoria, 3004

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 Limited (the company) and the entities it controlled during the period, and the directors' declaration for the company, for the period ended 31 December 2003.

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.

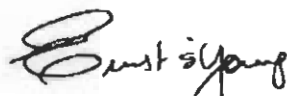
Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

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 Limited and the entities it controlled during the period 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 2003 and of its performance for the period 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
15 March 2004