

HINDMARSH RESOURCES LTD

ABN 29 106 444 857

HALF YEAR REPORT

DECEMBER 2004

DIRECTORS' REPORT
for the six months ended 31 December 2004

The directors present their report on the results of Hindmarsh Resources Limited for the half year ended 31 December 2004 and the state of affairs at that date.

DIRECTORS

The names of the directors of Hindmarsh Resources Limited in office during the whole of the half-year and up to the date of this report are as follows:

F Creagh O'Connor, Robert JS Greenslade, Simon T O'Loughlin.

REVIEW OF OPERATIONS

The Consolidated entity made a loss after tax for the half year ended 31 December 2004 of \$16,532. The Company was incorporated on 24 September 2003. The Company made a loss of \$46 for the period from incorporation to 31 December 2003 and \$10,889 loss for the period since incorporation to 30 June 2004. No dividends were paid and the directors have not recommended the payment of a dividend.

During the last half year the directors continued to seek business opportunities. The revenue for the period consisted of interest received \$29,618 whilst expenditure directly incurred in finding investment opportunities amounted to \$28,953.

AUDITOR'S INDEPENDENCE

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act is set out on page 3.

Dated at Adelaide, South Australia
this 14th day of March 2005 and signed in accordance with a resolution of the directors.



F Creagh O'Connor, Chairman

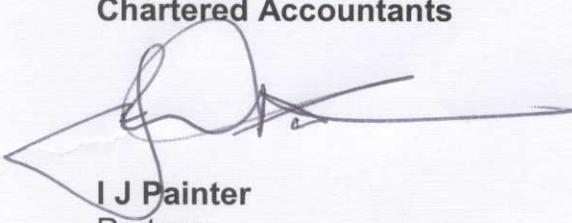
Auditor Independence Declaration

To the Directors of Hindmarsh Resources Limited

As lead engagement partner for the audit of Hindmarsh Resources Limited for the half-year ended 31 December 2004, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act, 2001 in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

PKF
Chartered Accountants



I J Painter
Partner

Signed at Wayville, this 28th day of February 2005.

STATEMENT OF FINANCIAL PERFORMANCE
for the half-year ended 31 December 2004

	<u>Notes</u>	<u>Half year 2004</u>	<u>Period to December 2003</u>
		\$	\$
REVENUE FROM ORDINARY ACTIVITIES	2	29,618	-
Investment analysis expenses		(28,953)	-
Corporate office expenses	3	(13,234)	(46)
LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE	4	(12,568)	(46)
Income tax expense		(3,964)	-
LOSS FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE		(16,532)	(46)
Equity transaction costs		-	-
TOTAL CHANGES IN EQUITY OTHER THAN OWNER-RELATED TRANSACTIONS		(16,532)	(46)
Basic earnings (loss) per share (cents)		(0.23)	(0.01)
Diluted earnings (loss) per share (cents)		(0.23)	(0.01)

STATEMENT OF FINANCIAL POSITION
as at 31 December 2004

	<u>Notes</u>	<u>31 December 2004</u>	<u>30 June 2004</u>
		\$	\$
CURRENT ASSETS			
Cash assets		1,202,615	1,211,928
Other		2,930	2,504
TOTAL CURRENT ASSETS		1,205,545	1,214,432
TOTAL ASSETS		1,205,545	1,214,432
CURRENT LIABILITIES			
Payables		10,433	6,752
Provisions		3,964	
TOTAL CURRENT LIABILITIES		14,397	6,752
TOTAL LIABILITIES		14,397	6,752
NET ASSETS		1,191,148	1,207,680
EQUITY			
Contributed equity	5	1,218,569	1,218,569
Accumulated (Losses)	4	(27,421)	(10,889)
TOTAL EQUITY		1,191,148	1,207,680

STATEMENT OF CASH FLOWS
for the half-year ended 31 December 2004

	<u>Notes</u>	<u>Half year 2004</u>	<u>Period to December 2003</u>
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(38,931)	(46)
Interest received		29,618	-
Net cash (outflow) from operating activities		<u>(9,313)</u>	<u>(46)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue		-	50,010
Share issue expenses		-	(4,961)
Net cash inflow/(outflow) from financing activities		<u>-</u>	<u>45,049</u>
Net increase/(decrease) in cash held		(9,313)	45,003
CASH AT THE BEGINNING OF THE FINANCIAL PERIOD		1,211,928	-
CASH AT THE END OF THE FINANCIAL PERIOD		<u>1,202,615</u>	<u>45,003</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the half-year ended 31 December 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report for the interim half-year reporting period ended 31 December 2004 has been prepared in accordance with AASB 1029 *Interim Financial Reporting*, other mandatory professional reporting requirements (Urgent Group Consensus Views), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001, and has been prepared on the basis of historical costs.

This interim report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2004 and any public announcements made by Hindmarsh Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The Company was incorporated on 24 September 2003 and so the comparative periods are measured from that date.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

International Financial Reporting Standards

For reporting periods beginning on or after 1 January 2005, the Company must comply with International Financial Reporting Standards ("IFRS") as issued by the Australian Accounting Standards Board.

The differences between Australian GAAP and IFRS identified to date as potentially having a significant effect on the Company's financial performance and financial position are summarised below. The summary should not be taken as an exhaustive list of all the differences between Australian GAAP and IFRS. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented.

The key potential implications of conversion to IFRS on the Company are as follows:

- All financial instruments including derivatives will be recognised in the statement of financial position and all derivatives will be carried at fair value.
- Impairment of assets will be determined on a discounted basis, with strict tests for determining whether cash generating operations have been impaired.
- Deferred tax assets and liabilities will generally be based on the differences between the accounting and tax basis of assets and liabilities under the "balance sheet" approach which may result in the recognition of more deferred tax assets and liabilities.
- Equity based compensation in the form of shares and options will be recognized as expenses of the periods during which the employee provides related services.
- Changes in accounting policies will be recognized by restating comparatives rather than making current year adjustments with note disclosures of prior period effects.

A detailed evaluation of the impact of IFRS on the Company's accounting policies and business information requirements has not been performed as at 31 December 2004, but is expected to occur by 30 June 2005. It is expected that the impact will be small.

	<u>Notes</u>	<u>Period to December</u>	
		<u>Half year 2004</u>	<u>2003</u>
2. REVENUE		\$	\$
Ordinary activities			
Interest received		29,618	-
		<hr/>	<hr/>
		29,618	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the half-year ended 31 December 2004

	<u>Notes</u>	\$	<u>Period to December</u>
		Half year 2004	2003
3. OTHER EXPENSES FROM ORDINARY ACTIVITIES			
Corporate office costs		1,500	-
Audit fees		6,075	-
Listing and ASIC fees		4,684	-
Share registry and shareholder reports		975	46
Other expenses		<hr/> 13,234	<hr/> 46
4. ACCUMULATED LOSSES			
Accumulated losses at the beginning of the period		10,889	-
Loss for the half year		<hr/> 16,532	<hr/> 46
Accumulated losses at the end of the period		<hr/> 27,421	<hr/> 46
5. CONTRIBUTED EQUITY			
(a) Share capital			
Fully paid ordinary shares		<hr/> 1,218,569	<hr/> 1,218,569
		<hr/> 1,218,569	<hr/> 1,218,569

There were 7,183,333 fully paid ordinary shares on issue at 30 June 2004 and at 31 December 2004.

(b) Options

There were 9,949,929 options outstanding at 30 June 2004 and at 31 December 2004. No options were granted or exercised between 31 December 2004 and the date of this report.

6. SEGMENT INFORMATION

The company operated solely in Australia and is currently seeking investment opportunities.

DIRECTORS' DECLARATION

The directors declare that the financial statements and notes set out on pages 4 to 7:

- (a) comply with Australian Accounting Standard AASB 1029, the Corporations Regulations 2001, and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the Consolidated Entity's financial position as at 31 December 2004 and of its performance, as represented by the results of its operations and its cash flows, for the half year ended on that date.

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001, and
- (b) there are reasonable grounds to believe that the Consolidated Entity will be able pay its debts as and when they become due and payable.

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



F Creagh O'Connor
Director

Dated this 14th day of March 2005.

Adelaide, South Australia

INDEPENDENT REVIEW REPORT**TO THE MEMBERS OF
HINDMARSH RESOURCES LIMITED****Scope**

We have reviewed the financial report of Hindmarsh Resources Limited for the half-year ended 31 December 2004 as set out on pages 4 to 8. The financial report includes the financial statements of the disclosing entity. The disclosing entity's directors are responsible for the financial report. We have performed an independent review of the financial report 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 Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the consolidated entity's financial position and performance, as represented by the results of its operations and its cash flows, and in order for the disclosing entity to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian auditing standards applicable to review engagements. A review is limited primarily to inquiries of the disclosing entity's 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 provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

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 Hindmarsh Resources Limited for the half-year ended 31 December 2004 is not in accordance with:

- (a) the Corporations Act 2001, including:
 - i) giving a true and fair view of the consolidated entity's financial position as 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 professional reporting requirements in Australia.

PKF

Chartered Accountants

**I J Painter**
Partner

Signed at Adelaide, this 14th day of March 2005