

Central Exchange Limited

A.B.N 77 000 742 843

HALF YEAR REPORTS:

ASX Appendix 4D - Results For Announcement To Market
Directors' Report
Financial Report
Audit Review Report

31 December 2003



www.centralexchange.com.au

Central Exchange Limited

A.B.N. 77 000 742 843

Level 14, The Forrest Centre, 221 St Georges Terrace, Perth Western Australia 6000
Tel: +61 8 9214 9797 Email: info@centralexchange.com.au Fax: +61 8 9322 1515

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info@centralexchange.com.au

CORPORATE DIRECTORY

BOARD

William M. Johnson	(Chairman)
Victor P.H. Ho	(Director)
Yaqoob Khan	(Director)

COMPANY SECRETARY

Victor P. H. Ho

PRINCIPAL & REGISTERED OFFICE

Level 14, The Forrest Centre
221 St Georges Terrace
Perth Western Australia 6000

Telephone: +61 8 9214 9797

Facsimile: +61 8 9322 1515

Email: info@centralexchange.com.au

Website: www.centralexchange.com.au

SHARE REGISTRY

Advanced Share Registry Services
Level 7, 200 Adelaide Terrace
Perth Western Australia 6000

Telephone: +61 8 9221 7288

Facsimile: +61 8 9221 7869

STOCK EXCHANGE

Australian Stock Exchange
Perth, Western Australia

ASX CODE

CXL

AUDITOR

BDO
Level 8
256 St Georges Terrace

BANKER

National Australia Bank
Level 13, 50 St Georges Terrace
Perth Western Australia 6000

RESULTS FOR ANNOUNCEMENT TO MARKET

This Half Year Report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.2A.3

Current Reporting Period: 1 July 2003 to 31 December 2003

Previous Corresponding Period: 1 July 2002 to 31 December 2002

For and on behalf of the Directors,



.....

Date: 24 February 2004

Victor Ho
Company Secretary

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue and Net Profit (Loss)

Consolidated Entity			Dec 2003 \$'000	Dec 2002 \$'000
Revenue from ordinary activities	UP	73340%	19,137,029	26,058
Profit (loss) from ordinary activities after tax attributable to members	UP	4627%	19,017,542	(400,750)
Net profit (loss) for the period attributable to members	UP	4627%	18,141,658	(400,750)

Dividends

On 18 February 2004, the Company declared an interim unfranked dividend of 10 cents per shares.

The Record Date for entitlements to such interim dividend will be 29 April 2004 and payment will be effected on or about 7 May 2004.

Brief Explanation of Revenue, Net Profit and Dividends (above)

On 12 January 2004, the Company received \$19,051,014 from Minara Resources Limited (formerly Anaconda Nickel Limited) ("**Anaconda**") pursuant to the terms of payment under a settlement deed between Anaconda and Central Exchange dated 17 September 1996. Such receipt is accounted for as revenue from ordinary activities during the current reporting period as the liability for payment by Anaconda occurred on 28 November 2003.

DIRECTORS' REPORT

Central Exchange Limited ("**Company**" or "**Central Exchange**") is a company limited by shares that is incorporated and domiciled in Australia and is listed on the Australian Stock Exchange ("**ASX**") (ASX Code "CXL").

Central Exchange has prepared a consolidated financial report incorporating the entities that it controlled during the financial half year. Controlled entities are Central Exchange Operations Pty Ltd ABN 16 094 097 122 (controlled throughout the financial half year) and Hume Mining NL ABN 52 063 994 945 (controlled throughout the financial half year).

The Directors present their report on Central Exchange and its controlled entities (the "**Consolidated Entity**") for the financial half year ended 31 December 2003 ("**Balance Date**").

OPERATING RESULTS

	Consolidated Entity	
	December	December
	2003	2002
	\$	\$
Operating income (loss) after income tax	18,141,658	(400,750)

EARNINGS PER SHARE

	Consolidated Entity	
	December	December
	2003	2002
Basic earnings per share (cents)	213.4	(5.0)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	8,499,263	8,057,752

Diluted earnings per share is not materially different from basic earnings per share and therefore has not been disclosed.

NET TANGIBLE ASSET BACKING

	Consolidated Entity		
	December	June	December
	2003	2003	2002
Net tangible assets	\$18,616,071	\$474,413	\$726,208
Fully paid ordinary shares in the Company on issue at Balance Date	8,499,263	8,499,263	8,499,263
Net tangible asset backing per issued ordinary share as at Balance Date (cents)	219.03	5.58	8.54

DIVIDENDS

In light of the receipt of revenues of \$19,051,014 from Minara Resources Limited (formerly Anaconda Nickel Limited) pursuant to a settlement deed, the Directors are pleased to declare an interim dividend of 10 cents per share.

The Record Date for entitlements to such interim dividend will be 29 April 2004 and payment will be effected on or about 7 May 2004.

DIRECTORS' REPORT

SECURITIES IN THE COMPANY

The Company currently has 8,499,236 fully paid ordinary shares on issue and no other securities on issue. The Company is admitted for official quotation on ASX but as described below, the Company's shares have been suspended from ASX since 30 July 2002.

No securities were issued by the Company during the financial half-year.

DIRECTORS

The names of Directors in office during and since the financial half year are:

1. **William M. Johnson** - Chairman
2. **Victor P. H. Ho** - Executive Director appointed 1 July 2003
3. **Yaqoob Khan** - Non-Executive Director
4. **Farooq Khan** - appointed 4 October 1999 and resigned 1 July 2003 as Executive Chairman and Managing Director

Mr Yaqoob Khan is presently resident overseas.

REVIEW OF OPERATIONS

1. ASX Suspension

At the request of the ASX, the Company has been suspended from quotation on ASX since 30 July 2002.

ASX has advised the Company that prior to reinstatement to ASX, Central Exchange will be required to re-comply with the ASX Listing Rules. This includes seeking shareholder approval in relation to its activities and meeting the requirements of the Listing Rules as if it were applying for admission to the official list of ASX as a new company.

2. Proposed General Meeting

On 18 February 2004, the Company announced that it proposed to convene a general meeting to seek shareholder approval as required by ASX to facilitate the re-admission of the Company's shares on ASX, and in respect of other appropriate matters for shareholder consideration.

The Company proposed to seek shareholder approval of the following matters at such general meeting:

- (1) Plans for the re-admission of the Company on ASX as a listed investment company;
- (2) A two for one share split to double the issued share capital of the Company from 8,499,263 to 16,998,526 fully paid ordinary shares;
- (3) A change of name.

The Notice of Meeting and Explanatory Statements will contain more detailed information about the Company's intended investment objectives and strategies.

It is expected that the documentation for such meeting will be despatched by 19 March 2004 with an expected meeting date of 21 April 2004.

DIRECTORS' REPORT

3. Proposed Share Purchase Plan Offer

The Company recognises the need to provide shareholders with an attractive reward for their current investment in the Company and the significant appreciation in company assets as a consequence of the settlement deed payment from Minara Resources Ltd. It believes this will be partly achieved through the payment of the 10 cent interim dividend referred to earlier.

Further to this recognition, on 18 February 2004, the Company announced that it proposed to undertake a Share Purchase Plan offer. The Company believes that the implementation of a Share Purchase Plan offer would be a means of providing shareholders with an attractive cost effective mechanism to increase their shareholding in the Company.

It is proposed that the issue price for shares under the Share Purchase Plan offer will be priced at \$0.90 per share (on a post 2:1 share split basis). This attractive price has been calculated by reference to the Company's after tax net tangible asset backing per share (post interim dividend) and is set at a significant 14% discount to such NTA. The offer is limited to existing shareholders who will be provided with the opportunity to subscribe for up to 5,556 shares (or a maximum value of \$5,000) in the Company without payment of any fees or brokerage. The offer will raise a maximum of \$3,755,000 (before expenses of the offer)

The Company notes that the introduction of this Share Purchase Plan offer will require a prospectus as the reduced disclosure mechanism for Share Purchase Plans is normally only available to companies that are not suspended.

4. Indicative Timetable

The Company expects that the indicative timetable for the proposed general meeting, interim dividend payment, Share Purchase Plan offer and re-admission to ASX will be as follows:

(1)	Despatch of Notice of Meeting Information Memorandum	19 March 2004
(2)	General Meeting	21 April 2004
(3)	Interim Dividend Record Date	29 April 2004
(4)	2 for 1 share split Record Date	29 April 2004
(5)	Payment of Dividend	7 May 2004
(6)	Despatch of updated Holding Statements after 2 for 1 share split	7 May 2004
(7)	Despatch of Share Purchase Plan Offer documentation	7 May 2004
(8)	Closing date of Share Purchase Plan Offer	23 June 2004
(9)	Despatch of Holding Statements for Share Purchase Plan Offer applicants	29 June 2004
(10)	Re-admission of Company's shares to ASX	2 July 2004

* All dates are indicative expected dates only and subject to change if the Company's circumstances change.

The Company intend to apply for re-admission to ASX after the completion of the Share Purchase Plan offer whereupon the Company will be required to demonstrate to ASX that the Company satisfies all evidentiary requirements for re-compliance with all relevant ASX Listing Rules.

In this regard, the Company notes that it is expected to be able to meet the ASX Listing Rule requirements for:

- (i) A minimum share price of 20 cents;
- (ii) A minimum spread of shareholders each having a parcel of at least \$2,000;
- (iii) A minimum net tangible asset level of \$15m as a listed investment company;

The Company notes that re-admission of its shares to ASX will ultimately depend on the ASX being satisfied as to re-compliance with relevant provisions of the Listing Rules.

DIRECTORS' REPORT

5. Termination Of Licence Agreement

As reported in the 2003 Annual Report, the Company announced on 4 July 2003 that, in light of the disappointingly low revenues generated by the Central Exchange telecommunications network and the limited prospects for future growth, the Directors could see no commercial benefit in continuing to operate the network and had decided to close down such operations. The Company's telecommunications carrier's licence was also not renewed on 1 July 2003.

On 12 December 2003, pursuant to the terms of a licence agreement with Queste Communications Ltd ("**Queste**") dated 4 June 1999, the Company gave notice of termination of the licence to operate the Queste VoiceNet System VoIP technology.

6. Anaconda Nickel Settlement Deed Payment

Pursuant to a settlement deed between Anaconda and Central Exchange dated 17 September 1996 ("**Settlement Deed**"), Anaconda agreed to pay Central Exchange \$16,250,000 (to be indexed by the United States Consumer Price Index) on the earlier of certain Review Dates:

- (1) 12 months after the financiers to the Murrin Murrin Nickel Project ("**Murrin Murrin Project**") has confirmed that the Murrin Murrin Project is operating to design standards of performance in terms of throughput, recovery and metal production;
- (2) 3 years after the commissioning of a nickel/cobalt treatment plant of ore from the Murrin Murrin Project;
- (3) 3 years after 250,000 tonnes of ore from the Murrin Murrin Project has been mined and treated;
- (4) When Anaconda has sold its interest in the Murrin Murrin Project for not less than A\$350,000,000.

On 8 October 2002, Anaconda advised Central Exchange that it considered a Review Date was 28 September 2002 – which was triggered with the mining of 250,000 tonnes of ore in September 1999.

On 18 December 2003, Anaconda served Central Exchange with a Review Date Notice confirming the triggering of payment to the Company as at the previous monthly Review Date of 28 November 2003.

On 12 January 2004, the Company received \$19,051,014 from Anaconda pursuant to the terms of payment under the Settlement Deed.

Signed for and on behalf of the Directors of Central Exchange Limited in accordance with a resolution of the Board,



William Johnson
Chairman



Victor Ho
Director and Company Secretary

Perth, Western Australia

24 February 2004

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

	Notes	Consolidated Entity		Company	
		31 Dec 03	31 Dec 02	31 Dec 03	31 Dec 02
		\$	\$	\$	\$
Revenue from ordinary activities	2(a)&(b)	19,137,029	26,058	19,136,370	20,335
Expenses from ordinary activities:	2(c)				
Cost of services		(2,929)	(39,553)	-	(10,000)
Personnel		(32)	(154,123)	(32)	(154,123)
Communications		(3,476)	(11,628)	(3,476)	(11,597)
Occupancy		(13,673)	(16,523)	(13,673)	(16,523)
Exploration expenses		(5,469)	-	(5,469)	-
Corporate					
- other		(49,598)	(41,966)	(49,397)	(41,909)
Financing		(755)	(1,535)	(429)	(1,188)
Borrowing cost		-	(17)	-	(17)
Investment cost		-	(21,026)	-	(21,026)
Administration expenses					
- consultants		(33,534)	(32,933)	(33,534)	(32,933)
- diminution of investments		-	(24,572)	-	(24,572)
- write back of diminution of investments		5,384,934	-	5,384,934	-
- provision for doubtful debts		(97)	-	(5)	(20,655)
- cost of investments sold		(5,391,434)	(148)	(5,391,434)	(148)
- share issue costs		-	(76,728)	-	(76,728)
- other		(3,424)	(6,056)	(6,800)	(6,056)
OPERATING PROFIT (LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX		19,017,542	(400,750)	19,017,055	(397,140)
Income tax relating to ordinary activities		(875,884)	-	(875,765)	-
OPERATING PROFIT (LOSS) FROM ORDINARY ACTIVITIES AFTER INCOME TAX		18,141,658	(400,750)	18,141,290	(397,140)
Total revenues, expenses and valuation adjustments attributable to members of the parent entity recognised directly in equity		-	-	-	-
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM THOSE TRANSACTIONS WITH OWNERS AS OWNERS		18,141,658	(400,750)	18,141,290	(397,140)
Basic earnings per share (cents)	17	213.4	(5.0)	213.4	(4.9)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share		8,499,263	8,057,752	8,499,263	8,057,752

The statement of financial performance should be read in conjunction with the accompanying notes.

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2003**

	Notes	Consolidated Entity		Company	
		31 Dec 03	30 Jun 03	31 Dec 03	30 Jun 03
		\$	\$	\$	\$
CURRENT ASSETS					
Cash	23	320,993	414,156	320,993	411,374
Receivables	4	19,058,554	5,103	19,058,470	3,334
Other	5	-	5,304	-	5,304
TOTAL CURRENT ASSETS		19,379,547	424,563	19,379,463	420,012
NON CURRENT ASSETS					
Receivables	6	14,106	14,106	14,106	14,106
Investments	7	87,908	65,850	88,008	65,950
Property, plant and equipment	8	34,395	37,680	34,395	37,680
Intangibles	9	-	-	-	-
Other	10	6,064	-	6,064	-
TOTAL NON CURRENT ASSETS		142,473	117,636	142,573	117,736
TOTAL ASSETS		19,522,020	542,199	19,522,036	537,748
CURRENT LIABILITIES					
Payables	11	30,065	67,786	30,065	62,832
Current tax liabilities	12	875,884	-	875,765	-
NON CURRENT LIABILITIES					
Provisions	13	-	-	-	-
TOTAL CURRENT LIABILITIES		905,949	67,786	905,830	62,832
NET ASSETS		18,616,071	474,413	18,616,206	474,916
EQUITY					
Contributed Equity	14	28,780,607	28,780,607	28,780,607	28,780,607
Reserves	15	2,124,000	2,124,000	2,124,000	2,124,000
Accumulated losses	16	(12,288,536)	(30,430,194)	(12,288,401)	(30,429,691)
TOTAL EQUITY		18,616,071	474,413	18,616,206	474,916

The statement of financial position should be read in conjunction with the accompanying notes.

**STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

	Note	Consolidated Entity		Company	
		31 Dec 03	31 Dec 02	31 Dec 03	31 Dec 02
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		659	39,188	-	32,166
Payments to suppliers and employees		(138,948)	(424,797)	(135,507)	(402,012)
Payments to exploration and evaluation		(11,533)	-	(11,533)	-
Interest received		8,047	19,894	8,047	19,894
Interest paid		-	(17)	-	(17)
Refunds for exploration expenditure		-	-	-	-
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		(141,775)	(365,732)	(138,993)	(349,969)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for:					
Equity investments		-	(41,971)	-	(41,971)
Plant and equipment		(138)	-	(138)	-
VoiceNet System servers		-	-	-	-
Proceeds from sales of:					
Plant and equipment		-	12	-	12
Equity investments		48,750	-	48,750	-
Loans to controlled entities		-	-	-	-
NET CASH INFLOW /(OUTFLOW) FROM INVESTING ACTIVITIES		48,612	(41,959)	48,612	(41,959)
CASH FLOWS FROM FINANCING ACTIVITIES					
Payment for share buy back		-	(79,289)	-	(79,289)
Payment to unmarketable parcel shareholders		-	(60,805)	-	(60,805)
Proceeds from share buy back		-	75,183	-	75,183
Payment for share issue costs		-	(64,104)	-	(64,104)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		-	(129,015)	-	(129,015)
NET DECREASE IN CASH ASSETS HELD		(93,163)	(536,706)	(90,381)	(520,943)
Cash at beginning of the financial year		414,156	1,169,446	411,374	1,152,075
CASH AT THE END OF THE HALF YEAR	23	320,993	632,740	320,993	631,132

The statement of cash flows should be read in conjunction with the accompanying notes.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

1. BASIS OF PREPARATION

This general purpose financial report for the interim half-year reporting period ended 31 December 2003 has been prepared in accordance with Accounting Standard AASB 1029 *Interim Financial Reporting*, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

This interim financial report does not include all 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 2003 and any public announcements made by Central Exchange Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the ASX and the Corporations Act 2001.

The accounting policies adopted in the preparation of this half year financial report are consistent with those adopted and disclosed in the financial statements for the year ended 30 June 2003.

Comparatives in relation to items appearing on the Statement of Financial Position are as at the last balance date, being 30 June 2003. Comparatives in relation to items appearing on the Statement of Financial Performance are for the previous corresponding period, being for the half year ended 31 December 2002.

2. PROFIT FROM ORDINARY ACTIVITIES

The operating profit from ordinary activities before income tax includes the following items of revenue and expense:

	Consolidated Entity		Company	
	31 Dec 03	31 Dec 02	31 Dec 03	31 Dec 02
	\$	\$	\$	\$
(a) Operating revenue				
Calls revenue	659	5,723	-	-
Settlement deed payment	19,051,014	-	19,051,014	-
Mining royalties	-	386	-	386
Interest received - other	8,047	19,894	8,047	19,894
	<u>19,059,720</u>	<u>26,003</u>	<u>19,059,061</u>	<u>20,280</u>
(b) Non-operating revenue				
Revaluation of investments	28,559	-	28,559	-
Proceeds from sale of assets:				
Plant and equipment	-	43	-	43
Share investments	48,750	12	48,750	12
Total revenue	<u>19,137,029</u>	<u>26,058</u>	<u>19,136,370</u>	<u>20,335</u>
(c) Operating expenses				
Cost of services	2,929	39,553	-	10,000
Occupancy expenses	13,673	16,523	13,673	16,523
Finance expenses	755	1,535	429	1,188
Borrowing cost	-	17	-	17
Corporate expenses	49,598	41,966	49,397	41,909
Administration expenses				
- Communications	3,476	11,628	3,476	11,597
- Consultants	33,534	32,933	33,534	32,933
- Personnel - employee entitlements	-	6,125	-	6,125
- other	32	147,998	32	147,998
- Investment cost	-	21,026	-	21,026
- Write back of diminution of investments	(5,384,934)	24,572	(5,384,934)	24,572
- Exploration expenses	5,469	-	5,469	-
- Depreciation	3,424	4,137	3,424	4,137
- Provision of doubtful debts	97	-	5	20,655
- Cost of assets sold	-	84	-	84
- Cost of investment sold	5,391,434	148	5,391,434	148
- Write off investment	-	-	3,376	-
- Cost of intangibles	2,322,839	-	2,322,839	-
- Write back of amortisation of intangibles	(2,322,839)	-	(2,322,839)	-
- Write off of loans to subsidiaries	-	-	444,823	-
- Writeback of provision for non recovery of loans to subsidiary	-	-	(444,823)	-
- share issue costs	-	76,728	-	76,728
- Other	-	1,835	-	1,835
	<u>119,487</u>	<u>426,808</u>	<u>119,315</u>	<u>417,475</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

2. PROFIT FROM ORDINARY ACTIVITIES (continued)

(d) Sale of Assets	Consolidated Entity		Company	
	31 Dec 03	31 Dec 02	31 Dec 03	31 Dec 02
	\$	\$	\$	\$
Sale of assets in the ordinary course of business have given rise to the following profits and losses:				
Net Losses				
Plant and equipment	-	(41)	-	(41)
Share investments	(5,342,684)	(136)	(5,342,684)	(136)
	<u>(5,342,684)</u>	<u>(177)</u>	<u>(5,342,684)</u>	<u>(177)</u>

3. INCOME TAX EXPENSE

(a) The prima facie income tax on operating loss is reconciled to the income tax provided in the accounts as follows:	Consolidated Entity		Company	
	31 Dec 03	31 Dec 02	31 Dec 03	31 Dec 02
	\$	\$	\$	\$
Loss from ordinary activities	19,017,542	(400,750)	19,017,055	(397,140)
Income tax expense calculated at 30% (2003:30%) of operating losses.	<u>5,705,263</u>	<u>(120,225)</u>	<u>5,705,117</u>	<u>(119,142)</u>
Permanent differences				
Other non-deductible items	431	24,322	431	53,310
Other deductible items	(15,010)		(15,010)	
Timing differences				
Other non-deductible items	5,208		5,208	
Provision of doubtful debts	(29)	-	(2)	-
Other deductible items	(10,007)	(7,495)	(10,007)	(7,495)
Exploration expenditure	(1,819)	-	(1,819)	-
Diminution of investments (written back)	(1,624,048)	7,372	(1,624,048)	7,372
Prior year revenue losses brought to account	(2,296,594)	-	(2,296,594)	-
Prior year capital losses brought to account	(941)		(941)	
Prior year revenue losses of controlled entities brought to account on tax consolidation	(161,000)		(161,000)	
Capital losses of controlled entities brought to account on tax consolidation	(241)		(241)	
Capital loss on termination of VoIP licence	(724,500)	-	(724,500)	-
Capital loss on share investments	(829)	-	(829)	-
Tax losses not brought to account	-	96,026	-	65,955
Income tax expense attributable to operating profit	<u>875,884</u>	<u>-</u>	<u>875,765</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

3. INCOME TAX EXPENSE (contd.)

The final deductibility of prior year losses for the current financial year are to be determined as at the end of the financial year, on 30 June 2004.

However, prior year losses have been brought to account at Balance Date on the basis that they are notionally deductible as at Balance Date (based on advice received by the Directors) and is assumed to continue to be deductible as at the end of the financial year on 30 June 2004.

Tax benefits, including the benefits associated with prior year losses of \$2,458,535 above (which is equivalent to prior year tax losses of \$8,195,117), will only be obtained if, in relation to the financial year ended 30 June 2004:

- (i) there is assessable income of a nature and of an amount sufficient to enable the benefit from deductions to be realised;
- (ii) conditions for deductibility imposed by taxation legislation, including prior year revenue and capital losses, are complied with;
- (iii) the Company and its controlled entities have entered into tax consolidation on 29 June 2004; and
- (iv) no changes in taxation legislation adversely affect the realisation of the benefit from deductions.

4. CURRENT RECEIVABLES

	Consolidated Entity		Company	
	31 Dec 03	30 Jun 03	31 Dec 03	30 Jun 03
	\$	\$	\$	\$
Amounts receivable from				
Trade receivables	84	840	-	-
Director related entities	-	-	-	-
Others	19,058,470	4,263	19,058,470	3,334
	<u>19,058,554</u>	<u>5,103</u>	<u>19,058,470</u>	<u>3,334</u>

5. OTHER CURRENT ASSETS

Prepayments	-	5,304	-	5,304
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6. NON-CURRENT RECEIVABLES

Amounts receivable from controlled entities	-	-	-	444,817
Less provision for non-recovery	-	-	-	(444,817)
	-	-	-	-
Bonds and guarantees	14,106	14,106	14,106	14,106
	<u>14,106</u>	<u>14,106</u>	<u>14,106</u>	<u>14,106</u>

7. NON-CURRENT INVESTMENTS

Investments comprise:

Shares in listed companies	41,981	5,433,416	41,981	5,433,416
Less: provision for diminution	45,927	(5,367,566)	45,927	(5,367,566)
Revaluation value (i)	87,908	65,850	87,908	65,850
Shares in controlled entities at cost	-	-	225,100	225,100
Less: provision for diminution	-	-	(225,000)	(225,000)
	<u>87,908</u>	<u>65,850</u>	<u>88,008</u>	<u>65,950</u>
Market value of listed share investments	87,909	65,850	87,909	65,850

- (i) Shares in listed companies have been revalued at current market value at the Balance Date.

Investment in Controlled Entities:

	Ownership interest	
	31 Dec 03	30 Jun 03
Hume Mining NL (ACN 064 994 945)		
Incorporated in Australia on 29 March 1994	100%	100%
Central Exchange Operations Pty Ltd (ACN 094 097 122)		
Incorporated in Australia on 10 August 2000	100%	100%

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

8. PROPERTY, PLANT AND EQUIPMENT

Consolidated and Company Level	Plant & Equipment	Leasehold Improve- ments	Total
	\$	\$	\$
Gross Carrying Amount			
Balance at 30 June 2003	54,930	21,788	76,718
Additions	138	-	138
Balance at 31 December 2003	<u>55,068</u>	<u>21,788</u>	<u>76,856</u>
Accumulated Depreciation			
Balance at 30 June 2003	(29,978)	(9,060)	(39,038)
Depreciation expense	(2,466)	(957)	(3,423)
Balance at 31 December 2003	<u>(32,444)</u>	<u>(10,017)</u>	<u>(42,461)</u>
Net Book Value			
As at 31 December 2002	<u>27,143</u>	<u>13,850</u>	<u>40,993</u>
As at 30 June 2003	<u>24,952</u>	<u>12,728</u>	<u>37,680</u>
As at 31 December 2003	<u>22,624</u>	<u>11,771</u>	<u>34,395</u>

9. INTANGIBLES

	Consolidated Entity		Company	
	31 Dec 03	30 Jun 03	31 Dec 03	30 Jun 03
	\$	\$	\$	\$
VoiceNet System VoIP Licence - at cost	-	2,300,000	-	2,300,000
Internet Website	-	22,839	-	22,839
	<u>-</u>	<u>2,322,839</u>	<u>-</u>	<u>2,322,839</u>
Less: Accumulated Amortisation	-	(2,322,839)	-	(2,322,839)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The VoiceNet System VoIP Licence was terminated by the Company on 12 December 2003.

The Internet website was taken off-line in July 2003 in light of the closure of the Central Exchange telecommunications network.

10. OTHER NON-CURRENT ASSETS

Deferred Exploration Expenditure

Balance at beginning of the year	-	-	-	-
Movements				
Direct expenditure	6,064	-	6,064	-
Less: refunded exploration expenses	-	-	-	-
Balance at end of the period	<u>6,064</u>	<u>-</u>	<u>6,064</u>	<u>-</u>

11. CURRENT PAYABLES

Trade creditors	8,633	257	8,633	257
Other creditors - related parties	-	4,535	-	4,535
Other creditors and accruals	21,432	62,994	21,432	58,040
	<u>30,065</u>	<u>67,786</u>	<u>30,065</u>	<u>62,832</u>

12. CURRENT TAX LIABILITIES

Income tax payable	<u>875,884</u>	<u>-</u>	<u>875,765</u>	<u>-</u>
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

13. NON-CURRENT PROVISIONS

	Consolidated Entity		Company	
	31 Dec 03	30 Jun 03	31 Dec 03	30 Jun 03
	\$	\$	\$	\$
Provision for annual leave	-	-	-	-
Number of employees (including Executive Directors and Officers) at balance date	2	3	2	3

14. CONTRIBUTED EQUITY

8,499,263 (2003: 8,499,263) fully paid ordinary shares	28,780,607	28,780,607	28,780,607	28,780,607
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a) Movement in Ordinary Share Capital

Balance at beginning of financial year	28,780,607	28,462,470	28,780,607	28,462,470
Issue of shares	-	300,000	-	300,000
Share issue costs	-	18,137	-	18,137
Balance at end of half year	28,780,607	28,780,607	28,780,607	28,780,607

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

15. RESERVES

Option Application Reserve (i)	124,000	124,000	124,000	124,000
Asset Realisation Reserve (ii)	2,000,000	2,000,000	2,000,000	2,000,000
	2,124,000	2,124,000	2,124,000	2,124,000

(i) There were no movements during the year in the Option Application Reserve. This Option Application Reserve relates to consideration for the issue of options that have since lapsed.

(ii) There were no movements during the year in the Asset Realisation Reserve. This Asset Realisation Reserve relates to realisation of revalued mining tenements in prior years.

16. ACCUMULATED LOSSES

Balance at beginning of the financial year	30,430,194	29,777,649	30,429,691	29,776,403
Net loss (profit) for the first half of the financial year	(18,141,658)	400,750	(18,141,290)	397,140
Net loss (profit) for the second half of the financial year		251,795		256,148
Balance at end of half year	12,288,536	30,430,194	12,288,401	30,429,691

17. EARNINGS PER SHARE

Basic earnings per share (cents)	213.4	(7.9)	213.4	(7.9)
Net loss for the year	18,141,658	(652,545)	18,141,290	(653,288)
Weighted average number of ordinary shares outstanding during the period used in calculation of basic earnings per share	8,499,263	8,271,394	8,499,263	8,271,394

18. CONTINGENT ASSETS AND LIABILITIES

The Consolidated Entity does not have any contingent assets or liabilities.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

19. SEGMENT REPORTING

During the period, the Consolidated Entity operated in one geographical segment (Australia) in the resources, telecommunication and share investment sectors.

	External Revenue		Operating Results	
	31 Dec 03	31 Dec 02	31 Dec 03	31 Dec 02
	\$	\$	\$	\$
Resources	19,051,014	386	19,045,545	(20,640)
Share Investments	77,309	12	70,809	(24,708)
Telecommunications	659	5,723	659	(23,829)
	<u>19,128,982</u>	<u>6,121</u>	<u>19,117,013</u>	<u>(69,177)</u>
Unallocated	8,047	19,937	(99,471)	(331,573)
	<u>19,137,029</u>	<u>26,058</u>		
Profit from ordinary activities before income tax			19,017,542	(400,750)
Income tax expense relating to ordinary activities			(875,884)	-
Profit from ordinary activities after income tax			<u>18,141,658</u>	<u>(400,750)</u>

	Assets		Liabilities	
	31 Dec 03	30 Jun 03	31 Dec 03	30 Jun 03
	\$	\$	\$	\$
Resources	19,057,078	-	-	-
Share Investments	87,909	65,850	-	-
Telecommunications	-	-	-	-
	<u>19,144,987</u>	<u>65,850</u>	<u>-</u>	<u>-</u>
Unallocated	377,033	476,349	(905,949)	(67,786)
	<u>19,522,020</u>	<u>542,199</u>	<u>(905,949)</u>	<u>(67,786)</u>

Other Segment Information	Resources		Share Investments		Telecommunications	
	31Dec03	31Dec02	31Dec03	31Dec02	31Dec03	31Dec02
	\$	\$	\$	\$	\$	\$
Acquisition of segment assets	6,064	-	-	-	-	-
Other non-cash expenses						
Revaluation/ (diminution) of investments	-	-	5,356,375	(24,572)	-	-
Write back of segment assets	-	-	-	-	-	-

The resources segment in 2002 and 2003 derived revenues from mining royalties and pursuant to a settlement deed payment from Minara Resources Ltd (formerly Anaconda Nickel Ltd).

The telecommunications segment derived its revenues from the provision of voice telecommunication services, which are no longer in operation.

20. DISCONTINUED OPERATIONS

On 4 July 2003, the Company announced that it had decided to discontinue the Central Exchange telecommunication operations due to the disappointingly low revenues generated since its commercial launch in August 2001 and the limited prospects for future growth. The telecommunications carrier's licence was not renewed on 1 July 2003. Furthermore, the VoiceNet System VoIP Licence was terminated on 12 December 2003.

The sales revenues and cost of services from such operations is disclosed in Note 2 and Note 19.

21. ASSOCIATES AND JOINT VENTURES

The Consolidated Entity did not undertake any investments in associated entities or joint ventures during the financial half year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

22. GAIN/LOSS OF CONTROL OF ENTITIES

There were no entities over which control had been gained or lost by the Consolidated Entity during the financial half year.

23. RECONCILIATION OF CASH

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Consolidated Entity			Company		
	31 Dec 03	30 Jun 03	31 Dec 02	31 Dec 03	30 Jun 03	31 Dec 02
	\$	\$	\$	\$	\$	\$
Cash at bank	72,100	414,156	85,050	72,100	411,374	83,442
Bank bills	248,893	-	547,690	248,893	-	547,690
	<u>320,993</u>	<u>414,156</u>	<u>632,740</u>	<u>320,993</u>	<u>411,374</u>	<u>631,132</u>

24. SUBSEQUENT EVENTS

(i) On 12 January 2004, the Company received \$19,051,014 from Minara Resources Limited (formerly Anaconda Nickel Limited) ("Anaconda") pursuant to the terms of payment under a settlement deed between Anaconda and Central Exchange dated 17 September 1996. Such receipt has been accounted for as operating revenue during the financial half-year as the liability for payment by Anaconda occurred on 28 November 2003.

(ii) On 18 February 2004, the Company announced the following matters:

(a) The declaration of an interim unfranked dividend of 10 cents per share. The Record Date for entitlements to such interim dividend will be 29 April 2004 and payment will be effected on or about 7 May 2004;

(b) A General Meeting will be convened to seek shareholder approval for:

(1) Plans for the re-admission of the Company on ASX as a listed investment company;

(2) A two for one share split to double the issued share capital of the Company from 8,499,263 to 16,998,526 fully paid ordinary shares;

(3) A change of name.

The Notice of Meeting and Explanatory Statements will contain more detailed information about the Company's intended investment objectives and strategies. It is expected that the documentation for such meeting will be despatched by 19 March 2004 with an expected meeting date of 21 April 2004.

(c) A proposal to undertake a Share Purchase Plan offer at \$0.90 per share (on a post 2:1 share split basis). The offer is limited to existing shareholders who will be provided with the opportunity to subscribe for up to 5,556 shares (a maximum value of \$5,000) in the Company without payment of any fees or brokerage. The offer will issue a maximum of 4,172,222 shares and raise a maximum of \$3,755,000 (before expenses of the offer).

(d) The Company intend to apply for re-admission to ASX after the completion of the Share Purchase Plan offer whereupon the Company will be required to demonstrate to ASX that the Company satisfies all evidentiary requirements for re-compliance with all relevant ASX Listing Rules. Subject to the ASX being satisfied in this regard, the re-admission date is anticipated to be on or about 2 July 2004.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Central Exchange Limited made pursuant to subsection 303(5) of the *Corporations Act 2001*, we state that:

In the opinion of the directors:

- (a) The financial statements and notes 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 half year 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.

On behalf of the Board,



William Johnson
Chairman



Victor Ho
Director and Company Secretary

Perth, Western Australia

24 February 2004

**INDEPENDENT REVIEW REPORT TO THE MEMBERS OF
CENTRAL EXCHANGE LIMITED****Scope**

We have reviewed the financial report being the Statement of Financial Performance, Statement of Financial Position, Statements of Cash Flows and Directors' Statement of Central Exchange Limited for the half-year ended 31 December 2003. The financial report is the consolidated accounts of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year. 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, 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 statements with the Australian Securities & 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 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 opinion.

Independence

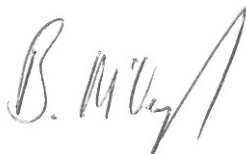
In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Central Exchange Limited is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair of the consolidated entity's financial position as at 31 December 2003 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; and
- (b) other mandatory professional reporting requirements in Australia.

BDO Chartered Accountants

B G McVeigh
PartnerPerth, Western Australia
25 February 2004