

Appendix 4E

31 December 2003 Preliminary Final Report

Rule 4.3.A Introduced 1/1/2003

Name of entity

GLOUCESTER COAL LTD

ABN

66 008 881 712

Financial year ended:

31 December 2003

Corresponding financial year ended:

31 December 2002

Results for announcement to the market.

		\$A'000
2.1) Revenues from ordinary activities <i>Explanation</i> Revenue was down 22% on 2002, due to a strong A\$ against the US\$, Production also fell by 26% due to the completion of the Stratford Main Deposit and the integration of the new Bowens Road North deposit and the Duralie Deposit.	down	22% to 60,240
2.2) Profit (loss) from ordinary activities after tax attributable to members <i>Explanation</i> A stronger A\$ against the US\$ is reflected in the higher loss after tax.	up	40% to (11,281)
2.3) Net profit (loss) for the period attributable to members <i>Explanation</i> A stronger A\$ against the US\$ is reflected in the higher loss after tax.	up	40% to (11,281)
Dividends (distributions)		
Final and Interim dividend	Amount per security	Franked amount per security
2.4) Ordinary Shares 2.5) Preference Shares <i>Explanation.</i>	Not Applicable Not Applicable	Not Applicable Not Applicable
Record date for determining entitlements to the dividend, Date on which dividend is payable	Not Applicable Not Applicable	

3) Statement of Financial Performance

Refer Attached

4) Statement of Financial Position

Refer Attached

5) Statement of Cash Flows

Refer attached

6) Details of Individual and total dividend payments

Refer attached

7) Details of dividend reinvestment plan

Refer attached

8) Statement of retained earnings

Refer attached

9) Net tangible assets per security

	Current period	Previous Corresponding Period
Net Tangible asset backing per ordinary security	0.28c	0.42c

10) Details of entities over which control has been gained or lost

Not applicable

11) Details of associates and joint venture entities

Not applicable

12) Significant information

Refer attached

13) Foreign entities accounting standards

Not applicable

14) Commentary on results for the period

Refer attached

15) The report is based on accounts that are in the process of being audited.

This report is to be read in conjunction with the most recent annual financial report.

GLOUCESTER COAL LTD & its controlled entities

Appendix 4E – Statement of financial performance

For the year ended 31 December 2003

	Notes	Consolidated	
		2003	2002
		\$'000	\$'000
Revenue from sale of coal	2	60,240	77,046
Cost of sales		<u>(68,736)</u>	<u>(83,525)</u>
Gross profit		(8,496)	(6,479)
Other revenue from ordinary activities	2	364	195
Other expenses from ordinary activities			
Marketing		(235)	(284)
Administration		(525)	(808)
Borrowing costs	3	<u>(2,389)</u>	<u>(662)</u>
Profit / (loss) from ordinary activities before income tax expense	3	(11,281)	(8,038)
Income tax expense	4	<u>-</u>	<u>-</u>
Profit / (loss) from ordinary activities after income tax expense		<u>(11,281)</u>	<u>(8,038)</u>
Total change in equity other than those resulting from transactions with owners as owners	20	<u>(11,281)</u>	<u>(8,038)</u>
Earnings per share	22	(14.5)	(10.3)

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

GLOUCESTER COAL LTD & its controlled entities

Appendix 4E – Statement of financial position

For the year ended 31 December 2003

	Notes	Consolidated 2003 \$'000	2002 \$'000
Cash assets	5	1,037	917
Receivables	6	5,497	5,596
Inventories	7	1,868	29
Other	8	0	725
Total current assets		<u>8,402</u>	<u>7,267</u>
Non-current assets			
Receivables	9	-	133
Other financial assets	10	1,126	109
Property, plant and equipment	12	41,794	26,542
Development expenditure	13	22,632	37,420
Other	11	7,670	-
Total non-current assets		<u>73,222</u>	<u>64,204</u>
Total assets		<u>81,624</u>	<u>71,471</u>
Current liabilities			
Payables	14	17,608	19,617
Interest bearing liabilities	15	-	2,980
Provisions	16	103	91
Total current liabilities		<u>17,711</u>	<u>22,688</u>
Non-current liabilities			
Interest bearing liabilities	17	39,864	14,039
Provisions	18	2,586	2,000
Total non-current liabilities		<u>42,450</u>	<u>16,039</u>
Total liabilities		<u>60,161</u>	<u>38,727</u>
Net assets		<u>21,463</u>	<u>32,744</u>
Equity			
Contributed equity	19	120,842	120,842
Accumulated losses	20	(99,379)	(88,098)
Total equity		<u>21,463</u>	<u>32,744</u>

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

GLOUCESTER COAL LTD & its controlled entities

Appendix 4E – Statement of cash flows

For the year ended 31 December 2003

	Notes	Consolidated	
		2003 \$'000	2002 \$'000
Cash flows from operating activities			
Receipts from customers		59,729	78,918
Payments to suppliers and employees		<u>(75,860)</u>	<u>(80,199)</u>
		16,131	(1,281)
Interest received		45	54
Borrowing costs		<u>(469)</u>	<u>(228)</u>
Net cash (outflow)/inflow from operating activities	21	<u>(16,553)</u>	<u>(1,455)</u>
Cash flows from investing activities			
Payments for development expenditure		(466)	(8,521)
Payments for property, plant and equipment		(5,035)	(393)
Proceeds from sale of property, plant and equipment		261	-
Security deposits (lodged) / refunded		<u>(932)</u>	<u>588</u>
Net cash (outflow)/inflow from investing activities		<u>(6,172)</u>	<u>(8,326)</u>
Cash flows from financing activities			
Proceeds from borrowings		22,845	11,136
Repayment of borrowings		<u>-</u>	<u>(2,636)</u>
Net cash inflow/(outflow) from financing activities		<u>22,845</u>	<u>8,500</u>
Net increase / (decrease) in cash held		120	(1,281)
Cash at beginning of financial year		<u>917</u>	<u>2,198</u>
Cash at end of financial year	5	<u><u>1,037</u></u>	<u><u>917</u></u>

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

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2003

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

This Appendix 4E has been prepared in accordance with the recognition and measurement requirements of Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Urgent Issues Group Consensus Views.

It is prepared in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Gloucester Coal Ltd ("Company" or "parent entity") as at 31 December 2003 and the results of all controlled entities for the year then ended. Gloucester Coal Ltd and its controlled entities together are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full.

Where control of an entity is obtained during a financial year, its results are included in the consolidated statement of financial performance from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed.

(b) Income Tax

Tax effect accounting procedures are followed whereby the income tax expense in the statement of financial performance is matched with the accounting profit after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences and the estimated accumulated tax losses of A\$80 million are not set aside to the deferred income tax as, given the current circumstances, it is unlikely that the Company will be in a tax paying position in the foreseeable future.

(c) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are determined as the cost of acquiring the coal from the contractor and any associated costs of moving the coal to the port.

(d) Waste in Advance

Overburden removed in advance is brought to account as an asset and amortised based on the rate of extraction of coal from the area from which the overburden is removed.

(e) Depreciation of property, plant and equipment

Property, plant and equipment is brought to account at cost less, where applicable, any accumulated depreciation or amortisation.

All material assets are depreciated over the remaining mine life or their useful life whichever is the shorter.

(e) **Depreciation of property, plant and equipment (con't)**

Major depreciation periods are:

	2003	2002
Freehold buildings	Mine life	Mine life
Plant and equipment	Mine life	Mine life
Office equipment, furniture and fittings	4-5 years	4-5 years
Motor vehicles	4-5 years	4-5 years
Leasehold improvements	Mine life	Mine life
Site infrastructure	7-10 years	7-10 years

The current mine life is 7 –10 years

(f) **Investments**

Interests in listed and unlisted securities, other than controlled entities in the consolidated financial statements, are brought to account at cost and dividend income is recognised in the Statement of financial performance when receivable. Controlled entities are accounted for in the consolidated financial statements as set out in Note 1(a).

(g) **Interests in Joint Ventures**

The proportionate interests in the assets, liabilities and expenses of a joint venture operation have been incorporated in the financial statements under the appropriate headings.

(h) **Development Expenditure**

Development expenditure incurred is accumulated in respect of each major identifiable area of interest. Where expenditure has been funded by borrowings, the relevant interest cost is capitalised to the project. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against earnings in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(i) **Site Restoration**

Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(j) **Acquisition of assets**

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their market price as at the acquisition date. transaction costs arising on the issue of equity instruments are recognised directly in equity.

(k) Cash

For purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(l) Foreign currency translation

(i) Transactions

Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. At balance date amounts payable and receivable in foreign currencies are translated to Australian currency at rates of exchange current at that date. Resulting exchange differences are brought to account in determining the profit or loss for the year.

(ii) Specific commitments

Hedging is undertaken in order to avoid or minimise possible adverse financial effects of movements in exchange rates. Gains or costs arising upon entry into a hedging transaction intended to hedge the purchase or sale of goods or services, together with subsequent exchange gains or losses resulting from those transactions are deferred up to the date of the purchase or sale and included in the measurement of the purchase or sale.

When anticipated purchase or sale transactions have been hedged, actual purchases or sales which occur during the hedged period are accounted for as having been hedged until the amounts of those transactions are fully allocated against the hedged amounts.

If the hedging transaction is terminated prior to its maturity date and the hedged transaction is still expected to occur, deferral of any gains and losses which arose prior to termination continues and those gains and losses are included in the measurement of the hedged transaction.

In those circumstances where a hedging transaction is terminated prior to maturity because the hedged transaction is no longer expected to occur, any previously deferred gains and losses are recognised in the Statement of financial performance on the date of termination.

If a hedge transaction relating to a commitment for the purchase or sale of goods or services is redesigned as a hedge of another specific commitment and the original transaction is still expected to occur, the gains and losses that arise on the hedge prior to its redesignation are deferred and included in the measurement of the original purchase or sale when it takes place. If the hedge transaction is redesignated as a hedge of another commitment because the original purchase or sale transaction is no longer expected to occur, the gains and losses that arise on the hedge prior to its redesignation are recognised in the Statement of financial performance at the date of the redesignation.

(iii) General commitments

Exchange gains or losses on other hedge transactions are brought to account in the Statement of financial performance in the financial year in which the exchange rates change. Gains or costs arising on entry into hedges of general commitments are brought to account at the time of entry into the hedges and are amortised over the lives of the hedges.

(m) Employee Entitlements

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, annual leave and accumulated sick leave expected to be settled within 12 months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date and measured at the amount expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(m) Employee Entitlements (con't)

(ii) Superannuation

The consolidated entity's contributions to superannuation plans in respect of employees of the consolidated entity are charged to operating expenses as they fall due.

(iii) Long Service Leave

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wages and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(n) Rounding of amounts

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(o) Leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the interest expense.

The lease asset is amortised on a straight line basis over the term of the lease, or where it is likely that the consolidated entity will obtain ownership of the asset, the life of the asset.

Other operating lease payments are charged to the Statement of financial performance in the period in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

(p) Revenue Recognition

(i) Sales

Amounts are recognized as sales revenue when there has been a passing of risk to the customer, and:

- the product is in a form suitable for delivery and no further processing is required by, or on behalf of, the producer;
- the quantity and quality of the product can be determined with reasonable accuracy;
- the product has been dispatched to the customer and is no longer under the physical control of the producer, and
- the selling price can be determined with reasonable accuracy.

Sales revenue represents gross proceeds receivable from the customer after netting the results of any hedging in respect of those sales.

(ii) Rent

Rent is recognised when the entity controls the right to receive the consideration.

(q) Receivables

All trade debtors are recognised at the amounts receivable as they are due for settlement.

Collectibility of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

(r) Recoverable amount of non-current assets

The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and outflows arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. Where net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group of assets. The decrement in the carrying amount is recognised as an expense in net profit or loss in the reporting period in which the recoverable amount write-down occurs.

The expected net cash flows included in determining recoverable amounts of non-current assets are discounted to their present values using a market determined risk-adjusted discount rate.

(s) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of qualifying assets.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's outstanding borrowings during the year.

Borrowing costs include interest on bank overdraft, short and long term borrowings, and interest on trade creditor balances where applicable.

(t) Earnings per share

(i) Basic earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(u) Interest bearing liabilities

Loans and debentures are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of other creditors.

(v) Going concern

The Company is reliant on funding from its ultimate holding company (UK COAL PLC) to complete the development of the Duralie project and to cover any adverse movements in exchange rates or coal prices. Funds advanced from UK COAL PLC during the year total \$22.8million.

UK COAL PLC has provided to the Directors a letter of support confirming:

- UK COAL PLC accepts responsibility of providing and undertakes to provide sufficient financial assistance to the Company as and when it is needed to enable the Company to continue its operations and fulfill all of its financial obligations now and in the future; and
- the repayment of inter-company loans is subordinated in favour of all other creditors.

	Consolidated	
	2003	2002
	\$'000	\$'000
NOTE 2. REVENUE		
Revenue from operating activities		
Sale of coal	60,838	89,374
Foreign exchange losses	(598)	(12,328)
	60,240	77,046
Revenue from outside the operating activities		
Rental income	56	81
Interest	45	54
Sale of non-current assets	261	-
Other revenue	2	60
	364	195
Total revenue	60,604	77,241

NOTE 3. OPERATING PROFIT/(LOSS)

(a) Net gains and expenses

Profit/(loss) from ordinary activities before income tax expense includes the following specific net gains and expenses:

Expenses

Loss on Disposal of Land	63	-
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Depreciation

Buildings	29	30
Plant and equipment	3,199	2911

Total depreciation

	3,228	2,941
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Amortisation

Leasehold improvements	3	6
Development expenditure	1,502	1,044
Overburden in advance	725	2,899

Total amortisation

	2,232	3,857
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Borrowing costs

Interest and finance charges paid/payable	2,389	662
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Other provisions

Employee entitlements	12	31
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Rental expense relating to operating leases

	364	591
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Consolidated
2003 2002
\$'000 \$'000

NOTE 4. INCOME TAX

No income tax for the financial year has been charged. The tax reconciliation is

Profit from ordinary activities before income tax	(11,281)	(8,038)
Expense		
Income tax calculated @ 30%	(3,384)	(2,411)
Tax effect of permanent differences:		
Non-deductible depreciation and amortisation	-	-
Non-deductible capital losses	-	-
Other non-allowable items	118	76
	(3,266)	(2,335)
Future income tax benefit on losses and timing differences not brought to account	3,266	2,335
Income tax expense attributable to operating profit before income tax	-	-

The Directors estimate that at 31 December 2003, tax losses not brought to account are \$80 million (2002: \$69 million), with an associated tax benefit not recognised of \$24million (2002: \$21 million)

This benefit for tax losses will only be obtained if:

- the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, or
- the losses are transferred to an eligible entity in the consolidated entity, and
- the consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation, and
- no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.

NOTE 5. CURRENT ASSETS – CASH ASSETS

Cash at bank	1,037	917
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NOTE 6. CURRENT ASSETS – RECEIVABLES

Trade debtors	3,745	3,233
Other debtors	1,752	2,363
	5,497	5,596

NOTE 7. CURRENT ASSETS – INVENTORIES

Spares – at cost	766	0
Coal stocks – at cost	1,102	29
	1,868	29

Consolidated
2003 2002
\$'000 \$'000

NOTE 8. CURRENT ASSETS - OTHER

Other	-	725
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Other assets represented the cost of Stratford Main Deposit waste mined in advance of coal mining and were expensed equally over the remaining period of the current contract.

NOTE 9. NON-CURRENT ASSETS – RECEIVABLES

Receivables	-	133
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NOTE 10. NON-CURRENT ASSETS – OTHER FINANCIAL ASSETS

Other (non-traded) investments

Shares in unlisted corporations - at cost	37	37
Other	24	72
	61	109
Security Deposits	1,065	-
	1,126	109

NOTE 11. NON-CURRENT ASSETS – OTHER

Waste in Advance	7,670	-
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Other assets represent the cost of waste mined in advance of coal mining and is to be expensed equally over the estimated ROM production from the respective deposits waste mined.

	Consolidated	
	2003	2002
	\$'000	\$'000
NOTE 12. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Freehold land - at cost	<u>10,226</u>	<u>10,553</u>
Buildings - at cost	421	323
Less: Accumulated depreciation	<u>(187)</u>	<u>(158)</u>
	<u>234</u>	<u>165</u>
Leasehold improvements – at cost	16	16
Less: Accumulated amortisation	<u>(16)</u>	<u>(13)</u>
	<u>0</u>	<u>3</u>
Total land and buildings	<u>10,460</u>	<u>10,721</u>
Plant and equipment		
Plant and equipment – at cost	37,479	26,739
Less: Accumulated depreciation	<u>(16,827)</u>	<u>(14,664)</u>
	<u>20,652</u>	<u>12,075</u>
Office equipment, furniture and fittings – at cost	536	518
Less: Accumulated depreciation	<u>(422)</u>	<u>(378)</u>
	<u>115</u>	<u>140</u>
Motor vehicles – at cost	230	185
Less: Accumulated depreciation	<u>(81)</u>	<u>(50)</u>
	<u>149</u>	<u>135</u>
Site infrastructure – at cost	16,519	8,611
Less: Accumulated depreciation	<u>(6,101)</u>	<u>(5,140)</u>
	<u>10,418</u>	<u>3,471</u>
Total plant and equipment	<u>31,334</u>	<u>15,821</u>
	<u>41,794</u>	<u>26,542</u>

NOTE 12. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (con't)

Reconciliation

Reconciliations of the carrying amounts of each class of property plant & equipment at the beginning and the end of the current financial year are set out below

	Freehold		Leasehold	Plant &	Office	Motor	Site	Total
	Land	Buildings	Improvements	Equipment	Equipment	Vehicles	Infrastructure	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated								
Carrying Amount at 1/01/2003	10,553	165	3	12,075	140	135	3,471	26,542
Additions	-	98	-	10,740	18	45	7,908	18,809
Disposals	(327)	-	-	-	-	-	-	(327)
Depreciation	-	(29)	(3)	(2,163)	(44)	(31)	(961)	(3,231)
Carrying Amount at 31/12/2003	10,226	234	0	20,652	115	149	10,418	41,794

Consolidated	Consolidated
2003	2002
\$'000	\$'000

NOTE 13. NON-CURRENT ASSETS – DEVELOPMENT EXPENDITURE

Development expenditure	32,095	13,960
Less: Accumulated amortisation	(9,463)	(7,961)
Development expenditure	22,632	5,999
Construction - work in progress	-	31,421
	22,632	37,420

The ultimate re-couplement of the costs carried forward in respect of areas of interest is dependent upon successful development or alternatively sale of whole or part of the economic entity's interest in those areas for an amount at least equal to the carrying value.

Amortisation of development expenditure has been charged on the production assets in line with the depletion of that reserve.

Reconciliation

Reconciliations of the carrying amounts of each class of Development expenditure at the beginning and the end of the current financial year are set out below.

	Consolidated
	2003
	\$'000
Carrying Amount at 1 January 2003	37,420
Additions	466
Construction – Work in Progress	(13,752)
Amortisation	(1,502)
Carrying Amount at 31 December 2003	22,632

	Consolidated	
	2003	2002
	\$'000	\$'000
NOTE 14. CURRENT LIABILITIES – PAYABLES		
Unsecured		
Trade creditors	17,608	19,617
NOTE 15. CURRENT LIABILITIES – INTEREST BEARING LIABILITIES		
Unsecured		
Loans from related parties	-	2,980
	-	2,980
NOTE 16. CURRENT LIABILITIES – PROVISIONS		
Employee entitlements	103	91
NOTE 17. NON-CURRENT LIABILITIES – INTEREST BEARING LIABILITIES		
Unsecured		
Loans from Immediate Parent Entity	1,480	1,480
Loans from Ultimate Parent Entity	38,384	12,556
	39,864	14,039
NOTE 18. NON-CURRENT LIABILITIES – PROVISIONS		
Provision for site restoration	2,586	2,000
	2,586	2,000

Parent Entity	
2003	2002
No. of	No. of
Shares	Shares

NOTE 19. CONTRIBUTED EQUITY

(a) Share Capital

Ordinary shares				
Fully paid	(b)& (c)	77,903,890	77,903,890	

(b) Movements in ordinary share capital

Date	Details	Number of shares	\$'000
31-12-2001	Balance	1,168,539,004	120,842
23-05-2002	Share consolidation	(1,090,636,114)	-
31-12-2003	Closing Balance	77,902,890	120,842

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(d) Share consolidation

On 23 May 2002 the Company's shareholders approved the consolidation of its share capital so that each 15 shares on issue at the record date of 31 May 2002 were consolidated into one share, with fractions rounded up.

Consolidated	
2003	2002
\$'000	\$'000

NOTE 20. ACCUMULATED LOSSES

Accumulated losses at the beginning of the financial year	(88,098)	(80,060)
Net loss attributable to members of Gloucester Coal Ltd	(11,281)	(8,038)
Accumulated losses at the end of the financial year	(99,379)	(88,098)

Consolidated
2003 2002
\$'000 \$'000

NOTE 21. RECONCILIATION OF OPERATING LOSS AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

Operating (loss)/profit after income tax	(11,281)	(8,038)
(Profit)/loss on sale of land	63	-
Depreciation	4,712	3,991
Amortisation – Overburden in advance	725	2,899
Increase/(Decrease) in creditors and provisions	(1,410)	(2,009)
(Increase)/Decrease in receivables	148	1,731
(Increase)/Decrease in inventories	(1,840)	(29)
(Decrease)/Increase in Deferred mining costs	(7,670)	-
Net cash (outflow) / inflow from operating activities	(16,553)	(1,455)

NOTE 22. EARNINGS PER SHARE

Basic earnings per share (cents)	(14.5)	(10.3)
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Weighted average number of ordinary shares outstanding during the year (adjusted for bonus elements in ordinary shares issued during the year) used in calculation of basic earnings per share.

77,902,890 77,902,890

There is no dilution in earnings per share during the year

NOTE 23. EVENT OCCURRING AFTER REPORTING DATE

No matter or circumstance has arisen since 31 December 2003 that has significantly affected or may significantly effect:

- (a) the Company's and Consolidated entity's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Company's and Consolidated entity's state of affairs in future financial years.

NOTE 24. SEGMENT INFORMATION

The consolidated entity operates in one primary business segment, being coal mining. The coal mining activity is conducted within the Gloucester Basin of New South Wales, Australia and the related revenue is derived from the sale of coal to overseas and domestic customers.

Sales revenue by destination for the period is broken up as follows:-

	Consolidated	
	2003	2002
	\$'000	\$'000
SALES REVENUE BY DESTINATION		
Australia	11,055	13,499
Asia	45,402	63,547
Other	3,783	-
	60,240	77,046