



**Austindo Resources Corporation N.L.**  
**A.B.N. 48 002 678 640**

**Consolidated Financial Report**

**Half-Year Ended 30 June 2005**

Directors' Report  
Auditor's Independence Declaration  
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Independent Audit Review Report

**AUSTINDO RESOURCES CORPORATION N.L.**  
**DIRECTORS' REPORT FOR THE HALF YEAR ENDED 30 JUNE 2005**

Your directors present the financial report of the Group for the half-year ended 30 June 2005

**Directors**

The names of Directors who hold office at the end of the half-year are as follows:

Mr. Bruce J. Watson (Non-Executive Chairman)  
Mr. Ian L. Price (Managing Director)  
Mr. George S. Tahija  
Mr. John C. Carlile  
Mr. Christopher P. Melloy

Mr. Bruce Watson was appointed as a Director on 3 April 2005.

Mr. Bruce J. Paterson resigned as a Director 11 March 2005 and Mr. Pieter Greeff resigned as a Director effective 30 June 2005.

**Review of Operations**

During the six-month period to 30 June 2005, the Group continued preliminary development of the Cibaliung Gold Project in Banten Province, west Java. In addition, permitting for development of the project was undertaken and the negotiations to acquire a gold processing plant were completed. In accordance with the terms of the Joint Venture Agreement the Company's interest in the Cibaliung Project has increased to 85.73% at the end of the period due to sole funding of joint venture expenditure.

In addition the Company entered into an alliance with the Anglo American Group to explore for large porphyry copper gold deposits in Papua and secured a new exploration area known as Pekalongan in Central Java.

A new service company known as PT Indonusa Mining Services was established in Indonesia. The process of liquidating P.T. Eastara Melawi Mineral is continuing.

Alexander Resources Limited ("AXD") which is exploring for gold in central Victoria, listed on the Australian Stock Exchange. While the Company retains a 44.6% interest in AXD, it is now independently funded and managed.

During the period the Company raised additional capital of \$3.0m. Subsequent to 30 June 2005 the Company raised additional capital of \$13.1m in July 2005.

The consolidated loss of the Group for the period was \$1,407,504 after income tax.

**Auditor's Declaration**

The lead auditor's independence declaration under Section 307C of the Corporations Act 2001 is set out on Page 3 for the half year ended 30 June 2005.

This report is signed in accordance with a resolution of the Board of Directors.

Signed this twelfth day of September 2005.

*(Signed B. J. Watson)*  
**Bruce J. Watson**  
Chairman

*(Signed I. L. Price)*  
**Ian L. Price**  
Managing Director & CEO



**Auditor's Independence Declaration under section 307C  
of the Corporations Act 2001 to the directors of  
Austindo Resources Corporations N.L.**

I declare that, to the best of my knowledge and belief, during the half year ended 30 June 2005 there have been:

- (a) no contraventions of the auditor independence requirements as set out in 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.

A handwritten signature in black ink, appearing to read 'W E Beauman'.

**MOORES ROWLAND**  
Chartered Accountants

A handwritten signature in black ink, appearing to read 'W E Beauman'.

**W E Beauman**  
**Partner**

Dated: 12<sup>th</sup> September 2005

**AUSTINDO RESOURCES CORPORATION N.L.**  
**CONSOLIDATED INCOME STATEMENT**  
**FOR THE HALF YEAR ENDED 30 JUNE 2005**

	Note	30 June 2005 \$	30 June 2004 \$
Revenue from continuing operations	2	37,996	96,579
Employee benefits expense		(251,132)	(184,048)
Depreciation and amortisation expense		(6,214)	(15,942)
Borrowings costs expense	2	(35,217)	(34,906)
Management and administration expense		(485,929)	(299,283)
Unrealised foreign exchange gain (loss)		-	(48,858)
Loss on loss of control of subsidiary	11	(516,082)	-
Share of net losses of associate accounted for using the equity method	11	(111,336)	-
Business development expense		(20,949)	(185,585)
Other expenses from ordinary activities		(18,641)	(15,693)
<b>Profit (loss) before income tax</b>		(1,407,504)	(687,736)
<b>Income tax expense</b>		-	-
<b>Net profit (loss) attributable to members of the parent entity</b>		<b>(1,407,504)</b>	<b>(687,736)</b>
 <b>Earnings per share for profit (loss) from continuing operations attributed to the ordinary equity holders of the company</b>			
Basic earnings (loss) per share (cents per share)		(0.25)	(0.14)
Diluted earnings (loss) per share (cents per share)		(0.25)	(0.14)

**AUSTINDO RESOURCES CORPORATION N.L.**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT 30 JUNE 2005**

	<b>30 June 2005</b>	<b>31 December 2004</b>
	\$	\$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash assets	3,116,327	4,259,446
Receivables	115,320	112,314
Other	187,957	966,305
<b>TOTAL CURRENT ASSETS</b>	<u>3,419,604</u>	<u>5,338,065</u>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	14,382,064	14,200,188
Investments accounted for using the equity method	1,820,928	-
Receivables	161,026	85,705
<b>TOTAL NON-CURRENT ASSETS</b>	<u>16,364,018</u>	<u>14,285,893</u>
<b>TOTAL ASSETS</b>	<u><u>19,783,622</u></u>	<u><u>19,623,958</u></u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Payables	771,752	757,092
Interest bearing liabilities	900,000	900,000
Other	66,216	1,498,848
<b>TOTAL CURRENT LIABILITIES</b>	<u>1,737,968</u>	<u>3,155,940</u>
<b>NON-CURRENT LIABILITIES</b>		
Payables	398,045	390,227
Provisions	577,078	827,078
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>975,123</u>	<u>1,217,305</u>
<b>TOTAL LIABILITIES</b>	<u>2,713,091</u>	<u>4,373,245</u>
<b>NET ASSETS</b>	<u><b>17,070,531</b></u>	<u><b>15,250,713</b></u>
<b>EQUITY</b>		
Contributed equity	48,728,570	46,114,226
Reserves	929,196	63,042
Retained profits (accumulated losses)	(33,059,543)	(31,652,039)
Austindo Resources Corporation N.L. interest	16,598,223	14,525,229
Minority interests	472,308	725,484
<b>TOTAL EQUITY</b>	<u><b>17,070,531</b></u>	<u><b>15,250,713</b></u>

**AUSTINDO RESOURCES CORPORATION N.L.**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED 30 JUNE 2005**

	Note	Half-year	
		30 June 2005	30 June 2004
		\$	\$
<b>Total equity at the beginning of the half-year</b>		<u>15,250,713</u>	<u>12,856,735</u>
Gain on revaluation of associate on initial use of equity method, net of tax	11	1,553,569	-
Cost of share based payments		20,887	3,934
Options Reserves relinquished on deconsolidation of previously controlled entity	11	(52,908)	-
Exchange differences on translation of foreign operations		(655,394)	-
<b>Net income (including investment revaluation) recognised directly in equity</b>		<u>866,154</u>	<u>3,934</u>
<b>Profit (loss) for the half-year</b>		<u>(1,407,504)</u>	<u>(687,736)</u>
<b>Total recognised income and expense for the half-year</b>		<u><u>(541,350)</u></u>	<u><u>(683,802)</u></u>
Contributed equity relinquished on loss of control of subsidiary	11	(416,701)	-
Contributions of equity		3,036,240	-
Capital raising costs		(5,195)	-
Movement in outside equity interests		(253,176)	(79,637)
		<u>2,361,168</u>	<u>(79,637)</u>
<b>Total equity at the end of the half-year</b>		<u><u>17,070,531</u></u>	<u><u>12,093,296</u></u>
Total recognised income and expense for the half-year is attributed to:			
Members of Austindo Resources Corporation N.L.		(541,350)	(683,802)
Minority interests		-	-
		<u>(541,350)</u>	<u>(683,802)</u>

**AUSTINDO RESOURCES CORPORATION N.L.**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE HALF YEAR ENDED 30 JUNE 2005**

	<b>Half-year</b>	
	<b>30 June 2005</b>	<b>30 June 2004</b>
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers	-	-
Payments to suppliers and employees	(499,138)	(1,199,153)
Interest received	47,582	108,213
Borrowing costs	(65,983)	-
<b>Net cash inflows (outflows) from operating activities</b>	<u>(517,539)</u>	<u>(1,090,940)</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(147,691)	(13,236)
Exploration expenditure	(2,022,231)	(2,205,830)
Loans repaid by associate	117,000	-
Amounts held in trust not accessible	-	(66,216)
<b>Net cash inflows (outflows) from investing activities</b>	<u>(2,052,922)</u>	<u>(2,285,282)</u>
<b>Cash flows from financing activities</b>		
Loans from other persons	7,818	-
Loans to other persons	(75,320)	-
Proceeds from issue of shares	3,036,240	-
Payments in respect of capital raisings	(5,195)	-
<b>Net cash inflows (outflows) from financing activities</b>	<u>2,963,543</u>	<u>-</u>
<b>Net increase (decrease) in cash held</b>	393,082	(3,376,222)
Cash at beginning of financial period	4,259,446	5,248,313
Cash relinquished on deconsolidation of former controlled entity	(1,538,514)	-
Net effect of exchange rate changes on cash	2,313	21,178
<b>Cash at the end of the end of the half-year</b>	<u><u>3,116,327</u></u>	<u><u>1,893,269</u></u>

**AUSTINDO RESOURCES CORPORATION N.L.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 30 JUNE 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This general purpose financial report for the interim half-year reporting period ended 30 June 2005 has been made out in accordance with the requirements of the Corporations Act 2001 and Accounting Standard AASB 134: Interim Financial Reporting.

This interim financial report does not include all the notes of the type normally included in an annual financial report. It is recommended that this financial report is read in conjunction with the Annual Financial Report of Austindo Resources Corporation N.L. as at 31 December 2004, together with any public announcements made by Austindo Resources Corporation N.L. during the half-year ended 30 June 2005 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

For the purposes of preparing the half-year financial statements, the half-year has been treated as a discrete reporting period.

**1.1 Basis of Preparation**

The principal accounting policies adopted in the preparation of this financial report are set out below.

This interim financial report of Austindo Resources Corporation N.L. is the first interim financial report to be prepared in accordance with Australian Equivalents to International Financial Reporting Standards (AIFRS). AASB1: First time Adoption of Australian Equivalents to International Financial Reporting Standards has been applied in preparing these financial statements.

Financial statements of Austindo Resources Corporation N.L. until 1st January 2005 have been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing the Austindo Resources Corporation N.L. interim financial report for the half year ended 30 June 2005, management has amended certain accounting valuation and consolidation methods applied in the previous AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures were restated to reflect these adjustments.

Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRS on the Group's equity and its net income are given in note 10.

**AUSTINDO RESOURCES CORPORATION N.L.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 30 JUNE 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**1.2 Principles of Consolidation**

*Subsidiaries*

A subsidiary is any entity controlled by Austindo Resources Corporation N.L.. Control exists where Austindo Resources Corporation N.L. has the capacity to dominate the decision making in relation to the financial and operating policies of another entity so that the other entity operates with Austindo Resources Corporation N.L. to achieve its objectives.

All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation.

Where subsidiaries have entered or left the Group during the year, their operating results have been included from the date control was obtained or until the date control ceased.

Outside equity interests in the results and equity of subsidiaries are shown separately in the consolidated financial report.

*Associates*

Associates are all entities over which the Group has significant influence but not control. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated entity using the equity method of accounting, after initially being measured at cost.

The Group's share of its associate's post acquisition profits or losses is recognised in the income statement and its share of post acquisition movements in reserves is recognised in reserves. The cumulative post acquisition movements are adjusted against the carrying value of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses.

**1.3 Acquisition of Assets**

All assets acquired including property, plant, equipment, and intangibles other than goodwill are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

**1.4 Depreciation**

Plant and equipment, office equipment and furniture are recorded at cost and are depreciated over their estimated useful economic lives using the straight line or diminishing value methods.

Major depreciation rates are:

	<b>2005</b>	<b>2004</b>
Office equipment	25-40%	25-40%
Office furniture	15-30%	15-30%
Plant and equipment	25%	25%

**AUSTINDO RESOURCES CORPORATION N.L.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 30 JUNE 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**1.5 Mineral Exploration, Evaluation and Development Expenditure**

The Group's policy with respect to exploration and development expenditure is to use the area of interest method. Under this method exploration costs are carried forward on the following basis:

- (i) Each area of interest is considered separately when deciding whether, and to what extent, to carry forward or write off exploration and evaluation costs.
- (ii) Exploration costs related to an area of interest are carried forward provided that rights of tenure of the areas of interest are current and that one of the following conditions are met:
  - such exploration costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sale; or
  - exploration and/or evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in relation to the area are continuing.

Exploration costs accumulated in respect of each particular area of interest include only expenditure related directly to operational activities in those areas.

- (iii) The Group will maintain the tenements in good standing for at least the next twelve months.
- (iv) The carrying values of mineral tenements are reviewed annually by directors where results of exploration and/or evaluation of an area of interest are sufficiently advanced to permit a reasonable estimate of the amount expected to be recouped through successful development of the area of interest or by its sale. Expenditure in excess of this amount is written off to the Income Statement in the period in which the review occurs. The carrying value of mineral tenements are carried forward and amortised over the expected useful life of each project.

**1.6 Restoration, Rehabilitation and Environmental Expenditure**

Restoration costs that are expected to be incurred are provided for as part of the cost of the exploration, evaluation, development, construction or production phases that give rise to the need for restoration. If this occurs prior to commencement of production, the costs are included in capitalised tenement and infrastructure acquisition expenditure. If it occurs after commencement of production, restoration costs are provided for and charged to the profit and loss account.

**1.7 Leases**

Material finance leases of the consolidated entity are capitalised. Operating leases are not capitalised. Rental payments are charged against profits in equal installments over the term of the lease.

**AUSTINDO RESOURCES CORPORATION N.L.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 30 JUNE 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**1.8 Income Tax**

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax base of investments in subsidiaries where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

**1.9 Employee and Contractors Share and Option Plans**

**Shares options granted after 7 November 2002 and vested before 1 January 2005**

No expense is recognised in respect of these options. The shares are recognised when the options are exercised and the proceeds received allocated to share capital.

**Shares options granted after 7 November 2002 and vested after 1 January 2005**

The fair value of options granted is recognised as an employee benefit or other expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the became unconditionally entitled to the options.

The fair value at grant date is independently determined using an appropriate pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the option, the share price at grant date and the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Upon the exercise of the option, the balance of the share based payment reserve relating to those options is transferred to share capital.

**AUSTINDO RESOURCES CORPORATION N.L.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 30 JUNE 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**1.10 Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

**1.11 Foreign Currencies**

**Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

Although Austindo Resources Corporation N.L. believes its Group functional currency is US dollars, for reporting purposes it has adopted Australian dollars as its presentation currency.

*Group Companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are converted into the presentation currency as follows:

- assets and liabilities for each balance sheet are translated at the closing exchange rate at the date of the balance sheet:
- income and expenses are translated at the average exchange rate for the period
- all resulting exchange differences are recognised as a separate component of equity

On consolidation, exchange differences arising from the translation of any net investment in foreign entity, including long term loans, are taken to shareholders' equity.

**1.12 Earnings (loss) Per Share**

Earnings (loss) per share is calculated as the operating profit (loss) after income tax divided by the weighted average number of ordinary shares outstanding during the period.

**1.13 Diluted Earnings (loss) Per Share**

Diluted earnings (loss) per share is calculated as the operating profit (loss) after income tax divided by the weighted average number of ordinary shares outstanding during the year, together with potential ordinary shares, in respect of all options and convertible notes on issue and remaining unconverted as at 30 June 2005.

**1.14 Cash**

For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, net of outstanding bank overdrafts.

**AUSTINDO RESOURCES CORPORATION N.L.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 30 JUNE 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**1.15 Comparative Amounts to Conform with Change**

Where required, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**1.16 Impairment of Assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

**1.17 Revenue**

Interest revenue is recognised when received. Profit from the disposal of non-current assets is recognised when derived.

**1.18 Employee benefits**

*Wages, salaries, and annual leave*

Liabilities for wages and salaries and annual leave are expected to be settled within 12 months of the reporting date and are recognised in other creditors in respect of employees' services up to the reporting date. The amount is measured as the amounts expected to be paid when liabilities are settled.

*Long Service Leave*

Liability for long service leave is recognised after 5 years of service. This employee benefit is payable later than one year and has been measured at the present value of the estimated future cash outflows to be made for this benefit.

*Superannuation*

The amount charged to the statement of financial performance in respect of superannuation represents the contributions made by the company to the superannuation funds of the employees.

**1.19 Provisions**

Provisions for legal claims and service warranties are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be small.

**AUSTINDO RESOURCES CORPORATION N.L.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 30 JUNE 2005**

	<b>30 June 2005</b>	<b>30 June 2004</b>
	\$	\$
<b>2 Profit From Ordinary Activities</b>		
The following revenue and expense items are relevant in explaining the financial performance for the interim period:		
Interest Revenue	37,996	96,579
Interest Expense	(35,217)	(34,906)
Unrealised Foreign Exchange Gain/(Loss)	-	(48,858)
	<u>          </u>	<u>          </u>

**3 Non Cash Financing Activities**

Interest accrued in respect of convertible notes issued to PT Austindo Nusantara Jaya	<u>35,217</u>	<u>46,542</u>
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**4 Segment Information**

**Geographical Segments**

	Management & Investment - Australia	Mineral Exploration & Development - Indonesia	Mineral Exploration & Development - Australia	Eliminations	Consolidated Entity
	30 June 2005	30 June 2005	30 June 2005	30 June 2005	30 June 2005
	\$	\$	\$	\$	\$
Revenue from ordinary activities	37,996	-	-	-	37,996

**Segment Result**

Profit (loss) from ordinary activities before income tax expense	(554,386)	(63,888)	(114,000)	(675,230)	(1,407,504)
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	30 June 2004	30 June 2004	30 June 2004	30 June 2004	30 June 2004
	\$	\$	\$	\$	\$
Revenue from ordinary activities	91,243	2,682	2,654	-	96,579

**Segment Result**

Profit (loss) from ordinary activities before income tax expense	43,373	(563,768)	(140,729)	(26,612)	(687,736)
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**AUSTINDO RESOURCES CORPORATION N.L.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 30 JUNE 2005**

**5 PT Cibaliung Sumberdaya**

On 2 November, 1999 Austindo Resources Corporation N.L. entered into a Joint Venture Agreement ("JVA") with International Antam Resources Limited ("IAR"), PT Antam Tbk ("Antam") and PT Antam Resourcindo (a subsidiary of IAR) to jointly explore and develop the Cibaliung Gold Project in Banten Province - west Java, Indonesia.

In December 2003 the JVA was amended such that IAR is no longer a joint venture participant and has been replaced in all respects by Antam. PT Antam Resourcindo has become a subsidiary of Antam.

In accordance with the JV, each party is liable to contribute to the JV on an equity basis. Antam has elected not to contribute to the Cibaliung work programme for the first half of 2005, and as a consequence its interest in Cibaliung has been diluted. The current JV interests are the Company 85.73% (up from 83.76% at the previous half year) and Antam 14.27% (down from 16.24%)

**6 PT Eastara Melaw Mineral - Liquidation**

PT Eastara Melawi Mineral ("EMM") (a controlled entity), ceased exploration activities in October 1999, as a commercially viable gold deposit had not been located.

On 9 June 2000 it was resolved that EMM be dissolved and that the appropriate steps be taken to terminate the Contract of Work with the Government of the Republic of Indonesia. On 24 October 2000 the Company applied for the termination of the Contract of Work with the Government of the Republic of Indonesia. The Minister of Mines and Energy approved the termination in his decision letter No. 542 K/20/MEM/2001 dated 24 April 2001 effective from 24 October 2000.

EMM is now proceeding to liquidation. The Liquidation Deed was signed on 25 October 2002.

The Ministry of Justice and Human Right has received and recorded EMM dissolution, confirmed by letter Number: C-UM.02.01.3703 dated 18 November 2002. The South Jakarta Office of Industry and Trade has delisted EMM's company registration, as stated in their letter Number: 12/09-03/WDP/I/2003 dated January 2003. On 6 February 2003 EMM made application to

**7 Contingent Liabilities**

As at 30 June 2005 a first registered fixed and floating charge remained registered under the Corporations Law, in favour of PT Austindo Nusantara Jaya, securing financial accommodation of \$900,000 provided by way of Convertible Notes. The Convertible Notes have been redeemed as at the date of this report and the fixed and floating charge has been released.

As set out in Note 6, PT Eastara Melawi Mineral (a controlled entity) is proceeding into liquidation. The Directors intend to continue further funding sufficient to enable PT Eastara Melawi Mineral to meet its liabilities until the completion of its liquidation. Provisions have been raised in prior periods in relation to these liquidation costs, and although difficult to reliably estimate, the Directors believe that no further increase to the provision is required.

**AUSTINDO RESOURCES CORPORATION N.L.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 30 JUNE 2005**

**8 Indonesian Economy**

Economic conditions in 2005 are relatively stable and the investment climate in Indonesia has improved.

With senior project management based in Indonesia the Board of Directors is satisfied that the Company is well placed to manage the development of the Cibaliung Gold Project and its other operations in Indonesia. The bulk of the Company's cash reserves are maintained on deposit within Australia.

**9 Matters Subsequent to the End of the Financial Period**

On 15 June 2005 Austindo Resources Corporation NL ("ARX" or the "Company") announced that Austock Corporate Finance Limited had undertaken a placement of 447.9 million ordinary fully paid shares in the Company at 3.6 cents per share to raise A\$16.1 million ("Placement") for the development of the Cibaliung Gold Project and the Company's exploration activities in Indonesia.

On 22 June the Company announced that Tranche 1 of the Placement, raising A\$3.0 million, had been completed. Tranche 1 was comprised of 84.3 million shares placed using the Company's 15% placement capacity.

On 1 July the Company redeemed the outstanding Convertible Note and interest thereon by cash payment in the amount of A\$0.94 million to PT Austindo Nusantara Jaya.

Following shareholder approval at a meeting held on 25 July 2005 the Company completed Tranche 2 of the Placement comprised of 363.3 million shares raising A\$13.1 million.

In addition the Company effected an underwritten Share Purchase Plan which closed on 20 July 2005 raising a further A\$2.6 million.

The Company completed the acquisition of a gold processing plant from Sipa Exploration NL for a purchase price of A\$2.575 million on 31 August 2005. The processing plant will be relocated to the Cibaliung Gold Project in Banten Province, western Java, Indonesia.

**AUSTINDO RESOURCES CORPORATION N.L.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 30 JUNE 2005**

**10 Explanation of transition to Australian equivalents to IFRS**

(1) Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles ( AGAAP) to equity under Australian equivalents to IFRS (AIFRS)

(a) At the date of transition to AIFRS: 1 January 2004

	Note	Previous AGAAP \$	Effect of transition to AIFRS \$	AIFRS \$
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash assets		5,248,313	-	5,248,313
Receivables		42,599	-	42,599
Other		682,149	-	682,149
<b>TOTAL CURRENT ASSETS</b>		<u>5,973,061</u>	<u>-</u>	<u>5,973,061</u>
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment		9,467,659	-	9,467,659
Receivables		-	-	-
Other financial assets		-	-	-
<b>TOTAL NON-CURRENT ASSETS</b>		<u>9,467,659</u>	<u>-</u>	<u>9,467,659</u>
<b>TOTAL ASSETS</b>		<u>15,440,720</u>	<u>-</u>	<u>15,440,720</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Payables		752,685	-	752,685
Interest bearing liabilities		900,000	-	900,000
Other		66,216	-	66,216
<b>TOTAL CURRENT LIABILITIES</b>		<u>1,718,901</u>	<u>-</u>	<u>1,718,901</u>
<b>NON-CURRENT LIABILITIES</b>				
Provisions		865,084	-	865,084
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>865,084</u>	<u>-</u>	<u>865,084</u>
<b>TOTAL LIABILITIES</b>		<u>2,583,985</u>	<u>-</u>	<u>2,583,985</u>
<b>NET ASSETS</b>		<u>12,856,735</u>	<u>-</u>	<u>12,856,735</u>
<b>EQUITY</b>				
Contributed equity		42,720,029	-	42,720,029
Reserves	4	-	4,563	4,563
Retained profits (accumulated losses)	4	(30,461,414)	(4,563)	(30,465,977)
Austindo Resources Corporation N.L. interest		12,258,615	-	12,258,615
Minority interests		598,120	-	598,120
<b>TOTAL EQUITY</b>		<u>12,856,735</u>	<u>-</u>	<u>12,856,735</u>

**AUSTINDO RESOURCES CORPORATION N.L.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 30 JUNE 2005**

**10 Explanation of transition to Australian equivalents to IFRS (Continued)**

(1) Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles ( AGAAP) to equity under Australian equivalents to IFRS (AIFRS)

(b) At the end of the last half-year reporting period under previous AGAAP 30 June 2004

	Note	Previous AGAAP \$	Effect of transition to AIFRS \$	AIFRS \$
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash assets		1,893,269	-	1,893,269
Receivables		42,127	-	42,127
Other		374,716	-	374,716
<b>TOTAL CURRENT ASSETS</b>		<u>2,310,112</u>	<u>-</u>	<u>2,310,112</u>
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment		435,671	-	435,671
Exploration expenditure		11,235,114	-	11,235,114
Other		555,521	-	555,521
<b>TOTAL NON-CURRENT ASSETS</b>		<u>12,226,306</u>	<u>-</u>	<u>12,226,306</u>
<b>TOTAL ASSETS</b>		<u>14,536,418</u>	<u>-</u>	<u>14,536,418</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Payables		564,917	-	564,917
Interest bearing liabilities		900,000	-	900,000
Other		66,216	-	66,216
<b>TOTAL CURRENT LIABILITIES</b>		<u>1,531,133</u>	<u>-</u>	<u>1,531,133</u>
<b>NON-CURRENT LIABILITIES</b>				
Provisions		911,989	-	911,989
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>911,989</u>	<u>-</u>	<u>911,989</u>
<b>TOTAL LIABILITIES</b>		<u>2,443,122</u>	<u>-</u>	<u>2,443,122</u>
<b>NET ASSETS</b>		<u>12,093,296</u>	<u>-</u>	<u>12,093,296</u>
<b>EQUITY</b>				
Contributed equity		42,720,029	-	42,720,029
Reserves	4	-	8,497	8,497
Retained profits (accumulated losses)	4	(31,145,216)	(8,497)	(31,153,713)
Austindo Resources Corporation N.L. interest		11,574,813	-	11,574,813
Minority interests		518,483	-	518,483
<b>TOTAL EQUITY</b>		<u>12,093,296</u>	<u>-</u>	<u>12,093,296</u>

**AUSTINDO RESOURCES CORPORATION N.L.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 30 JUNE 2005**

**10 Explanation of transition to Australian equivalents to IFRS (Continued)**

(1) Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles ( AGAAP) to equity under Australian equivalents to IFRS (AIFRS)

(c) At the end of the last half-year reporting period under previous AGAAP 31 December 2004

	Note	Previous AGAAP \$	Effect of transition to AIFRS \$	AIFRS \$
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash assets		4,259,446	-	4,259,446
Receivables		112,314	-	112,314
Other	4	959,050	7,255	966,305
<b>TOTAL CURRENT ASSETS</b>		<u>5,330,810</u>	<u>7,255</u>	<u>5,338,065</u>
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	4	14,183,866	16,322	14,200,188
Receivables		85,705	-	85,705
Other		-	-	-
<b>TOTAL NON-CURRENT ASSETS</b>		<u>14,269,571</u>	<u>16,322</u>	<u>14,285,893</u>
<b>TOTAL ASSETS</b>		<u>19,600,381</u>	<u>23,577</u>	<u>19,623,958</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Payables		757,092	-	757,092
Interest bearing liabilities		900,000	-	900,000
Other		1,498,848	-	1,498,848
<b>TOTAL CURRENT LIABILITIES</b>		<u>3,155,940</u>	<u>-</u>	<u>3,155,940</u>
<b>NON-CURRENT LIABILITIES</b>				
Payables		390,227	-	390,227
Provisions		827,078	-	827,078
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>1,217,305</u>	<u>-</u>	<u>1,217,305</u>
<b>TOTAL LIABILITIES</b>		<u>4,373,245</u>	<u>-</u>	<u>4,373,245</u>
<b>NET ASSETS</b>		<u>15,227,136</u>	<u>23,577</u>	<u>15,250,713</u>
<b>EQUITY</b>				
Contributed equity		46,114,226	-	46,114,226
Reserves	4	-	63,042	63,042
Retained profits (accumulated losses)	4	(31,608,646)	(43,393)	(31,652,039)
Austindo Resources Corporation N.L. interest		14,505,580	19,649	14,525,229
Minority interests	4	721,556	3,928	725,484
<b>TOTAL EQUITY</b>		<u>15,227,136</u>	<u>23,577</u>	<u>15,250,713</u>

**AUSTINDO RESOURCES CORPORATION N.L.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 30 JUNE 2005**

**10 Explanation of transition to Australian equivalents to IFRS (Continued)**

**(2) Reconciliation of profit under previous AGAAP to profit under Australian equivalents to IFRS**

**(a) Reconciliation of profit for the half-year ended 30 June 2004**

	<b>Previous AGAAP</b>	<b>Effect of transition to AIFRS</b>	<b>AIFRS</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue from continuing operations	96,579	-	96,579
Employee benefits expense	(180,114)	(3,934)	(184,048)
Depreciation and amortisation expense	(15,942)	-	(15,942)
Borrowings costs expense	(34,906)	-	(34,906)
Management and administration expense	(299,283)	-	(299,283)
Unrealised foreign exchange gain (loss)	(48,858)	-	(48,858)
Business development expense	(185,585)	-	(185,585)
Other expenses from ordinary activities	(15,693)	-	(15,693)
<b>Profit (loss) before income tax</b>	<u>(683,802)</u>	<u>(3,934)</u>	<u>(687,736)</u>
<b>Income tax expense</b>	-	-	-
<b>Net profit (loss) attributable to minority interests</b>	-	-	-
<b>Net profit (loss) attributable to members of the parent entity</b>	<u><u>(683,802)</u></u>	<u><u>(3,934)</u></u>	<u><u>(687,736)</u></u>

**AUSTINDO RESOURCES CORPORATION N.L.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 30 JUNE 2005**

**10 Explanation of transition to Australian equivalents to IFRS (Continued)**

(2) Reconciliation of profit under previous AGAAP to profit under Australian equivalents to IFRS

(b) **Reconciliation of profit for the year ended 31 December 2004**

	<b>Previous AGAAP \$</b>	<b>Effect of transition to AIFRS \$</b>	<b>AIFRS \$</b>
Revenue from continuing operations	144,061	-	144,061
Employee benefits expense	(353,171)	(47,542)	(400,713)
Depreciation and amortisation expense	(41,149)	-	(41,149)
Borrowings costs expense	(69,874)	-	(69,874)
Management and administration expense	(655,528)	(2,498)	(658,026)
Unrealised foreign exchange gain (loss)	30,652	-	30,652
Business development expense	-	-	-
Other expenses from ordinary activities	(82,450)	-	(82,450)
<b>Profit (loss) before income tax</b>	<u>(1,027,459)</u>	<u>(50,040)</u>	<u>(1,077,499)</u>
<b>Income tax expense</b>	-	-	-
<b>Net profit (loss) attributable to minority interests</b>	119,773	(6,647)	113,126
<b>Net profit (loss) attributable to members of the parent entity</b>	<u><u>(1,147,232)</u></u>	<u><u>(43,393)</u></u>	<u><u>(1,190,625)</u></u>

(3) **Reconciliation of cash flow statement for the year ended 31 December 2004**

The adoption of AIFRS has not resulted in any material adjustments to the cash flow statements

(4) **Notes to the reconciliations**

**Share based payments**

Under AASB 2 Share Based Payments from 1 January 2004, the Group is required to recognise an expense for those options that were issued to employees and contractors after 7 November 2002 but had not vested at 1 January 2005. The effect of this is:

*At 1 January 2004*

For the group there has been an increase in accumulated losses of \$4,563 and a corresponding increase in reserves.

*At 30 June 2004*

For the group there has been an increase in accumulated losses of \$3,934 and a corresponding increase in reserves.

*At 31 December 2004*

For the group there has been an increase in accumulated losses of \$34,896 an increase in other assets of \$7,255, an increase in property, plant and equipment of \$16,322, an increase in minority interests of \$3,928 and a corresponding increase in reserves.

**AUSTINDO RESOURCES CORPORATION N.L.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 30 JUNE 2005**

**11 Deconsolidation of Alexander Resources Limited**

During the period and as previously disclosed in the 31 December 2004 Financial Report and subsequent Australian Stock Exchange announcements, Alexander Resources Limited (AXD) has raised additional capital and been admitted to the official list of the Australian Stock Exchange Limited

AXD now has a total of 44,864,005 shares and 13,432,005 options on issue. Austindo Resources Corporation N.L.'s (ARX) interest in AXD now represents 44.6% of the voting rights of AXD.

The Directors believe that ARX no longer has control over AXD yet can exert significant influence. Consequently, during the period ARX has ceased to account for AXD as a subsidiary and has accounted for its investment in AXD using the equity method.

A summary of the financial effect of these transactions is set out below:

	\$
ARX's share of AXD losses to date of cessation of control (charged to the income statement)	(114,000)
ARX's share of losses of AXD for the period from cessation of control to 30 June 2005 (charged to the income statement)	(111,336)
Loss to the ARX Group on deconsolidation of AXD (charged to the income statement)	(516,082)
Minority interests in AXD relinquished on deconsolidation	207,001
Contributed equity relinquished on deconsolidation of AXD	(416,701)

The Directors have revalued ARX's investment in AXD at 30 June 2005, with an amount of \$1,553,569 being credited to reserves. The valuation adopted was based on ARX's share of AXD's net assets at 30 June 2005. This valuation was below the market value of the shares in AXD held by ARX (which was \$2,600,000 as at 30 June 2005), and the Directors believe that the valuation of the investment is conservative but fair and reasonable.

No provision for deferred income tax liability was raised and adjusted against the revaluation reserve in relation to the revaluation of AXD, as ARX has sufficient carry forward capital tax losses to offset any potential tax liability in the event of the sale of the shares in AXD.

**AUSTINDO RESOURCES CORPORATION N.L.**

**DIRECTORS' DECLARATION**

The Directors of Austindo Resources Corporation N.L. hereby declare that:

1. The financial statements and notes thereto:

(a) comply with accounting standard AASB134: Interim Financial Reporting and the the Corporations Act 2001; and

(b) give a true and fair view of the Group's financial position as at 30 June 2005 and of its performance for the period ended on that date;

2. In the Directors' opinion, there are reasonable grounds to believe that Austindo Resources Corporation N.L. will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors this twelfth day of September 2005.

*(Signed B. J. Watson)*

**Bruce J. Watson**  
Chairman

*(Signed I. L. Price)*

**Ian L. Price**  
Managing Director & CEO



**Independent Review Report  
To the Members of  
Austindo Resources Corporations N.L.  
ABN 48 002 678 640**

**Scope**

We have reviewed the financial report of Austindo Resources Corporation N.L. for the half year ended 30 June 2005 as set out on pages 3 to 22. The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities its controlled at the end of the half year or from time to time during the half year. The company'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 134: Interim Financial Reporting and other mandatory professional reporting requirements and statutory requirements, so as to present a view which is consistent with our understanding of the company's financial position and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission/Australian Stock Exchange Limited.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. 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 provided is less than given in an audit. We have not performed an audit and accordingly we do not express an audit opinion.

**Independence**

In conducting our review, 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 Austindo Resources Corporation N.L. is not in accordance with:

- (a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2005 and of its performance for the half year ended on that date; and
  - (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

**MOORES ROWLAND**  
Chartered Accountants

W E Beauman  
Partner

Dated: 12<sup>th</sup> September 2005.