PORTMAN LIMITED
A.B.N. 22 007 871 892
REPORT
FOR THE HALF YEAR
ENDED 30 JUNE 2003

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PORTMAN LIMITED
A.B.N. 22 007 871 892
CORPORATE DIRECTORY

REGISTERED OFFICE
Level 11 The Quadrant
1 William Street
Perth Western Australia 6000
Telephone: 61 8 9426 3333
Facsimile: 61 8 9426 3344
Internet: portman.com.au

AUDITORS
Ernst & Young
Central Park
152 St George's Terrace
Perth WA 6000

BANKERS
Commonwealth Bank of Australia Limited
Level 6, 150 St Georges Terrace
Perth WA 6000

SOLICITORS
Blake Dawson Waldron
Level 19
Forrest Centre
221 St Georges Terrace
PERTH WA 6000

SHARE REGISTRY
Computershare Investor Services Pty Limited
Level 2 Reserve Bank Building
45 St Georges Terrace
PERTH WA 6000

TREASURY ADVISER
Oakvale Capital Limited
Level 3, 50 Colin Street
WEST PERTH WA 6005

BOARD OF DIRECTORS
George Jones
Chairman
Barry Eldridge
Managing Director
Martin Albrecht
Director
Richard Knight
Director
Michael Perrott
Director

SENIOR MANAGEMENT
Geoffrey Clifford
General Manager - Administration and Company Secretary
Shigeru Fujikawa
Marketing Manager - Iron Ore
Richard Mehan
General Manager – Iron Ore
Tony Schoer
Chief Financial Officer
Jonathan Shellabear
General Manager – Business Development

LONDON ALTERNATIVE INVESTMENTS MARKET NOMINATED ADVISER
Nabarro Wells & Co. Limited
Saddlers House
Gutter Lane, London EC2V 6HS

SPONSORING BROKER
Canaccord Capital (Europe) Limited
Brook House
Upper Brook Street
London, W1K 7QF

PORTMAN LIMITED
A.B.N. 22 007 871 892
HIGHLIGHTS

CORPORATE

Results for announcement to the market

	Percentage Increase / (Decrease) from previous corresponding period	$ '000
Revenue from ordinary activities	9.1%	72,945
Profit / (loss) from ordinary activities after tax attributable to members	(8.8)%	10,168
Net profit (loss) for the period attributable to members	(8.8)%	10,168
Amount per security and franked amount per security of final and interim dividends	Final Interim	N/A 0.04c/share
Record date for determining entitlements to the dividends (if any)		To be advised

<u>Iron Ore Division</u>

- Portman consolidated the operational improvements of the past two years and achieved near record sales at its Koolyanobbing operation.
- An unnecessarily long environmental approvals process at both a State and Federal level has denied Portman access to new orebodies and therefore to the potential of expanding production and shipments.

Koolyanobbing Project -

- Operating performance resulted in on budget production, railing and ore shipments. Portman shipped 2.32 million tonnes during the first half of 2003.
- All State Government approvals for Northern Tenement development are now in place. Pre-construction activities have commenced and haul road construction and mine development at Windarling and Mt Jackson will commence following Federal environmental approval.
- Federal environmental and heritage approvals are required in relation to mining at Windarling. Portman anticipate the Federal process being completed in the near future.
- Exploration activities around the Koolyanobbing tenements have found more resources. These resources, the extent of which are under assessment, together with all existing resources will yield maximum benefits when blended with the Northern Tenement resources.
- Tenders for haul road construction, haulage and mining have been issued and will be let in the near future.
- Continuing strong demand from Chinese buyers has led to a 9% benchmark price increase in April 2003, the elimination of volume related discounts and an extremely positive outlook for 2004 sales and prices.

Cockatoo Island Project -

- Operating constraints have led to production and shipments being well under budget.
- The sea wall continues to perform well however the rate of dewatering required in the pit far exceeded feasibility assumptions.
- The joint venture partners remain confident of finding a technical solution to this problem.
- Demand for Cockatoo ore is stronger than at any previous time.
- Operating costs during the period have been higher than budget and are currently being addressed.

Business Development

- Disposal completed of non core asset being Australian Silicon Limited.
- Continued efforts to find suitable acquisitions to complement Portman's existing operations.

Foreign Exchange

- Significant protection from the appreciation in the Australian Dollar during the period from the existing hedge book. The average exchange rate realised for the current period was USD/AUD 0.5715.

PORTMAN LIMITED
A.B.N. 22 007 871 892

Chairman's Letter to Shareholders
Dear Shareholder

On behalf of the Board of Directors of Portman Limited, it is my pleasure to present your Company's financial results for the half year to 30 June 2003.

In a letter accompanying the 2002 Annual Report to shareholders in March this year, I advised that one of the most important issues confronting Portman had been resolved. This occurred on 1 April 2003 when Western Australia's Environment Minister, the Hon Judy Edwards announced conditional approval for Portman's application to mine the Northern Tenements, which form part of our Koolyanobbing Iron Ore Project near Southern Cross in Western Australia.

Development of the Northern Tenement orebodies remains an essential component of the long term development plans for the Koolyanobbing project. Following the State Government approval a number of pre-construction activities have commenced. However, full development of the Windarling deposits awaits a decision by the Federal Minister for the Environment and Heritage. This matter has been considered by the Commonwealth for some time. The approvals process has been a long and exhaustive one for Portman and highlights many of the difficulties with land access that currently face mining and exploration companies in Australia. These protracted negotiations and appeals have effectively diverted considerable resources in terms of time, money and personnel from Portman's core business of exploring, mining and exporting materials for use in the steel industry.

From a broad industry perspective, unless addressed, the price of today's lengthy environmental, heritage and Native Title approvals process will most certainly be lost market opportunities and the demise of our once vibrant minerals exploration industry. Australia is the world's largest exporter of iron ore, which is currently the nation's fourth largest export earner. The taxes our industry pays, and the many contributions it makes to public infrastructure should mean that its future is important to Government. This is particularly true in Western Australia where iron ore alone contributes over A$5 billion to the State's economy.

Unfortunately mining at our Cockatoo Island operations was disrupted early this year by unexpectedly large dewatering requirements. Extensive hydrological and geotechnical studies were implemented and, while some of this work is ongoing, we can now manage the water levels in the pit and production and shipping have resumed. We are working toward resumption of planned production rates as additional dewatering systems are implemented over the next three months.

I would also like to put on record that allegations of environmental mismanagement made with regard to Portman's Cockatoo Island operations reported earlier this year were completely without substance. As a Company, Portman recognises that excellence in managing environmental responsibilities is essential to successful business practice and is committed to ensuring that the protection of the environment is not compromised for profit or production.

Marketing of our iron ore remains a key focus for Portman with traded iron ore continuing to be in significant under-supply as the demand from a burgeoning Chinese economy increases. Negotiations with Japanese steel mills by major Australian producers this year were successful in securing a 9% increase in iron ore prices backdated to April, with prices for iron ore delivered into China also rising by a similar amount.

During the half Portman had significant success in developing a market for high phosphorous iron ores. Portman's first Chinese buyer of high phosphorous fines ore was secured during the June 2003 Quarter and an additional Japanese buyer of high phosphorous fines ore was also confirmed. Your Company is also negotiating with a number of other buyers in China and Japan and is confident of further customer support for high phosphorous iron ore products.

PORTMAN LIMITED
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Chairman's Letter to Shareholders (cont')

It is regrettable that our Koolyanobbing development plans have suffered long delays at a time when the iron ore market is strengthening. The delays, along with unexpected difficulties with mining operations at Cockatoo Island, impacted on Portman's financial results for the period. The disappointing financial performance in the current record iron ore market was partly offset by a reversal of the provision against the carrying value of long term high phosphorous fines stockpiles made in December 2002, and the recognition of certain high phosphorous stockpiles from 1 January 2003 due to developments in the market for high phosphorous ore.

The net profit after tax for the period to 30 June 2003 was A$10.168 million. Before the abovementioned stockpile adjustments the net profit after tax for the period was A$7.017 million.

The fines written back represent approximately 42% of the volume of high phosphorous fines ore placed on the long term stockpiles. The remaining high phosphorous fines ore at 1 January 2003 was recognised at nil value. Production of high phosphorous ore to the long term stockpiles during the ensuing six month period has been carried at cost.

Based on the company's performance over the period, your Board has taken the decision to pay an interim dividend of four (4) cents per share which is franked to 50%. The lack of available franking credits to fully frank the dividend is due to the lower tax paid during the period as a result of the December 2002 write-offs, increased exploration expenditure and research and development.

The outlook for the iron ore market is positive, with premium quality Australian iron ore in strong demand. Japanese steel output is expected to grow in coming years while Chinese steel demand is booming, fuelled by the rapid industrial growth in that country. I can not emphasise strongly enough the importance Portman places on developing and nurturing long-term relationships with our customers. We understand the challenges they face and will continue to work with them to provide a product to suit their specific needs.

In conclusion, your company is emerging from a difficult period in its development at a time when the outlook for iron ore is at its most positive for a number of years.

I invite shareholders requiring additional information on the Company's activities to contact Mr Eldridge or our Company Secretary, Mr Geoff Clifford at any time during business hours or to access the Company's web site at www.portman.com.au.

Yours sincerely

George Jones
Chairman

(a) Directors

The names of the directors of Portman Limited in office during or since the end of the half year are:

George F Jones
Barry J Eldridge
Martin C Albrecht
Richard Knight
Michael D Perrott

Unless otherwise indicated, all directors held their position as a director throughout the entire half year and up to the date of this report.

(b) Information on Directors

George F Jones - Chairman B.Bus, FCIS, FAICD – Age: 58
Mr. Jones has a Bachelor of Business degree from Curtin University of Western Australia. He has more than 33 years experience in the mining, banking and finance industries and has been a director of a number of private and publicly listed companies.

Barry J Eldridge – Executive Director - Age: 57
Mr Eldridge holds a Bachelor of Science Degree (Exploration Geology) - Sydney University and a Bachelor of Engineering (Hons) (Mining) - University of Qld.

He has over 31 years experience at Managing Director, CEO, Director and General Manager level in the resource industry within Australia and overseas. This has included six years as Managing Director, four of which were with a publicly listed mining company.

Martin C Albrecht, AC - Non Executive Director B.Tech (Civil), FTSE, FIE Aust, FAICD, FAIM, DUniv (QUT) – Age: 64
Following the announcement of a strategic alliance with Queensland based Thiess Pty Ltd, Mr. Albrecht joined the Board of Portman Limited on 19 August 1999. He is Chairman of Thiess Pty Ltd and Geodynamics Ltd and a Director of Leighton Holdings Limited, Siemens Limited Advisory Board and Queensland Gas Company Limited. He is a member of the Queensland Premier's Business Round Table and maintains an active interest in a wide range of government, community, educational and cultural activities. He is the former Managing Director of Thiess Pty Ltd, a position he held for 15 years before retiring in October 2000.

Richard Knight – Non Executive Director M.Sc (Eng), DIC, ARSM, C.Eng, FAICD – Age: 62
A mining engineer with 41 years diverse experience, Mr Knight was formerly Executive Director and Chief Operating Officer of North Limited. He is currently a member of Pasminco Resources' Advisory Board, as well as Managing Director of Inco Australia Management Pty Ltd.

Michael D Perrott - Non Executive Director B.Com, FAIM – Age: 57
Mr Perrott has been involved in the construction and contracting industry since 1969. He is currently Chairman of Port Bouvard Ltd, Asset Backed Holdings Ltd, Aliquot Asset Management Ltd, GME Resources Ltd and a number of unlisted public and private companies. Mr Perrott is a Council Member for the National Advisory Council for Suicide Prevention and Community Life, and is a Governor of Notre Dame University.

(c) Committees of Directors

The names of the directors who constitute the Committees of Directors at the date of this report are:

AUDIT	NOMINATION	REMUNERATION
Michael D Perrott (Chair)	George F Jones (Chair)	George F Jones (Chair)
Martin C Albrecht	Michael D Perrott	Michael D Perrott
Richard Knight	Richard Knight	Richard Knight

TREASURY POLICY	STRATEGIC PLANNING & DEVELOPMENT
George F Jones (Chair)	Richard Knight (Chair)
Barry J Eldridge	George F Jones
Michael D Perrott	Barry J Eldridge
Advisor from Oakvale Capital Limited (James Cunningham)	

(d) Directors' meetings

During the half year the Company held 5 meetings of directors. The names of directors and members of Committees of the Board are outlined above. The attendances of the directors at meetings of the Board and its Committees whilst they were directors were:

	Board of Directors		**Committees of the Board of Directors**	
	Attended	Maximum Possible Attended	Attended	Maximum Possible Attended
George F Jones	5	5	11	11
Barry J Eldridge	5	5	15	15
Richard Knight	5	5	12	12
Michael D Perrott	5	5	8	9
Martin C Albrecht	5	5	4	4

(e) Results

Portman Limited and its controlled entities' (the "Economic Entity") profit after income tax and minority interests for the half year was $10,167,924 (2002 - $11,145,767).

(f) Review of operations

Iron Ore Division

During the first half of 2003 Portman consolidated the operational improvements of the past two years and achieved near record sales at its Koolyanobbing operation. The Cockatoo Island project did not meet budgeted performance due to a much larger than anticipated dewatering task.

An unnecessarily long environmental approvals process at both a State and Federal level has denied Portman access to new orebodies and therefore to the potential of expanding production and shipments.

Koolyanobbing Project

Operations January – June 2003

Koolyanobbing operations met budget for production, railing and ore shipments. Portman shipped 2.32 million tonnes during the first half of 2003.

Shipments are expected to exceed budget during the second half largely because of additional shipments of high phosphorous ore which Portman is now successfully placing in the market.

The primary focus during the period was finalising State government approvals in relation to environmental and indigenous heritage issues. Following a negative recommendation by the Environmental Protection Authority in December 2002, the State Minister for the Environment approved the Northern Tenements project on 1 April 2003. Ministerial conditions to apply during project operations were then negotiated and agreed in early June.

In July the Minister for Indigenous Affairs granted Portman a project wide clearance over any heritage sites in the project area. With this clearance Portman has all relevant State approvals to proceed. With these approvals in place, water and resource exploration, in advance of construction activities, have commenced.

Federal environmental and heritage approval is required in relation to mining at Windarling. The Federal agency accredited the State approval process and under this arrangement they are obliged to make their decision known within weeks of the State process formally concluding. We therefore anticipate the federal process being completed in the near future.

No new Northern Tenement resource estimates are available given that drilling activities have not been ongoing during final environmental and heritage processes. A very active drilling program will now be completed prior to an updated resource position being reported.

Tenders for haul road construction, haulage and mining have been called and will be let in the near future.

	6 months ended 30 June 2003	6 months ended 30 June 2002	Year ended 31 December 2002	2001	2000
Ore Production (tonnes)	2,424,890	2,182,991	4,100,680	4,019,922	1,893,993
Ore Shipments (tonnes)	2,321,659	2,343,831	4,227,354	3,213,626	1,973,478

Marketing

Chinese demand for iron ore continues to defy even the most optimistic forecasts. As a proximate Australian supplier with capesize shipping capability Portman is very well placed to deliver ore to the capacity of our resource availability and infrastructure.

New customers have commenced buying from Portman and in particular strong demand for high phosphorous ore has given Portman several incremental sales opportunities. The high levels of demand, exceeding supply has seen Portman decline several requests to meet increased tonnages.

During the first half benchmark prices were set with an average increase of 9%. Of equal significance, the strength of demand has led to the elimination of volume related discounts resulting in strong USD unit revenues for the remainder of the year.

If demand continues at current levels, and there is no reason to believe otherwise, the outlook for 2004 sales and prices remains extremely positive. Portman's ability to meet this demand will require access to the Northern Tenements.

Project Development

The No.3 berth and associated facilities are operating extremely well and an increasing proportion of cargoes are being loaded on capesize vessels.

Further improvement to rail infrastructure is underpinning improved rail availability and on time performance. The effective capacity using a four train roster now exceeds 5mtpa. This is an important element of our strategy to sell additional high phosphorous products from the long term stockpiles.

All State Government approvals for Northern Tenement development are now in place. Pre-construction activities have commenced and haul road construction and mine development at Windarling and Mt Jackson will commence following Federal environmental and heritage approval.

A number of suitably qualified technical staff have been recruited to join the Portman team handling Northern Tenement development.

Resources

Exploration activity has been centred on the Koolyanobbing projects whilst approvals have been sought for the development of the Northern Tenement deposits. Reverse Circulation drilling has successfully expanded the Mineral Resource at B and C deposits. The C Deposit resource totalling 8.6 million tonnes at 60.88% iron, 0.047% phosphorous, 0.078% sulphur, 3.15% silica, and 0.97% alumina has been completed by Golder Associates and represents an increase of 4.4 million tonnes from December 2002. A resource estimate for B Deposit is currently in progress following the discovery of additional mineralisation down slope from the existing resource.

The global Mineral Resource base for the Koolyanobbing and Northern Tenement deposits currently stands at 157.0 million tonnes compared to 153.3 million tonnes at 31st December 2002.

Area	Cut-off	Category	Mt	Fe%	Phos%	SiO2%	Al2O3%	S%
Total	Fe >58%	Measured	7.1	62.16	0.175	2.40	0.89	0.037
		Indicated	114.6	61.96	0.108	2.57	1.09	0.077
		Inferred	35.3	63.49	0.132	1.89	1.13	0.039
		Total	157.0	62.31	0.117	2.41	1.09	0.067

Notes:
1. Tonnage and grade rounded as appropriate.
2. Cut-off grade 58% iron. No upper limit cut-off grades have been applied to phosphorous, silica, alumina and sulphur.
3. Long term stockpiles included – 100% of stockpiles 2, 5 and 7 and the lump component (46%) of stockpiles 1, 3, 4, 6 and 12. Total long term stockpiles at 30 June 2003, 8.4 Mt.

Drill evaluation of priority targets at Koolyanobbing will continue in conjunction with the planned programmes scheduled for the Northern Tenement deposits located at Mt Jackson and Windarling in the second half.

The information relating to Mineral Resources or Reserves contained within this report is based on information compiled by Mr S H Tuckey B.Sc, MBA, MAusIMM (Manager Exploration) from sources within Portman Limited and from mining consultants Golder Associates. Mr Tuckey is employed by Portman Limited and has the relevant experience in relation to the mineralisation being reported on and techniques used in the estimation process to qualify as a Competent Person as defined in the Australasian Code for Reporting of Mineral Resources and Ore Reserves.

Cockatoo Iron Ore Joint Venture (Portman 50%)

	6 months ended 30 June 2003	6 months ended 30 June 2002	Year ended 31 December 2002	Year ended 31 December 2001
Ore Production (tonnes)	268,025	45,920	287,015	1,044,166
Ore Shipments (tonnes)	314,446	50,568	227,760	1,146,196

While the first shipment of ore under the "Sea Wall" project was despatched on schedule in October 2002, the January to June period has seen production and shipments well under budget.

Operating constraints have led to this shortfall. While the stage one sea wall has performed well, the rate of dewatering required in the pit far exceeded feasibility assumptions. Construction of the stage two seawall has been deferred whilst solutions to the geotechnical issues identified by the stage two seawall failure and a successful dewatering strategy are found. Resumption of the stage two seawall construction is expected during the second half of 2003.

The prime focus of the project currently is the implementation of a successful dewatering strategy. The joint venture partners remain confident of a technical solution to this problem. Once the technical issues have been solved the economic parameters of the project will be updated. This is expected in September or October of 2003. In the meantime production and shipments continue at something less than 50% of planned capacity.

Demand for Cockatoo ore is stronger than at any time and following resolution of the dewatering issue production levels will be increased to capitalise, as much as possible, on buoyant market conditions. Demand is expected to continue to exceed our ability to supply.

Resources

Reverse Circulation drilling evaluating the Stage 1 and 2 seawall projects has been completed testing the deposit to approximately 40 metres below sea level over the entire strike and up to 60 metres below sea level in selected areas. The drilling program has shown that the Cockatoo Island mineralisation forms a tabular body over 1.2 kilometres in length and averages 33m in true thickness within the designed Stage 1 and 2 seawall areas. The ore body dips at an average of 53º to the south. Iron grades within the Seawall Hematite consistently average >68% and vary little along strike and down dip.

Work is currently underway to update the Cockatoo Island Mineral Resource. The Cockatoo Island Mineral Resource at 30 June 2003 stands at 3.4 Mt compared to 3.7 Mt at 31st December 2002.

Area	Category	Mt	Fe%	Phos%	SiO2%	Al2O3%	S%
Total	Inferred	3.4	68.5	0.015	1.35	0.40	0.005
	Total	3.4	68.5	0.015	1.35	0.40	0.005
Portman (5)	50%	1.7	68.5	0.015	1.35	0.40	0.005

Notes:

1. Estimate based on 6 diamond drill holes, bench mapping from BHP dated October 1984 and surface of mineralisation determined from seismic survey completed in 2001.
2. Extent of mineralisation: 1225m east and 2300m east, total length 1,075 m. 0 m to -20m RL. Footwall and hanging wall positions projected based on surface mapping, constant dip of mineralised zone and drill intercepts.
3. The in-situ bulk density is 5.0 tonnes/m³.
4. Grades assigned to the resource incorporate dilution and reflect past production grades 68.5% Fe, 0.013% P, 1.28% SiO2, 0.41% Al2O3 and 0.000% S. Average grade estimates from diamond drill hole data are 69.35% Fe (BHP drill data) and 69.58% Fe (Portman/Henry Walker Eltin drill data).
5. The Cockatoo Island project is a 50/50 Joint Venture between Portman Iron Ore Limited and HWE Cockatoo Pty Ltd.

<u>Business Development</u>

During the period to 30 June 2003, Portman sought opportunities to both expand its asset base and dispose of underperforming assets.

Arrangements were made to dispose of Portman’s shares in Australian Silicon Limited. Settlement of this transaction occurred subsequent to 30 June 2003 as disclosed in the subsequent events note (Note 8) in the financial statements.

Extensive efforts to find suitable acquisitions in carbon steels materials to complement Portman’s existing operations were made with no final results yet forthcoming.

(g) Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Economic Entity other than those referred to elsewhere in this report or in the financial statements or notes thereto.

(h) Rounding of amounts to nearest thousand dollars

The Company is of the kind specified in Australian Securities and Investments Commission class order 98/0100. In accordance with that class order, amounts in the directors’ report and financial statements have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

Signed for and on behalf of the Board in accordance with a resolution of the directors.

G F Jones	B J Eldridge
Chairman	Managing Director
29 August 2003	
Perth, Western Australia	

PORTMAN LIMITED
CONDENSED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF YEAR ENDED 30 JUNE 2003

	Notes	30 June 2003 $'000	30 June 2002 $'000
Revenue from sale of product	2(a)	**72,945**	**66,874**
Cost of sales		(46,732)	(40,120)
Gross profit		26,213	26,754
Other revenues	2(a)	2,510	4,551
Shipping and selling expenses		(11,371)	(10,392)
Marketing expenses		(608)	(638)
Administrative expenses		(3,964)	(2,946)
Borrowing costs	2(b)	(129)	(259)
Other expenses	2(b)	1,040	(640)
Profit from ordinary activities before income tax		**13,691**	**16,430**
Income tax expense relating to ordinary activities		(3,706)	(5,342)
Net Profit		**9,985**	**11,088**
Net Loss attributable to outside equity interests		183	58
Net Profit attributable to members of the parent entity		**10,168**	**11,146**
Basic earnings per share – cents		5.87	6.48
Diluted earnings per share – cents		5.86	6.40

The accompanying notes form part of this condensed Statement of Financial Performance.

PORTMAN LIMITED
CONDENSED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2003

	Notes	30 June 2003 $'000	31 December 2002 $'000	30 June 2002 $'000
CURRENT ASSETS				
Cash assets		63,570	77,892	86,827
Receivables		10,540	5,611	19,912
Inventories		13,052	16,551	11,914
Other	4	42,839	7,587	1,543
TOTAL CURRENT ASSETS		130,001	107,641	120,196
NON CURRENT ASSETS				
Receivables		-	-	1,080
Inventories		10,445	824	1,631
Other financial assets		2,361	1,921	2,065
Exploration and evaluation expenditure		28,486	27,267	29,326
Property, plant and equipment		52,519	49,933	54,122
Deferred tax assets		2,438	4,555	1,248
Other	4	10,204	2,068	1,394
TOTAL NON CURRENT ASSETS		106,453	86,568	90,866
TOTAL ASSETS		236,454	194,209	211,062
CURRENT LIABILITIES				
Payables		21,251	26,014	21,703
Interest bearing liabilities		695	599	14,397
Tax liabilities		-	1,543	1,457
Provisions		473	7,399	7,852
Other liabilities	5	43,961	6,900	-
TOTAL CURRENT LIABILITIES		66,380	42,455	45,409
NON CURRENT LIABILITIES				
Interest bearing liabilities		426	839	-
Deferred tax liabilities		6,887	6,850	5,780
Provisions		1,657	1,376	1,280
Other liabilities	5	10,423	2,412	476
TOTAL NON CURRENT LIABILITIES		19,393	11,477	7,536
TOTAL LIABILITIES		85,773	53,932	52,945
NET ASSETS		150,681	140,277	158,117
EQUITY				
Contributed equity		104,984	104,743	104,566
Retained profits		45,697	35,534	50,265
Parent equity interest		150,681	140,277	154,831
Outside equity interest		-	-	3,286
TOTAL EQUITY		150,681	140,277	158,117
Net tangible assets per security		$0.87	$0.81	$0.91

The accompanying notes form part of this condensed Statement of Financial Position.

PORTMAN LIMITED
CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2003

	30 June 2003 $'000	30 June 2002 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	70,156	56,241
Payments to suppliers and employees	(69,123)	(52,625)
GST received	4,802	4,851
Interest received	1,447	1,687
Interest and other costs of finance paid	(129)	(259)
Taxation payments made	(3,152)	(5,286)
Net Cash Flows From Operating Activities	4,001	4,609
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(847)	(5,444)
Payments for mining ventures and tenements	(10,539)	(9,499)
Proceeds from sale of property, plant and equipment	67	-
Proceeds from sale of listed investments	-	53
Net Cash Flows From Investing Activities	(11,319)	(14,890)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issues	241	1,977
Proceeds from borrowings	-	12,708
Repayment of lease liabilities	(319)	(242)
Dividends paid	(6,926)	(10,320)
Net Cash Flows From Financing Activities	(7,004)	4,123
NET DECREASE IN CASH HELD	(14,322)	(6,158)
Cash at the beginning of the half year	77,892	92,985
CASH AT THE END OF THE HALF YEAR	63,570	86,827

The accompanying notes form part of this condensed Statement of Cash Flows.

Note 1. Basis of preparation of the financial statements

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Economic Entity as the full annual report.

The half year report should be read in conjunction with the 31 December 2002 Annual Report together with any public announcements made by Portman Limited and its controlled entities during the half year ended 30 June 2003 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and the Australian Stock Exchange Listing Rules.

(a) Basis of accounting
The half-year financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 1029: “Interim Financial Reporting” and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

The half-year financial report has been prepared in accordance with historical cost concepts.

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

(b) Changes in accounting policies
The accounting policies adopted are consistent with those of the previous year except for the accounting policies with respect to provisions for dividend and employee benefits as detailed below.

(i) Provision for dividend

The Economic Entity has adopted the new Accounting Standard AASB 1044 “Provisions, Contingent Liabilities and Contingent Assets” which has resulted in a change in the accounting for the dividends provision. Previously, the Economic Entity recognised a provision for dividend based on the amount that was proposed or declared after the reporting date. In accordance with the requirements of the new Standard, a provision for dividend will only be recognised at the reporting date where the dividends are declared, determined or publicly recommended prior to the reporting date. In accordance with the new Standard, no provision for dividend has been recognised for the half-year ended 30 June 2003. Subsequent to 30 June 2003 Portman Limited announced an interim dividend of four (4) cents (50% franked) per share (refer Note 8 for further details).

(ii) Employee Benefits

The Economic Entity has adopted the revised Accounting Standard AASB 1028 “Employee Benefits”, which has resulted in a change in the accounting policy for the measurement of employee benefit liabilities. Previously, the Economic Entity measured the provision for employee benefits based on remuneration rates at the date of recognition of the liability. In accordance with the requirements of the revised Standard, the provision for employee benefits is now measured based on the remuneration rates expected to be paid when the liability is settled. There has been no significant change to the employee benefits provisions or payments as a result of the change in accounting policy.

Note 2. Profit from Ordinary Activities

	30 June 2003 $'000	30 June 2002 $'000
The profit from ordinary activities before income tax is arrived at after:		
(a) Profit from ordinary items is after crediting the following revenues:		
Sales revenue	72,945	66,874
Interest received from other corporations	1,470	1,687
Proceeds on sale of property, plant and equipment	67	–
Proceeds on sale of investments	–	53
Other income	93	–
Insurance recovery on damaged rail wagons	880	2,811
Other revenues	2,510	4,551
(b) Profit from ordinary items is after charging the following expenses:		
Included in other expenses is the following significant items: Reversal of provision for write-down of inventory to net realisable value for products that were previously unsaleable but are now saleable due to changes in market circumstances	3,211	2,171
Provision for write down of inventory to net realisable value	(1,357)	–
Reversal of write-off of balances relating to Australian Silicon Limited	440	–
Borrowing costs		
Total interest paid / payable to other corporations	(95)	(194)
Finance lease charges	(34)	(65)
Total borrowing costs	(129)	(259)

Note 3. Dividends paid or provided for on ordinary shares

	30 June 2003 $'000	30 June 2002 $'000
(a) Dividends proposed and recognised as a liability		
Fully franked dividends	-	6,914
(b) Dividends paid during the half year		
Fully franked dividends	6,926	10,320
	6,926	17,234

The company paid a 4c per share fully franked final dividend for the year ended 31 December 2002 on 16 May 2003.

Subsequent to 30 June 2003 Portman Limited announced an interim dividend of four (4) cents (50% franked) per share which will be paid on 26 September 2003 (refer Note 8 for further details).

Note 4. Other Assets

	30 June 2003 $'000	31 December 2002 $'000	30 June 2002 $'000
Current			
Prepayments	625	229	1,543
Hedge contract receivable	30,924	5,498	-
Deferred foreign exchange loss on hedge contracts	11,290	1,402	-
Deferred premium on foreign exchange option contracts	-	458	-
Total Other Assets - Current	42,839	7,587	1,543
Non Current			
Hedge contract receivable	9,737	2,068	-
Deferred foreign exchange loss on hedge contracts	467	-	1,394
Total Other Assets – Non Current	10,204	2,068	1,394

Note 5. Other Liabilities

	30 June 2003 $'000	31 December 2002 $'000	30 June 2002 $'000
Current			
Hedge contract payable	11,290	1,402	-
Deferred foreign exchange gain on hedge contracts	32,671	5,498	-
Total Other Liabilities - Current	43,961	6,900	-
Non Current			
Hedge contract payable	467	-	-
Deferred foreign exchange gain on hedge contracts	9,737	2,068	-
Foreign exchange option	219	344	476
Total Other Liabilities – Non Current	10,423	2,412	476

Note 6. Foreign Exchange

Foreign exchange contracts in place at the half year end were as follows:

	$US		$A		Fair Market Value	
	June 2003 $'000	**June 2002 $'000**	**June 2003 $'000**	**June 2002 $'000**	**June 2003 $'000**	**June 2002 $'000**
Forward exchange contracts	89,116	49,966	160,705	91,454	21,342	204
Option contracts	5,000	81,000	9,551	145,677	1,976	808
	94,116	130,966	170,256	237,131	23,318	1,012

At 30 June 2003 the company has made a provision for option premiums payable of $0.219M.

The mark to spot values of these foreign exchange financial instruments has been included in the Statement of Financial Position in accordance with the requirements of AASB 1012 "Foreign Currency Translation".

Note 7. Contingent Liabilities

Since the last annual reporting date, there has been no change in any contingent liabilities or contingent assets.

Note 8. Changes to the Economic Entity and Subsequent Events

Other than detailed below there have been no changes to the Economic Entity during the period.

Agreement to sell interest in Australian Silicon Limited

As previously announced Portman Limited commenced disposal of its interest in Australian Silicon Limited during the half-year. On 14 July 2003 the Company completed the disposal of its interest in Australian Silicon Limited (ASO). As part of the disposal Portman received $440,000 for the sale of its shares in ASO which was equal to the carrying value of the investment at 30 June 2003.

Announcement of dividend

Subsequent to 30 June 2003 Portman Limited announced an interim dividend of four (4) cents (50% franked) per share which will be paid on 26 September 2003. The dividend is only franked to 50% due to the lower tax paid during the period as a result of the December 2002 write-offs, increased exploration expenditure and research and development costs.

Note 9. Segment Information

	2003				2002			
	Iron Ore	**Silicon**	**Corporate & Net Interest**	**Consolidated**	**Iron Ore**	**Silicon**	**Corporate & Net Interest**	**Consolidated**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue								
Sales to customers outside the consolidated entity	72,945	-	-	72,945	66,874	-	-	66,874
Other revenues from customers outside the consolidated entity	1,072	-	1,438	2,510	2,731	141	1,679	4,551
Total Segment Revenue	**74,017**	**-**	**1,438**	**75,455**	**69,605**	**141**	**1,679**	**71,425**
Result								
Segment result	16,200	(296)	(2,213)	13,691	16,996	(54)	(512)	16,430
Unallocated expenses								
Consolidated entity profit from ordinary activities before income tax expense				**13,691**				**16,430**
Income tax expense				**(3,706)**				**(5,342)**
Consolidated entity profit from ordinary activities after income tax expense before Outside Equity Interest				**9,985**				**11,088**

Note 10. Reconciliation with International Financial Reporting Standards ("IFRS")

	30 June 2003 A$'000	30 June 2002 A$'000
Net profit attributable to members of Portman Limited under Australian GAAP	10,168	11,146
Increase net of tax in respect of:		
Taxation	-	160
Net profit attributable to members of Portman Limited under IFRS	10,168	11,306
Earnings per ordinary share under IFRS - cents	5.87	6.57
Diluted earnings per ordinary share under IFRS - cents	5.86	6.49
Equity attributable to members of Portman Limited under Australian GAAP	150,681	158,117
Increase net of tax in respect of:		
Hedging	23,099	1,488
Taxation	-	160
Dividend	-	6,914
Equity attributable to members of Portman Limited under IFRS	173,780	166,679

The Economic Entity's financial statements have been prepared in accordance with generally accepted accounting principles in Australia ("Australian GAAP"), which differ in certain respects from IFRS. The material differences relate principally to the following items, and the effect of each of the adjustments to net profit and equity, attributable to members of Portman Limited, which would be required under IFRS is set out above.

Hedging
IAS 39 "Financial Instruments: Recognition and Measurement" provides that hedge accounting is permitted provided that the hedging relationship is clearly defined, measurable and actually effective.

The above reconciliation has been prepared on the basis that the hedging instruments held by Portman Limited at 30 June 2003 meet the effective criteria as set out in IAS 39.

Taxation
IAS 12 "Income Taxes" follows the balance sheet method of tax effect accounting. Under this method deferred tax assets and liabilities are recognised for temporary differences. Temporary differences are differences between the carrying amount of an asset or liability in the statement of financial position and its tax base. Temporary differences may be either:

(a) Taxable temporary differences, which are temporary differences that will result in taxable amounts in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled; or

(b) Deductible temporary differences, which are temporary differences that will result in amounts that are deductible in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled.

The adjustment above represents the application of tax effect accounting in accordance with IAS 12 including the tax effect of the other adjustments included in the above reconciliation.

Accounting for the Extractive Industries
The financial report has been prepared in accordance with Australian Accounting Standard AASB 1022 "Accounting for the Extractive Industries" ("AASB1022"). No International Accounting Standard ("IAS"), upon which IFRS is based, exists.
Accordingly, with the exception of restoration and rehabilitation costs which is addressed in IAS 37, the treatment adopted under AASB 1022 has been maintained and no adjustment has been presented in the above reconciliation.

Restoration and Rehabilitation Costs
Applying the principles of IAS 37 "Provisions and Contingencies" to the results and equity of Portman Limited would not result in a material difference.

Dividends
Under IAS 37 dividends are only recorded when paid. As no dividend has been provided for at 30 June 2003 no reconciliation adjustment is required.

Note 11. Details of associates and joint venture entities

The Company has a 50% joint venture interest in the Cockatoo Iron Ore Joint Venture. The Companies share of the results of this joint venture has been included in the Statement of Financial Performance to 30 June 2003.

	30 June 2003 $'000	30 June 2002 $'000
Share of joint venture loss before tax	111	90

Note 12. Inherent uncertainty regarding the carrying value of assets due to the approval to access and mine the Northern Tenements

As advised in previous announcements the Company is engaged in obtaining Federal government approvals necessary to fully develop its "Northern Tenements" at Windarling and Mt Jackson. These tenements represent a significant part of the expansion plans of the Company.

The Company's 31 December 2002 Annual Report included disclosure of an inherent uncertainty regarding the carrying value of assets, pending the decision of the Western Australian Government's Environment Minister to allow access to mine the Northern Tenements.

Since that time all Western Australian State environmental, heritage and ground disturbances approvals have been received for the development of the Northern Tenements.

- On April 1, 2003 the Company welcomed an announcement by the State Environmental Minister to allow conditional project approval following a successful appeal against the Environmental Protection Authority's recommendations.

- On June 3, 2003 the State Government granted mineral titles under the State environmental approvals process, which also included consideration of Aboriginal heritage circumstances.

- On July 11, 2003 the State Minister for Indigenous Affairs granted consent to Portman Limited under Section 18 of the WA Aboriginal Heritage Act 1972 to use the land the subject of the proposed Koolyanobbing Northern Tenements Expansion Project.

The only remaining approvals required are heritage and environmental clearances for work at the Windarling W3 deposit from Environmental Australia in Canberra. These Federal government approvals are expected in the near future.

At the date of signing these financial statements a decision by Environment Australia on whether Portman Limited will be granted access to mine the Northern Tenements in accordance with the State approvals has not been made. Accordingly, the recoverability of the assets capitalised in connection with and incidental to Portman Limited mining the Northern Tenements is uncertain.

Should such access to mine the Northern Tenements not be granted the Company will be required to write down to recoverable amount some or all the assets capitalised in connection with and incidental to the Northern Tenements and the Koolyanobbing Project. The amount of the write down would be up to $35 million.

PORTMAN LIMITED
DIRECTORS' DECLARATION
FOR THE HALF YEAR ENDED 30 JUNE 2003

The directors declare that:

(a) the financial statements and associated notes of the economic entity:

(i) give a true and fair view of the financial position as at 30 June 2003 and the performance for the half-year ended on that date of the economic entity; and

(ii) comply with the Accounting Standard 1029 “Interim Financial Reporting” and the 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.

Signed for and on behalf of the Board in accordance with a resolution of the directors.

G F Jones
Chairman
29 August 2003
Perth, Western Australia

B J Eldridge
Managing Director

ERNST & YOUNG

Central Park
152 St Georges Terrace
Perth WA 6000
Australia

GPO Box M939
Perth WA 6843

Tel 61 8 9429 2222
Fax 61 8 9429 2436

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF PORTMAN LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for the consolidated entity, for the half-year ended 30 June 2003. The consolidated entity comprises both the company and the entities it controlled during that half-year.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the consolidated entity, and that complies with Accounting Standard AASB 1029 "Interim Financial Reporting", in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company and in order for the company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standard AASB 1029 "Interim Financial Reporting", and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

ERNST & YOUNG

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

Audit Opinion
In our opinion, the financial report of Portman Limited is in accordance with:
(a) the Corporations Act 2001, including:
  (i) giving a true and fair view of the financial position of the consolidated entity at 30 June 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 2001; and
(b) other mandatory financial reporting requirements in Australia.

Inherent uncertainty regarding access to mine the Northern Tenements

Without qualification to the opinion expressed above, attention is drawn to the following matter.

As set out in Note 12 to the financial report, at the date of signing the financial statements, a Federal Government decision on whether the consolidated entity will be granted heritage and environmental clearances to mine the Northern Tenements in accordance with their proposed mining plan has not been made. Accordingly, the recoverability of assets capitalised in connection with and incidental to the consolidated entity mining the Northern Tenements is uncertain.

Should the consolidated entity not receive heritage and environmental clearances to mine the Northern Tenements in accordance with the proposed mining plan the consolidated entity may be required to write down to recoverable amount some or all of the assets capitalised in connection with, and incidental to, the consolidated entity mining the Northern Tenements. The amount of any recoverable amount write down would be approximately $35 million. No adjustments have been made to the carrying amount of any assets arising out of this uncertainty regarding access to mine the Northern Tenements.

Ernst & Young

Ernst & Young

Gavin Buckingham

G A Buckingham
Partner
Perth
Date: 29 August 2003