

# FINANCIAL STATEMENTS

Financial Statements for the Year ended 30 June 2001 – Lemarne Corporation Limited ABN 72 004 834 584 and Controlled Entities

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## STATEMENT OF FINANCIAL PERFORMANCE

Statement of Financial Performance for the Financial Year Ended 30 June 2001 – Lemarne Corporation Limited ABN 72 004 834 584 and Controlled Entities

		<b>2001</b>	2000	<b>2001</b>	2000
		<b>\$000</b>	\$000	<b>\$000</b>	\$000
	<i>Note</i>	<i>Consolidated</i>	<i>Lemarne Corporation Limited</i>		
Sales revenue	2	<b>163,885</b>	158,572	–	–
Costs of goods sold		<b>128,244</b>	118,100	–	–
Gross Profit		<b>35,641</b>	40,472	–	–
Revenues from rendering of services		–	–	<b>1,401</b>	1,128
Other revenues from ordinary activities		<b>2,323</b>	3,019	<b>8,026</b>	1,889
Personnel expenses		<b>(11,663)</b>	(9,972)	<b>(793)</b>	(800)
Selling expenses		<b>(12,811)</b>	(11,491)	–	–
Administration expenses		<b>(5,851)</b>	(5,693)	<b>(524)</b>	(503)
Borrowing costs	3	<b>(2,230)</b>	(1,643)	<b>(1)</b>	(7)
Other expenses from ordinary activities		<b>(6,793)</b>	(2,649)	<b>(4,663)</b>	(38)
Profit/(loss) from ordinary activities before income tax expense	3	<b>(1,384)</b>	12,043	<b>3,446</b>	1,669
Income tax (expense)/benefit		<b>445</b>	(4,267)	<b>(62)</b>	16
Profit/(loss) from ordinary activities after income tax expense		<b>(939)</b>	7,776	<b>3,384</b>	1,685
Net profit/(loss) attributable to outside equity interests		<b>148</b>	1,894	–	–
Net profit/(loss) attributable to members of the parent entity		<b>(1,087)</b>	5,882	<b>3,384</b>	1,685
Net exchange difference on translation of financial statements of self-sustaining foreign operations	19	<b>1,985</b>	693	–	–
Total revenues, expenses and valuation adjustments attributable to members of the parent entity recognised directly in equity		<b>1,985</b>	693	–	–
Total changes in equity other than those resulting from transactions with owners as owners		<b>898</b>	6,575	<b>3,384</b>	1,685
Basic earnings per share	7	<b>(7) cents</b>	36 cents		

*The statement of financial performance is to be read in conjunction with notes 1 – 31 to the financial statements.*

## STATEMENT OF FINANCIAL POSITION

Statement of Financial Position as at 30 June 2001 – Lemarne Corporation Limited ABN 72 004 834 584 and Controlled Entities

		<b>2001</b>	2000	<b>2001</b>	2000
		<b>\$000</b>	\$000	<b>\$000</b>	\$000
	<i>Note</i>	<i>Consolidated</i>	<i>Lemarne Corporation Limited</i>		
<b>Current Assets</b>					
Cash		<b>7,701</b>	6,228	<b>331</b>	893
Receivables	8	<b>40,824</b>	34,999	<b>6,531</b>	513
Investments	23	–	–	<b>2,655</b>	–
Inventories	9	<b>34,715</b>	30,020	–	–
Other assets	10	<b>1,514</b>	1,091	<b>38</b>	7
<b>TOTAL CURRENT ASSETS</b>		<b>84,754</b>	72,338	<b>9,555</b>	1,413
<b>Non-Current Assets</b>					
Receivables	8	–	–	<b>4,950</b>	6,150
Investments	23	–	–	<b>5,035</b>	10,370
Property, plant & equipment	11	<b>28,023</b>	28,041	<b>79</b>	159
Deferred tax assets	4(d)	<b>3,095</b>	2,950	<b>53</b>	87
Intangibles	12	<b>2,717</b>	3,981	–	–
Other	13	<b>1,240</b>	1,319	–	–
<b>TOTAL NON-CURRENT ASSETS</b>		<b>35,075</b>	36,291	<b>10,117</b>	16,766
<b>TOTAL ASSETS</b>		<b>119,829</b>	108,629	<b>19,672</b>	18,179
<b>Current Liabilities</b>					
Payables	14	<b>26,092</b>	18,591	<b>142</b>	151
Interest-bearing liabilities	15	<b>31,255</b>	20,463	–	20
Current tax liabilities	4(b)	<b>384</b>	2,171	<b>20</b>	–
Provisions	16	<b>4,668</b>	4,160	<b>737</b>	1,399
Other	17	<b>288</b>	297	–	–
<b>TOTAL CURRENT LIABILITIES</b>		<b>62,687</b>	45,682	<b>899</b>	1,570
<b>Non-Current Liabilities</b>					
Interest-bearing liabilities	15	<b>5,933</b>	9,733	–	–
Deferred tax liabilities	4(c)	<b>2,111</b>	2,954	<b>10</b>	2
Provisions	16	<b>2,355</b>	2,173	<b>74</b>	62
Other	17	–	80	–	–
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>10,399</b>	14,940	<b>84</b>	64
<b>TOTAL LIABILITIES</b>		<b>73,086</b>	60,622	<b>983</b>	1,634
<b>NET ASSETS</b>		<b>46,743</b>	48,007	<b>18,689</b>	16,545
<b>Equity</b>					
Contributed equity	18	<b>4,574</b>	4,574	<b>4,574</b>	4,574
Reserves	19	<b>3,298</b>	1,313	–	–
Retained profits	20	<b>28,853</b>	31,180	<b>14,115</b>	11,971
Equity attributable to members of the Parent Entity		<b>36,725</b>	37,067	<b>18,689</b>	16,545
Outside equity interests in controlled entities	21	<b>10,018</b>	10,940	–	–
<b>TOTAL EQUITY</b>		<b>46,743</b>	48,007	<b>18,689</b>	16,545
Commitments and contingent liabilities	22				

The statement of financial position is to be read in conjunction with notes 1 – 31 to the financial statements.

## STATEMENT OF CASH FLOWS

Statement of Cash Flows for the Financial Year Ended 30 June 2001 – Lemarne Corporation Limited ABN 72 004 834 584 and Controlled Entities

		2001 \$000	2000 \$000	2001 \$000	2000 \$000
	Note	Consolidated		Lemarne Corporation Limited	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash receipts in the course of operations		164,726	147,256	1,548	1,127
Cash payments in the course of operations		(155,557)	(139,078)	(1,547)	(1,257)
Dividends received		–	–	2,542	1,753
Interest received		209	265	64	124
Interest paid		(2,235)	(1,643)	(1)	(7)
Income tax paid		(3,059)	(3,746)	10	(633)
<b>Net Cash provided by (used in) operating activities</b>	28(2)	<b>4,084</b>	3,054	<b>2,616</b>	1,107
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds on disposal of controlled entity/business/intellectual property	28(4)	300	711	–	223
Proceeds from sale of property, plant and equipment		1,184	256	89	12
Payments for controlled entities/business purchased	28(3)	(1,190)	(65)	(1,190)	(65)
Payments for property, plant and equipment		(5,129)	(3,814)	(44)	(59)
Payments for deferred expenditure		(520)	(893)	(33)	–
Loans advanced to related entities		–	–	–	(750)
Loans repaid by related entities		–	–	500	–
<b>Net cash provided by (used in) investing activities</b>		<b>(5,355)</b>	(3,805)	<b>(678)</b>	(639)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from issue of shares		–	32	–	32
Proceeds from borrowings		8,255	10,770	–	–
Repayment of borrowings		(1,613)	(13,658)	(20)	(4,007)
Dividends paid-members of parent entity	6	(2,480)	(2,480)	(2,480)	(2,480)
Dividends paid-outside equity interests	21	(1,134)	(1,223)	–	–
<b>Net cash provided by (used in) financing activities</b>		<b>3,028</b>	(6,559)	<b>(2,500)</b>	(6,455)
<b>Net increase (decrease) in cash held</b>		<b>1,757</b>	(7,310)	<b>(562)</b>	(5,987)
Exchange Rate Adjustments		(558)	(154)	–	–
<b>Cash at the beginning of the financial year</b>	28(1)	<b>1,077</b>	8,541	<b>893</b>	6,880
<b>Cash at the end of the financial year</b>	28(1)	<b>2,276</b>	1,077	<b>331</b>	893

The statement of Cash Flows is to be read in conjunction with notes 1 to 31 to the financial statements.

## NOTES TO THE ACCOUNTS

Notes to the Financial Statements for the Financial Year Ended 30 June 2001 – Lemarne Corporation Limited ABN 72 004 834 584 and Controlled Entities

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## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *Financial Reporting Framework*

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report has been prepared on the basis of historical cost and except where stated, does not take into account changing money values or current valuations of non-current assets. The accounting policies have been consistently applied by each entity in the economic entity and, except where there is a change in accounting policy, are consistent with those of the previous year.

The carrying amounts of all non-current assets are reviewed at least annually to determine whether they are in excess of their recoverable amount. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower value. In assessing recoverable amounts the relevant cash flows have not been discounted to their present value.

### *Significant Accounting Policies*

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

#### **(a) Principles of Consolidation**

The consolidated financial statements comprise the financial statements of the Company, being the parent entity, and its controlled entities ("the economic entity").

Where a controlled entity has entered or left the economic entity during the year, its results are included in consolidated profit from the date on which control was gained, or up to the date on which control was lost.

In preparing the consolidated accounts, all inter-company balances and transactions, and unrealised profits arising within the economic entity are eliminated in full.

The controlled entities are listed in Note 23.

#### **(b) Revenue Recognition**

##### *Sale of Goods*

Sales revenue comprises revenue earned (net of returns, discounts and allowances) from the provision of products to entities outside the economic entity. Sales revenue is recognised when the control of goods passes to the customer.

##### *Rendering of Services*

Revenue from rendering services is recognised in the period in which the service is provided, having regard to the stage of completion of the contract.

##### *Interest Income*

Interest income is recognised as it accrues.

#### **(c) Foreign Currency**

##### *Transactions*

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the profit and loss statement in the financial year in which the exchange rates change.

The accounting for hedges is set out in Note 1(q).

##### *Translation of Controlled Foreign Entities*

The balance sheets of the overseas controlled entities (being self sustaining foreign operations) are translated at the rate of exchange ruling at balance date. The profit and loss statements are translated at a weighted average rate for the year. Exchange differences arising on translation are brought to account by entries made directly to the foreign currency translation reserve. The balance of the foreign currency translation reserve relating to a controlled entity that is disposed of is transferred to retained earnings in the year of disposal.

#### **(d) Income Tax**

The economic entity adopts the income statement liability method of tax effect accounting.

Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the balance sheet as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits relating to entities with tax losses are only brought to account when their realisation is virtually certain. The tax effect of capital losses is not recorded unless realisation is virtually certain.

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

### (e) Receivables

Trade receivable and other receivables are recorded at amounts due less any provision for doubtful debts.

### (f) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs are based on the first-in first-out and weighted-average methods and include expenditure incurred in acquiring the inventories and bringing them to their existing condition and location. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of both variable and fixed costs. Fixed costs have been allocated on the basis of normal operating capacity.

#### *Construction Work in Progress*

Profit is recognised on an individual contract basis using the percentage of completion method when the stage of contract completion can be reliably determined, costs to date can be clearly identified, and the following can be reliably estimated:

Total contract revenues to be received	
Costs to complete	

Profit recognition does not normally commence until a contract is at least 30% complete. Stage of completion is measured by reference to an assessment of total labour hours and other costs incurred to date as a percentage of estimated total costs for each contract.

### (g) Investments

#### *Controlled Entities*

Investments in controlled entities are carried in the ultimate parent entity's financial statements at the lower of cost and recoverable amount. Dividends and distributions are brought to account in the profit and loss account when they are paid by the controlled entities.

#### *Other Companies*

Investments in other entities are carried at the lower of cost, or recoverable amount, being Directors' valuation based on market values at the time of the valuation. Dividends are brought to account as they are received.

### (h) Property, Plant and Equipment

#### *Revaluations*

In accordance with Accounting Standard AASB 1041 "Revaluation of Non-Current Assets", on 1 July 2000 the economic entity changed its policy for accounting for plant and equipment. In accordance with the new Standard, the economic entity has reverted to the cost base of measurement. The directors have deemed the carrying amount of plant and equipment as at 1 July 2000 to be cost for financial reporting purposes. Accordingly, the change in accounting policy does not affect the carrying amount of plant and equipment recorded in the consolidated financial statements. However, the balance of the asset revaluation reserve recorded in the consolidated financial statements as at 1 July 2000 relating to the previous revaluation of plant and equipment amounting to \$269K, is no longer available to absorb any future write down of plant and equipment.

#### *Depreciation and Amortisation of Fixed Assets*

Fixed assets, including buildings and leasehold property but excluding freehold land, are depreciated/amortised over their estimated useful lives. The straight line and diminishing value method are used. Leasehold improvements are amortised over the period of the lease to which they relate. The following estimated useful lives are used in the calculation of depreciation:

Buildings	25 – 40 years
Leasehold improvements	5 years
Plant and equipment	3 – 15 years
Equipment under finance lease	3 – 7 years

Assets are first depreciated or amortised in the year of acquisition or, in respect of internally constructed assets, from the time an asset is held ready for use.

#### *Leased Plant and Equipment*

Leases of plant and equipment under which the Company assumes substantially all of the risks of ownership, and which meet the criteria set out in Accounting Standard AASB 1008, are classified as finance leases. Other leases are classified as operating leases.

### (i) Non-current Assets

The carrying amounts of non-current assets are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount.

In assessing recoverable amounts of non-current assets the relevant cash flows have not been discounted to their present value, except where specifically stated.

### (j) Intangibles

#### *Goodwill on Consolidation*

Goodwill representing the excess of the purchase consideration plus incidental costs over the fair value of the identifiable net assets acquired on the acquisition of a controlled entity, is amortised over the period of time during which benefits are expected to arise.

Goodwill is amortised on a straight line basis and varies from 10 to 20 years.

The unamortised balance of goodwill is reviewed at least at each reporting date. Where the balance exceeds the value of expected future benefits, the difference is charged to the profit and loss statement.

#### *Intellectual Property*

Intellectual property is amortised on a straight line basis over 20 years.

## **1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

### **(k) Deferred Expenditure**

Material items of expenditure are deferred to the extent that the benefits are recoverable out of future revenue, do not relate to revenue which has already been brought to account and will contribute to the future earning capacity of the economic entity.

#### *Preliminary Expenses*

Preliminary expenses are amortised on a straight line basis over a period of ten years.

#### *Relocation Costs*

Relocation costs are amortised on a straight line basis over a period of five years.

#### *Product Development Costs*

Research and development expenditure is expensed as incurred except to the extent that its recoverability is assured beyond any reasonable doubt, in which case it is deferred and amortised on a straight line basis over the period in which the related benefits are expected to be realised.

Deferred product development expenditure is amortised over the period in which the related benefits are expected to be realised.

### **(l) Payables**

Trade payables and other accounts payable are recognised when the economic entity becomes obliged to make future payments resulting from the purchase of goods and services.

### **(m) Interest bearing liabilities**

Bills of exchange are recorded at an amount equal to the net proceeds received, with the premium or discount amortised over the period until maturity. Interest expense is recognised on an effective yield basis.

Bank loans and other loans are recorded at an amount equal to the net proceeds received. Interest expense is recognised on an accrual basis.

### **(n) Employee Entitlements**

#### *Wages, Salaries, Annual Leave and Sick Leave*

The provisions for employee entitlements to wages, salaries, annual leave and sick leave represents the amount which the economic entity has a present obligation to pay resulting from employees' services provided up to the balance date. The provision has been calculated at nominal amounts based on current wage and salary rates and includes related on-costs.

#### *Long Service Leave*

The liability for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date.

Liabilities for employee entitlements which are not expected to be settled within twelve months are discounted using the rates attaching to national government securities at balance date, which most closely match the terms of maturity of the related liabilities.

In determining the liability for employee entitlements, consideration has been given to future increases in wage and salary rates, and the economic entity's experience with staff departures. Related on-costs have also been included in the liability.

#### *Executive Share Option Plan*

Lemarne Corporation Limited granted options to certain executives under an executive share option plan. Further information is set out in Note 18 to the financial statements. Other than the costs incurred in administering the schemes which are expensed as incurred, the schemes do not result in any expense to the economic entity.

### **(o) Financial Instruments Issued by the Company**

#### *Debt and Equity Instruments*

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

#### *Interest and Dividends*

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments.

## **1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

### **(p) Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). 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 are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

### **(q) Derivatives**

The economic entity is exposed to changes in interest rates and foreign exchange rates from its activities. The economic entity uses forward foreign exchange contracts. Derivative financial instruments are not held for speculative purposes.

#### *Hedges*

All non-specific hedge transactions are initially recorded at the relevant rate at the date of the transaction. Hedges outstanding at balance date are valued at the rates ruling on that date and any gains or losses are brought to account in the profit and loss statement. Costs or gains arising at the time of entering into the hedge are deferred and amortised over the life of the hedge.

Where hedge transactions are designated as a hedge of the purchase or sale of goods or services or an anticipated interest transaction, gains and losses arising up to the date of the anticipated transaction, together with any costs or gains arising at the time of entering into the hedge, are deferred and included in the measurement of the transaction. Any gains or losses on the hedge transaction after that date are included in the profit and loss statement.

Where a hedge transaction is terminated early and the anticipated transaction is still expected to occur, the deferred gains and losses that arose on the hedge prior to its termination continue to be deferred and are included in the measurement of the purchase or sale or interest transaction when it occurs. Where a hedge transaction is terminated early because the anticipated transaction is no longer expected to occur, deferred gains and losses that arose on the hedge prior to its termination are included in the profit and loss statement for the period.

Where a hedge is redesignated as a hedge of another transaction, gains and losses arising on the hedge prior to its redesignation are only deferred where the original anticipated transaction is still expected to occur. Where the original anticipated transaction is no longer expected to occur, any gains or losses relating to the hedge instrument are included in the profit and loss for the period.

Gains and losses that arise prior to and upon the maturity of transactions entered into under hedge rollover strategies are deferred and included in the measurement of the hedged anticipated transaction if the transaction is still expected to occur. If the forecasted transaction is no longer expected to occur, the gains and losses are recognised immediately in the profit and loss statement.

#### *Forward Foreign Exchange Contracts*

Forward foreign exchange contracts are accounted for as described under Hedges above.

### **(r) Changes in Accounting Policies**

There were no changes in accounting policies during the year.

### **(s) Comparative Amounts**

The economic entity has adopted the presentation and disclosure requirements of Accounting Standards AASB 1018 "Statement of Financial Performance", AASB 1034 "Financial Report Presentation and Disclosure" and AASB 1040 "Statement of Financial Position" for the first time in the preparation of this financial report. In accordance with the requirements of these new/revised Standards, comparative amounts have been reclassified in order to comply with the new presentation format. The reclassification of comparative amounts has not resulted in a change to the aggregate amounts of current assets, non-current assets, current liabilities, non-current liabilities or equity, or the net profit/loss of the company or economic entity as reported in the prior year financial report.

		<b>2001</b>	2000	<b>2001</b>	2000
		<b>\$000</b>	\$000	<b>\$000</b>	\$000
	<i>Note</i>	<i>Consolidated</i>		<i>Lemarne Corporation Limited</i>	
<b>2 REVENUE FROM ORDINARY ACTIVITIES</b>					
Sale of goods revenue from operating activities		<b>163,885</b>	158,572	–	–
Rendering of services revenue from operating activities		–	–	<b>1,401</b>	1,128
Other revenue (from operating activities)					
Dividends:					
Controlled entity	26	–	–	<b>7,842</b>	1,753
Other parties		–	–	–	–
Interest:					
Controlled entity	26	–	–	<b>75</b>	44
Other parties		<b>220</b>	261	<b>21</b>	80
Bad debts recovered		<b>1</b>	35	–	–
Government grants		<b>360</b>	191	–	–
Other		<b>859</b>	1,174	–	–
Other revenue (from outside operating activities)					
Gross proceeds from sale of non-current assets:					
Plant and equipment		<b>597</b>	188	<b>72</b>	–
Leased plant and equipment		<b>136</b>	68	<b>16</b>	12
Intellectual property		<b>150</b>	150	–	–
Business		–	952	–	–
Total Other revenues		<b>2,323</b>	3,019	<b>8,026</b>	1,889
<b>Total revenue from ordinary activities</b>		<b>166,208</b>	161,591	<b>9,427</b>	3,017

**3 PROFIT FROM ORDINARY ACTIVITIES****(a) Individually significant items included in profit from ordinary activities before income tax expense.**

Profit on sale of business		–	336	–	–
Transfer of intellectual property		<b>150</b>	150	–	–
Profit on sale of plant and equipment		<b>52</b>	426	–	–
		<b>202</b>	912	–	–

	<b>2001</b>	2000	<b>2001</b>	2000
	<b>\$000</b>	\$000	<b>\$000</b>	\$000
	<i>Consolidated</i>		<i>Lemarne Corporation Limited</i>	
<b>3 PROFIT FROM ORDINARY ACTIVITIES (Cont.)</b>				
<b>(b) Profit from ordinary activities before income tax has been arrived at after charging/(crediting) the following items:</b>				
Borrowing costs:				
Related parties	–	–	–	–
Other parties				
– Bank loans and overdraft	<b>2,202</b>	1,587	–	5
– Finance charges on capitalised leases	<b>28</b>	56	<b>1</b>	2
	<b>2,230</b>	1,643	<b>1</b>	7
Depreciation of:				
Buildings	<b>77</b>	71	–	–
Plant and equipment	<b>5,112</b>	5,201	<b>21</b>	30
	<b>5,189</b>	5,272	<b>21</b>	30
Amortisation of:				
Intellectual property	<b>125</b>	125	–	–
Product development costs	<b>509</b>	224	–	–
Goodwill on consolidation	<b>1,532</b>	266	–	–
Goodwill	<b>12</b>	10	–	–
Deferred expenses	<b>57</b>	70	–	–
Leased assets capitalised	<b>103</b>	170	<b>3</b>	7
Leasehold property	<b>553</b>	311	–	–
	<b>2,891</b>	1,176	<b>3</b>	7
<b>Total Depreciation and Amortisation</b>	<b>8,080</b>	6,448	<b>24</b>	37
Net expense from movements in provision for:				
Employee entitlements	<b>1,031</b>	1,099	<b>15</b>	32
Warranties	<b>624</b>	143	–	–
Stock obsolescence	<b>745</b>	431	–	–
Cancellation of options	<b>693</b>	–	<b>693</b>	–
Hedging losses	<b>1,325</b>	–	–	–
Net Bad and Doubtful Debts, including movements in provision for doubtful debts	<b>300</b>	287	–	–
Net (gain)/loss on disposal of non-current assets:				
Property, plant and equipment	<b>119</b>	31	<b>12</b>	1
Investments	–	25	–	25
Net Foreign Exchange Loss/(Gain)	<b>225</b>	(272)	–	–
Operating lease rental expense:				
Minimum lease payments	<b>1,719</b>	1,662	<b>232</b>	72
Contingent rentals	–	–	–	–
Write down in value of:				
Inventories	<b>378</b>	405	–	–
Plant and equipment (scrapped)	<b>2</b>	98	–	–
Investment	<b>168</b>	–	<b>3,870</b>	–

	<b>2001</b>	2000	<b>2001</b>	2000
	<b>\$000</b>	\$000	<b>\$000</b>	\$000
	<i>Consolidated</i>		<i>Lemarne Corporation Limited</i>	
<b>4 TAXATION</b>				
<b>(a) Income Tax Expense/(Benefit)</b>				
Prima facie income tax expense/(benefit) calculated at 34% (2000 – 36%) on the operating profit/(loss)	<b>(471)</b>	4,335	<b>1,172</b>	601
Increase in income tax expense due to non tax deductible items:				
Amortisation of:				
Goodwill on consolidation	<b>521</b>	96	–	–
Goodwill	<b>4</b>	4	–	–
Intellectual property	<b>43</b>	45	–	–
Depreciation	<b>101</b>	26	<b>2</b>	2
Timing differences and tax losses not recognised in overseas entities	<b>29</b>	162	–	–
Other non-deductible items	<b>438</b>	90	<b>1,551</b>	15
Decrease in income tax expense due to:				
Rebate on dividend income	–	–	<b>2,666</b>	628
Tax on overseas income at lower rates	<b>218</b>	109	–	–
Research and development allowance	<b>130</b>	134	–	–
Discount on acquisition realised	<b>13</b>	15	–	–
Carried forward tax losses not previously brought to account	<b>296</b>	38	–	–
Capital allowance	<b>198</b>	–	–	–
Export allowance	<b>330</b>	473	–	–
Income tax expense/(benefit) on operating profit/(loss)	<b>(520)</b>	3,989	<b>59</b>	(10)
Income tax under/(over) provided in prior year	<b>(126)</b>	187	–	(14)
Restatement of deferred tax balances due to change in company tax rate	<b>201</b>	91	<b>3</b>	8
Total income tax expense/(benefit)	<b>(445)</b>	4,267	<b>62</b>	(16)
Total income tax expense/(benefit) consists of:				
Current income tax payable	<b>1,241</b>	3,479	<b>20</b>	–
Provision for deferred income tax	<b>(365)</b>	291	<b>8</b>	(2)
Future income tax benefit	<b>(1,195)</b>	310	<b>34</b>	–
Under/(over) provision in prior year	<b>(126)</b>	187	–	(14)
	<b>(445)</b>	4,267	<b>62</b>	(16)
<b>(b) Provision for Current Income Tax</b>				
Movements during the year were as follows:				
Balance at beginning of year	<b>2,171</b>	2,121	–	637
Income tax paid	<b>(3,059)</b>	(3,746)	<b>10</b>	(633)
Current year's income tax	<b>1,241</b>	3,479	<b>20</b>	–
Prior year under/(over) provision	<b>(69)</b>	99	–	(14)
Exchange rate movement	<b>30</b>	3	–	–
Over paid (refund due)	<b>70</b>	215	<b>(10)</b>	10
	<b>384</b>	2,171	<b>20</b>	–

	<b>2001</b>	2000	<b>2001</b>	2000
	<b>\$000</b>	\$000	<b>\$000</b>	\$000
	<i>Consolidated</i>		<i>Lemarne Corporation Limited</i>	
<b>4 TAXATION (Cont.)</b>				
<b>(c) Provision for Deferred Income Tax</b>				
Provision for deferred income tax comprises the estimated expense at the applicable rate of 30%, (2000: 34% or 30% depending on when the liability of the component was expected to be realised) on the following items:				
Difference in depreciation and amortisation of property, plant and equipment for accounting and income tax purposes	<b>1,942</b>	2,402	–	–
Expenditure currently deductible but deferred and amortised for accounting purposes	<b>170</b>	551	<b>1</b>	2
Sundry items	<b>(1)</b>	1	<b>9</b>	–
	<b>2,111</b>	2,954	<b>10</b>	2

**(d) Future Income Tax Benefit**

Future income tax benefit comprises the estimated future benefit at the applicable rate of 30%, (2000: 34% or 30% depending on when the benefit of the component was expected to be realised) on the following items:

Provisions, expenses and accrued employee entitlements not currently deductible	<b>2,341</b>	2,217	<b>54</b>	89
Tax losses carried forward	<b>444</b>	435	–	–
Difference in depreciation and amortisation of fixed and leased assets for accounting and income tax purposes	<b>310</b>	298	<b>(1)</b>	(2)
	<b>3,095</b>	2,950	<b>53</b>	87

**Future Income Tax Benefit Not Taken to Account**

Tax losses of \$425,000 (2000: \$646,000) in overseas controlled entities and gross capital losses of \$1,177,802 (2000: \$1,177,802) in a controlled entity have not been recognised as an asset because they are not virtually certain to be realised.

**Dividend Franking Account**

As at 30 June, 2001 the parent entity's Dividend Franking Account "C" (30%) (2000: 34%) had a surplus of \$15,088,730 (2000: \$7,210,626). All ordinary dividends paid or provided for during the year are fully franked. Details are disclosed in Note 6. The adjusted balance in accordance with AASB 1034 was a surplus of \$15,134,370 (2000: \$8,827,467) for the Company and \$23,222,329 (2000: \$19,045,443) for the Group attributable to members.

The parent entity is taxed as a public company.

	<b>2001</b>	2000	<b>2001</b>	2000
	<b>\$</b>	\$	<b>\$</b>	\$
	<i>Consolidated</i>		<i>Lemarne Corporation Limited</i>	
<b>5 AUDITORS' REMUNERATION</b>				
Amounts received or due and receivable for audit services by:				
Auditors of the parent entity	<b>280,000</b>	197,657	<b>27,660</b>	32,671
Other auditors	<b>40,400</b>	45,371	–	–
Amounts received or due and receivable for other services by:				
Auditors of the parent entity	<b>36,450</b>	45,259	<b>3,500</b>	3,881
Other Auditors	<b>32,325</b>	33,687	–	–
	<b>\$000</b>	\$000	<b>\$000</b>	\$000

**6 DIVIDENDS PROVIDED FOR OR PAID**

The amounts paid, declared or provided for by way of dividend by the parent entity are:

(i) an interim fully franked ordinary dividend (34%) of 7.5 cents per share (2000 – 7.5 cents per share fully franked at 36%) was paid on 6 April 2001	<b>1,240</b>	1,242	<b>1,240</b>	1,242
(ii) no final ordinary dividend has been declared by Directors (2000 – 7.5 cents per share fully franked at 34%)	–	1,240	–	1,240
Total dividends	<b>1,240</b>	2,482	<b>1,240</b>	2,482

**7 EARNINGS PER SHARE**

	<b>2001</b>	2000
Basic earnings per share	<b>(6.57) cents</b>	35.59 cents
Diluted earnings per share	<b>(6.57) cents</b>	33.74 cents

**Number of Shares**

Weighted average number of ordinary shares used in the calculation of basic earnings per share	<b>16,536,466</b>	16,527,122
Weighted average number of potential ordinary shares used in the calculation of diluted earnings per share	<b>17,581,466</b>	17,774,574

**Potential Ordinary Shares**

At 30 June 2001 the Company had on issue 10,000 options at an exercise price of \$3.96, 350,000 options at an exercise price of \$3.56, 10,000 options at an exercise price of \$3.06, 75,000 options at an exercise price of \$3.08 and 600,000 options at an exercise price of \$2.86

20 options over unissued ordinary shares have been granted to executives of U.R. Machinery Pty. Ltd. (URM).

As URM has been sold, the Company may cancel these options and pay the option holder its assessment of the value of the cancelled option.

This valuation has been undertaken and fully provided for in the results for the year.

		<b>2001</b>	2000	<b>2001</b>	2000
		<b>\$000</b>	\$000	<b>\$000</b>	\$000
	<i>Note</i>	<i>Consolidated</i>		<i>Lemarne Corporation Limited</i>	
<b>8 RECEIVABLES</b>					
<b>Current</b>					
Trade debtors	27	<b>40,665</b>	33,937	–	–
Less:					
Provision for doubtful debts		<b>(648)</b>	(421)	–	–
		<b>40,017</b>	33,516	–	–
Other debtors		<b>807</b>	1,483	–	13
Owing by controlled entity	26	–	–	<b>6,531</b>	500
		<b>40,824</b>	34,999	<b>6,531</b>	513
<b>Non Current</b>					
Owing by controlled entity	26	–	–	<b>4,950</b>	6,150
<b>9 CURRENT INVENTORIES</b>					
Finished goods					
– at cost		<b>7,247</b>	9,546	–	–
– at net realisable value		<b>7,476</b>	763	–	–
Raw materials					
– at cost		<b>9,163</b>	14,080	–	–
– at net realisable value		<b>6,442</b>	–	–	–
Work in progress					
– at cost		<b>4,387</b>	5,223	–	–
		<b>34,715</b>	29,612	–	–
Construction Contracts					
– Construction work in progress		–	868	–	–
– Less: Progress billings		–	(460)	–	–
		–	408	–	–
		<b>34,715</b>	30,020	–	–
<b>10 OTHER CURRENT ASSETS</b>					
Prepayments		<b>787</b>	1,078	<b>5</b>	7
Deposits		<b>694</b>	13	–	–
Deferred expenditure		<b>33</b>	–	<b>33</b>	–
		<b>1,514</b>	1,091	<b>38</b>	7

	<b>2001</b>	2000	<b>2001</b>	2000
	<b>\$000</b>	\$000	<b>\$000</b>	\$000
	<i>Consolidated</i>		<i>Lemarne Corporation Limited</i>	
<b>11 PROPERTY, PLANT AND EQUIPMENT</b>				
Freehold land –				
At deemed cost	<b>1,339</b>	–	–	–
At independent valuation 1999	–	1,236	–	–
	<b>1,339</b>	1,236	–	–
Freehold buildings –				
At deemed cost	<b>3,422</b>	–	–	–
At independent valuation 1999	–	3,215	–	–
Less: Accumulated depreciation	<b>(151)</b>	(71)	–	–
	<b>3,271</b>	3,144	–	–
Leasehold land and buildings –				
At deemed cost	<b>2,423</b>	–	–	–
At independent valuation 1999	–	2,042	–	–
Less: Accumulated amortisation	<b>(139)</b>	(58)	–	–
	<b>2,284</b>	1,984	–	–
Leasehold improvements –				
At cost	<b>2,695</b>	2,415	–	–
Less: Accumulated amortisation	<b>(1,956)</b>	(1,648)	–	–
	<b>739</b>	767	–	–
Plant and equipment –				
At cost	<b>50,909</b>	45,749	<b>165</b>	225
At directors' valuation 1991	–	652	–	–
Less: Accumulated depreciation	<b>(30,878)</b>	(26,003)	<b>(86)</b>	(86)
	<b>20,031</b>	20,398	<b>79</b>	139
Leased plant and equipment –				
At capitalised cost	<b>277</b>	910	–	44
Less: Accumulated amortisation	<b>(87)</b>	(476)	–	(24)
	<b>190</b>	434	–	20
Capital work in progress	<b>169</b>	78	–	–
<b>Total property, plant and equipment – net book value</b>	<b>28,023</b>	28,041	<b>79</b>	159

The freehold land and buildings were valued as at 30 June 1999 by Mr M P Ockenden, FAAIV and Mr E J Wesolek, AIVLE in Australia on the basis of current day market values, and by Lambert Smith Hampton and Fenn Wright Spurling in the UK. The leasehold land and buildings in Malaysia were valued on 17 May 1999 by C H Williams, Talhar and Wong Sdn Bhd of Penang, Malaysia on the basis of the present open market value of the property.

The Company has elected to use the cost basis in accordance with AASB 1041 and hence assets previously disclosed at independent valuation are now shown at deemed cost.

	<b>2001</b>	2000	<b>2001</b>	2000
	<b>\$000</b>	\$000	<b>\$000</b>	\$000
	<i>Consolidated</i>		<i>Lemarne Corporation Limited</i>	
<b>11 PROPERTY, PLANT AND EQUIPMENT (Cont.)</b>				
Aggregate depreciation and amortisation allocated, whether recognised as an expense or capitalised as part of the carrying amount of other assets during the year:				
Buildings	<b>77</b>	71	–	–
Leasehold property	<b>553</b>	311	–	–
Plant and equipment	<b>5,112</b>	5,201	<b>24</b>	37
Leased plant and equipment	<b>103</b>	170	–	–
	<b>5,845</b>	5,753	<b>24</b>	37

**Reconciliations**

Reconciliations of the carrying amount for each class of property, plant and equipment are set out below:

Freehold land				
Carrying amount at beginning of year	<b>1,236</b>	1,186	–	–
Additions	–	–	–	–
Translation movement	<b>103</b>	50	–	–
Disposals	–	–	–	–
Carrying amount at end of year	<b>1,339</b>	1,236	–	–
Freehold buildings				
Carrying amount at beginning of year	<b>3,144</b>	3,118	–	–
Additions	<b>5</b>	–	–	–
Translation movement	<b>199</b>	97	–	–
Depreciation	<b>(77)</b>	(71)	–	–
Carrying amount at end of year	<b>3,271</b>	3,144	–	–
Leasehold land and buildings				
Carrying amount at beginning of year	<b>1,984</b>	1,870	–	–
Translation movement	<b>364</b>	172	–	–
Amortisation	<b>(64)</b>	(58)	–	–
Carrying amount at end of year	<b>2,284</b>	1,984	–	–
Leasehold improvements				
Carrying amount at beginning of year	<b>767</b>	1,001	–	–
Additions	<b>506</b>	85	–	–
Transfer from capital works in progress	<b>3</b>	43	–	–
Disposals	<b>(73)</b>	–	–	–
Amortisation	<b>(489)</b>	(357)	–	–
Translation movement	<b>25</b>	(5)	–	–
Carrying amount at end of year	<b>739</b>	767	–	–

	<b>2001</b>	2000	<b>2001</b>	2000
	<b>\$000</b>	\$000	<b>\$000</b>	\$000
	<i>Note</i>	<i>Consolidated</i>	<i>Lemarne Corporation Limited</i>	
<b>11 PROPERTY, PLANT AND EQUIPMENT (Cont.)</b>				
<b>Reconciliations (Cont.)</b>				
Plant and equipment				
Carrying amount at beginning of year		21,779	<b>139</b>	109
Additions		3,560	<b>44</b>	60
Transfer from capital work in progress		108	–	–
Transfer from leased plant and equipment		12	–	–
Disposals		(299)	<b>(83)</b>	–
Depreciation		(5,139)	<b>(21)</b>	(30)
Net foreign currency differences on translation of self-sustaining operations		377	–	–
Carrying amount at end of year		20,398	<b>79</b>	139
Leased plant and equipment				
Carrying amount at beginning of year		625	<b>20</b>	40
Additions		79	–	–
Disposals		(82)	<b>(17)</b>	(13)
Amortisation		(170)	<b>(3)</b>	(7)
Translation movement		(6)	–	–
Transfer to plant and equipment		(12)	–	–
Carrying amount at end of year		434	–	20
Capital works in progress				
Carrying amount at beginning of year		151	–	–
Additions		78	–	–
Transfers to property, plant and equipment		(108)	–	–
Transfers to leasehold improvements		(43)	–	–
Carrying amount at end of year		78	–	–
<b>12 INTANGIBLES</b>				
Goodwill on consolidation		2,770	–	–
Less: Accumulated amortisation	3	(914)	–	–
		<b>717</b>	1,856	–
Patents and intellectual property		2,500	–	–
Less: Accumulated amortisation	3	(375)	–	–
		<b>2,000</b>	2,125	–
		<b>2,717</b>	3,981	–

		<b>2001</b>	2000	<b>2001</b>	2000
		<b>\$000</b>	\$000	<b>\$000</b>	\$000
	<i>Note</i>	<i>Consolidated</i>		<i>Lemarne Corporation Limited</i>	
<b>13 NON-CURRENT OTHER ASSETS</b>					
Deferred expenditure					
Relocation costs		<b>370</b>	370	–	–
Less: Accumulated amortisation	3	<b>(370)</b>	(313)	–	–
		–	57	–	–
Share issue expenses		–	–	–	–
Less: Accumulated amortisation		–	–	–	–
		–	–	–	–
Product development costs					
Expenditure brought forward		<b>1,475</b>	582	–	–
Deferred in current period		<b>487</b>	893	–	–
		<b>1,962</b>	1,475	–	–
Less:					
Accumulated amortisation	3	<b>(722)</b>	(213)	–	–
		<b>1,240</b>	1,262	–	–
		<b>1,240</b>	1,319	–	–
<b>14 PAYABLES</b>					
<b>Current</b>					
Trade creditors	27	<b>16,392</b>	12,029	<b>22</b>	–
Other creditors and accruals		<b>9,700</b>	6,562	<b>120</b>	112
Amounts owing to controlled entity	26	–	–	–	39
		<b>26,092</b>	18,591	<b>142</b>	151
<b>15 INTEREST BEARING LIABILITIES</b>					
<b>Current</b>					
Bank overdraft – secured		<b>5,425</b>	5,151	–	–
Bank loans and bills – secured		<b>25,772</b>	14,871	–	–
Lease liabilities	22	<b>58</b>	264	–	20
Hire purchase liabilities		–	177	–	–
		<b>31,255</b>	20,463	–	20
<b>Non-Current</b>					
Bank loans – secured		<b>5,807</b>	9,563	–	–
Lease liabilities	22	<b>126</b>	170	–	–
		<b>5,933</b>	9,733	–	–

The bank overdrafts, commercial bills and loans of controlled entities are secured by floating charges over the assets and undertakings of the economic entity and by guarantees from the parent entity.

		<b>2001</b>	2000	<b>2001</b>	2000
		<b>\$000</b>	\$000	<b>\$000</b>	\$000
	<i>Note</i>	<i>Consolidated</i>	<i>Lemarne Corporation Limited</i>		
<b>16 PROVISIONS</b>					
<b>Current</b>					
Dividends	6	–	1,240	–	1,240
Employee entitlements		<b>2,165</b>	2,633	<b>44</b>	159
Warranties		<b>317</b>	287	–	–
Cancellation of options		<b>693</b>	–	<b>693</b>	–
Diminution in value of investment		<b>168</b>	–	–	–
Hedging losses		<b>1,325</b>	–	–	–
		<b>4,668</b>	4,160	<b>737</b>	1,399
<b>Non-Current</b>					
Employee entitlements		<b>2,354</b>	2,145	<b>74</b>	62
Warranties		<b>1</b>	28	–	–
		<b>2,355</b>	2,173	<b>74</b>	62
<b>Aggregate Employee Entitlements</b>					
Current		<b>2,165</b>	2,633	<b>44</b>	159
Non-current		<b>2,354</b>	2,145	<b>74</b>	62
		<b>4,519</b>	4,778	<b>118</b>	221
		<b>No.</b>	No.	<b>No.</b>	No.
Number of employees at end of financial year		<b>1,243</b>	1,312	<b>4</b>	4
<b>17 OTHER LIABILITIES</b>					
		<b>\$000</b>	\$000	<b>\$000</b>	\$000
<b>Current</b>					
Deferred income		<b>162</b>	–	–	–
Deposits from customers		<b>126</b>	297	–	–
		<b>288</b>	297	–	–
<b>Non-Current</b>					
Deferred income		–	80	–	–
<b>18 CONTRIBUTED EQUITY</b>					
<b>Issued and Paid Up Capital</b>					
16,536,466 (2000 – 16,536,466) ordinary shares fully paid		<b>4,574</b>	4,574	<b>4,574</b>	4,574
<b>Movements in Ordinary Share Capital</b>					
Balance at beginning of the financial year		<b>4,574</b>	4,542	<b>4,574</b>	4,542
Shares issued – partly paid shares now paid up		–	32	–	32
		<b>4,574</b>	4,574	<b>4,574</b>	4,574

**18 CONTRIBUTED EQUITY (Cont.)**

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

Lemarne Corporation Limited's share price at 30 June 2001 was \$1.08 (2000: \$2.60).

On 1 November 1996 the Company granted options over 350,000 unissued ordinary shares under the Key Executive Option Plan No.3 approved by Shareholders to four directors and officers of the company at an exercise price of \$3.56. On 12 December 1996 the Company granted a further 10,000 options to an employee of the Company at an exercise price of \$3.96. On 17 February 1999 the Company granted a further 10,000 options to an employee of the Company at an exercise price of \$3.06. On 28 January 2000, 75,000 options at an exercise price of \$3.08 were granted to an overseas manager of the Pacific Composites Group, while on 30 March 2000, 600,000 options were granted to the General Manager of the Company at an exercise price of \$2.86.

Under the plan 50 per cent of the options granted may be exercised after the second anniversary but before the fourth, while the outstanding options may be exercised after the fourth anniversary but before the fifth.

On 21 May 1998 the Company granted options over 20 unissued ordinary shares under the Subsidiary Executive Option Plan No.2 approved by Shareholders to four employees of U.R. Machinery Pty. Ltd. In the event that U.R. Machinery Pty. Ltd. is not listed on the Australian Stock Exchange, the option holders are entitled to shares in Lemarne Corporation Ltd. As the conversion formula is based on the price of Lemarne shares at the date of conversion (21 February - 21 May 2002) it is not yet possible to calculate the number of shares the option holders will be entitled to. As the subsidiary has been sold, the options may be cancelled, and the option holders paid the Company's assessment of their value. This valuation has been undertaken and fully provided for in the 2001 accounts.

	2001 \$000	2000 \$000	2001 \$000	2000 \$000
	<i>Note</i>	<i>Consolidated</i>	<i>Lemarne Corporation Limited</i>	
<b>19 RESERVES</b>				
<b>Capital</b>				
Asset revaluation	<b>1,846</b>	1,846	–	–
<b>Revenue</b>				
Foreign currency translation	<b>1,452</b>	(533)	–	–
	<b>3,298</b>	1,313	–	–
<b>Movements During the Year</b>				
<i>Asset Revaluation</i>				
Balance at beginning of year	<b>1,846</b>	1,846	–	–
Revaluation of freehold and leasehold land and buildings	–	–	–	–
Balance at end of year	<b>1,846</b>	1,846	–	–
<i>Foreign Currency Translation</i>				
Balance at beginning of year	<b>(533)</b>	(1,226)	–	–
Gain (Loss) on translation of overseas controlled entity's financial statements	<b>1,985</b>	693	–	–
Balance at end of year	<b>1,452</b>	(533)	–	–
<b>TOTAL RESERVES</b>	<b>3,298</b>	1,313	–	–
<b>20 RETAINED PROFITS</b>				
Balance at beginning of year	<b>31,180</b>	27,780	<b>11,971</b>	12,768
Net profit attributable to members of the parent entity	<b>(1,087)</b>	5,882	<b>3,384</b>	1,685
Dividends	<b>(1,240)</b>	(2,482)	<b>(1,240)</b>	(2,482)
Balance at end of year	<b>28,853</b>	31,180	<b>14,115</b>	11,971

	<b>2001</b>	2000	<b>2001</b>	2000
	<b>\$000</b>	\$000	<b>\$000</b>	\$000
	<i>Consolidated</i>		<i>Lemarne Corporation Limited</i>	
<b>21 OUTSIDE EQUITY INTERESTS</b>				
Share capital of controlled entities issued to outside equity interests:				
<b>Interest in Share Capital</b>	<b>5,335</b>	5,677		
Interests in retained profits at beginning of the financial year	<b>6,296</b>	5,651		
Interests in operating profit after tax for the year	<b>148</b>	1,894		
Interests disposed of	<b>(495)</b>	(26)		
Dividends	<b>(1,134)</b>	(1,223)		
<b>Interest in Retained Profits</b>	<b>4,815</b>	6,296		
<b>Interest in Reserves</b>	<b>(132)</b>	(1,033)		
Total Outside Equity Interests	<b>10,018</b>	10,940		

**22 COMMITMENTS AND CONTINGENT LIABILITIES**

The estimated maximum amount of commitments and contingent liabilities not provided for in the financial statements of the group as at 30 June 2001 are set out below:

**Superannuation Commitments**

The ultimate parent entity and other controlled entities contribute to a group employee superannuation fund. Company contributions are charged as an expense when incurred. Employee contributions are based on various percentages of their gross salaries.

After serving a qualifying period in some instances and subject to legislation applicable in the country in which the employee is employed, all employees are entitled to benefits on retirement, disability or death. The Fund is an accumulation type fund. The group has no legal obligation to provide benefits to employees on retirement.

**Operating Leases**

The economic entity leases property under operating leases expiring from 1 to 5 years. Leases generally provide the economic entity with a right of renewal at which time all terms are re-negotiated. Lease payments comprise a base amount plus an incremental contingent rental. Contingent rentals are based on movements in the Consumer Price Index.

**Operating Lease Rental Commitments**

Future operating lease rentals of property:

Due:

not later than one year	<b>1,641</b>	1,784	<b>58</b>	11
later than one year but not later than five years	<b>1,736</b>	1,379	<b>174</b>	–
later than five years	–	–	–	–
	<b>3,377</b>	3,163	<b>232</b>	11

**Finance Leases**

Finance leases are secured over the assets leased.

The economic entity leases production plant and equipment under finance leases expiring from one to three years. At the end of the lease term the economic entity has the option to purchase the equipment at a price deemed to be a bargain purchase option.

	<b>2001</b>	2000	<b>2001</b>	2000
	<b>\$000</b>	\$000	<b>\$000</b>	\$000
	<i>Consolidated</i>		<i>Lemarne Corporation Limited</i>	
<b>22 COMMITMENTS AND CONTINGENT LIABILITIES (Cont.)</b>				
<b>Finance Lease Commitments</b>				
Included as lease liabilities are the present values of future rentals for leased assets capitalised:				
Current	<b>58</b>	264	–	20
Non-Current	<b>126</b>	170	–	–
	<b>184</b>	434	–	20
Lease commitments in respect of capitalised finance leases are payable as follows:				
not later than one year	<b>74</b>	289	–	21
later than one year but not later than five years	<b>135</b>	187	–	–
later than five years	–	–	–	–
	<b>209</b>	476	–	21
Deduct: Future finance charges	<b>25</b>	42	–	1
Total lease liability	<b>184</b>	434	–	20
<b>Capital Expenditure Commitments</b>				
Contracted for at balance date but not provided for	<b>309</b>	28	–	–
Authorised at balance date but not contracted for	<b>36</b>	13	–	–
	<b>345</b>	41	–	–
The above capital expenditure commitments are due not later than one year				
<b>Contingent Liabilities</b>				
In respect of related entities:				
(a) Unlimited guarantee by the parent entity of bank accommodation of controlled entities				
(b) In respect of letters of credit established by controlled entities which are payable to the bank	<b>46</b>	72	–	–
<b>Service Agreements</b>				
The maximum contingent liability of the company and its subsidiaries for termination benefits under service agreements with Directors and persons who take part in the management of the company as at balance date				
	<b>331</b>	201	<b>192</b>	–
<b>23 INVESTMENTS</b>				
<b>Current</b>				
Shares in controlled entities – at cost	–	–	<b>6,525</b>	–
Write down in value of investment	–	–	<b>(3,870)</b>	–
Recoverable amount	–	–	<b>2,655</b>	–
<b>Non-Current</b>				
Shares in controlled entities – at cost	–	–	<b>5,035</b>	10,370
	–	–	<b>7,690</b>	10,370

**23 INVESTMENTS (Cont.)****Controlled Entities**

Name of Entity	Country of Incorporation	Ownership Interest	
		2001 %	2000 %
<b>Parent Entity</b>			
Lemarne Corporation Limited	Australia		
<b>Controlled Entities</b>			
Pacific Composites Pty Ltd	Australia	<b>100</b>	100
<i>Controlled Entities</i>			
– Pacific Composites (Europe) Ltd	United Kingdom <sup>4</sup>	<b>100</b>	100
– Fibreforce Composites Ltd	United Kingdom <sup>4</sup>	<b>100</b>	100
– Pultrex Ltd	United Kingdom <sup>4</sup>	<b>100</b>	100
– Pacific Composites (NZ) Ltd	New Zealand <sup>1</sup>	<b>100</b>	100
U R Machinery Pty Ltd	Australia <sup>2</sup>	<b>100</b>	100
<i>Controlled Entity</i>			
– U R Machinery Inc	USA <sup>3</sup>	<b>100</b>	100
Lemvest Ltd	Australia	<b>62</b>	59
<i>Controlled Entities</i>			
– Fine Pearl Sdn Bhd	Malaysia <sup>1</sup>	<b>100</b>	100
– Lemtronics Sdn Bhd	Malaysia <sup>1</sup>	<b>100</b>	100
– Richardson Pacific Ltd	Australia	<b>100</b>	100
– Screenex Australia Pty Ltd	Australia	<b>100</b>	100
– Richardson Pacific (NZ) Ltd	New Zealand <sup>4</sup>	<b>100</b>	100
– Richardson Pacific (Asia) Ltd	Hong Kong <sup>4</sup>	<b>100</b>	100
– PT Lunto Richpac	Indonesia <sup>6</sup>	<b>70</b>	70
– Com 10 Pty Ltd	Australia	<b>100</b>	100
– Com 10 Manufacturing Pty Ltd	Australia	<b>100</b>	100
– Com 10 Communications Pty Ltd	Australia	<b>100</b>	100
– Comten (Malaysia) Sdn Bhd	Malaysia <sup>1</sup>	<b>70</b>	70
– Boardfinish Ltd	United Kingdom <sup>5</sup>	<b>100</b>	100

<sup>1</sup> Controlled entities not audited by Deloitte Touche Tohmatsu at 30 June 2001. The Malaysian entities were audited by KPMG, Malaysia. The New Zealand entity did not trade and did not need to be audited.

<sup>2</sup> U R Machinery Pty Ltd had its accounts audited by Taxation & Accounting Services Sunraysia, Mildura, Victoria an associate of Deloitte Touche Tohmatsu.

<sup>3</sup> This entity was audited by Heberger & Co. Inc., Fresno, USA

<sup>4</sup> Controlled entities audited by associated firms of Deloitte Touche Tohmatsu International.

<sup>5</sup> Controlled entity not audited in 2001 due to limited trading.

<sup>6</sup> This entity was audited by Drs. Budiman-Tambun, Indonesia.

	2001 \$	2000 \$	2001 \$	2000 \$
	<i>Consolidated</i>		<i>Lemarne Corporation Limited</i>	

## 24 DIRECTORS' AND EXECUTIVES' REMUNERATION

### Remuneration of Directors

Total income paid or payable, or otherwise made available, to all Directors of each entity in the economic entity from operations of which they are Directors or any related party

<b>2,770,490</b>	3,339,175	<b>1,042,365</b>	939,031
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The number of directors of the Company, including executive directors, whose income from the Company and any related party was within the following bands:

	No.	No.
\$ 70,000 – \$ 79,999	<b>1</b>	2
\$ 80,000 – \$ 89,999	<b>1</b>	–
\$ 130,000 – \$ 139,999	<b>1</b>	–
\$ 140,000 – \$ 149,999	<b>1</b>	1
\$ 150,000 – \$ 159,999	–	1
\$ 210,000 – \$ 219,999	<b>1</b>	–
\$ 220,000 – \$ 229,999	–	1
\$ 250,000 – \$ 259,999	–	1
\$ 380,000 – \$ 389,999	<b>1</b>	–

No director received income in bands of income not shown.

### Remuneration of Executives

The number of Australian based executive officers whose remuneration equals or exceeds \$100,000 from the parent entity and any related party, within the following bands is:

	No.	No.	No.	No.
\$ 100,000 – \$ 109,999	<b>4</b>	7	–	–
\$ 110,000 – \$ 119,999	<b>2</b>	5	–	–
\$ 120,000 – \$ 129,999	<b>1</b>	2	–	–
\$ 130,000 – \$ 139,999	<b>3</b>	1	<b>1</b>	–
\$ 140,000 – \$ 149,999	<b>1</b>	2	<b>1</b>	1
\$ 150,000 – \$ 159,999	–	1	–	1
\$ 160,000 – \$ 169,999	–	1	–	–
\$ 170,000 – \$ 179,999	<b>1</b>	1	–	–
\$ 180,000 – \$ 189,999	–	1	–	–
\$ 190,000 – \$ 199,999	<b>2</b>	–	–	–
\$ 200,000 – \$ 209,999	–	1	–	–
\$ 210,000 – \$ 219,999	<b>1</b>	1	–	–
\$ 220,000 – \$ 229,999	–	1	–	–
\$ 230,000 – \$ 239,999	<b>1</b>	–	–	–
\$ 250,000 – \$ 259,999	–	1	–	1
\$ 260,000 – \$ 269,999	<b>1</b>	1	–	–
\$ 380,000 – \$ 389,999	<b>1</b>	–	<b>1</b>	–

No Australian based executive received income in bands of income not shown.

	\$	\$	\$	\$
Total remuneration received, or due and receivable, by these executives from the parent entity and any related party	<b>3,008,450</b>	3,843,788	<b>671,865</b>	561,775

The income of executives who work wholly or mainly outside Australia is not included in this disclosure.

Executive remuneration packages in the economic entity include a substantial profit share component.

### Retirement Benefits

No retirement benefits were paid during the year (2000: Nil) other than a payment to Mr E.B. Noxon for unused annual leave and long service leave accrued. This payment was for \$117,952 and was made against the provision for employee entitlements previously provided for.

	2001	2000	2001	2000	2001	2000
	\$000	\$000	\$000	\$000	\$000	\$000
	<i>Sales Revenue</i>		<i>Operating Profit before Income Tax</i>		<i>Assets</i>	

**25 STATEMENT OF OPERATIONS OF SEGMENTS****Industry Segments**

Agricultural Equipment	10,230	12,085	(509)	3,226	13,708	11,390
Electronics	52,838	46,337	1,577	1,932	31,515	23,763
Perforated Metals	32,134	31,311	2,897	3,519	25,657	24,939
Reinforced Plastics	29,923	29,015	1,433	2,252	20,140	19,723
Telecommunications	38,760	39,824	(4,978)	1,213	27,690	25,539
Investment	–	–	(1,804)	(99)	1,119	3,275
	163,885	158,572	(1,384)	12,043	119,829	108,629

**Geographical Segments**

Australasia	83,338	94,485	(4,168)	10,891	66,351	68,694
Asia	58,250	51,207	1,805	1,696	38,509	28,731
Europe	17,264	12,880	893	(544)	12,073	11,204
North America	4,693	–	155	–	2,634	–
Other	340	–	(69)	–	262	–
	163,885	158,572	(1,384)	12,043	119,829	108,629

**Sales by Destination (\$000)**

	<i>Australasia</i>	<i>Asia</i>	<i>Europe</i>	<i>North America</i>	<i>Other</i>	<i>TOTAL</i>
2001	59,019	22,548	62,296	9,115	10,907	163,885
2000	71,117	19,835	56,285	7,665	3,670	158,572

There were no material intersegment sales.

The major products/services from which the above segments derive revenue are:

<i>Industry segments</i>	<i>Products/Services</i>
Agricultural Equipment	Design, manufacture and marketing of mechanical grape harvesters and specialised vineyard equipment.
Electronics	Electronic sub-assemblies used mainly in the power tool, telecommunications, automotive and security industries.
Perforated Metals	Sheet metal work, flooring, data cabinets and polyurethane screening systems
Reinforced Plastics	Pultruded products including tension members, mine bolts, grating, cable support systems, angles, beams, rods and bars. Prepreg tapered and parallel tubing. Pultrusion, pulwinding and filament winding machinery
Telecommunication Products	Power systems, rectifiers, converters, ISDN access products, and telephone accessories.

## 26 RELATED PARTY DISCLOSURES

### Directors and their related entities

The names of each person holding the position of Director of Lemarne Corporation Limited during the financial year are Messrs. E.B. Noxon, P.G. Davenport, J.C. Larking, G.R. Capper, S.L. Mason and S.J. Milner.

Messrs. E.B. Noxon, P.G. Davenport, S.L. Mason and S.J. Milner are also directors of U.R. Machinery Pty. Ltd. and Com 10 Pty. Ltd. Messrs. E.B. Noxon, P.G. Davenport, J.C. Larking and S.J. Milner are directors of controlled entity Lemvest Limited and Lemtronics Sdn. Bhd. Mr S.L. Mason is also a director of Lemtronics Sdn. Bhd. and Fine Pearl Sdn. Bhd. Messrs E.B. Noxon, J.C. Larking, G.R. Capper and S.J. Milner are directors of controlled entity Pacific Composites Pty. Ltd. Messrs E.B. Noxon, J.C. Larking and S.J. Milner are also directors of controlled entity Richardson Pacific Limited. G.R. Capper's director's fees are payable to Pacific Composites Pty. Ltd. Messrs. E.B. Noxon and S.L. Mason are directors of controlled entity Boardfinish Ltd.

Details of directors' remuneration and retirement payments are set out in Note 24.

Apart from the details disclosed in this note, no director has entered into a material contract with the company or the economic entity since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

The aggregate number of ordinary shares in which directors of the parent entity and their director related entities had either a direct or indirect interest at balance date was 6,165,910 (2000: 6,159,210 ordinary shares).

During the period the aggregate number of ordinary shares acquired either directly or indirectly by directors or their director related entities was 312,700 (2000: 492,526) ordinary shares and disposals were 306,000 (2000: 401,700) ordinary shares. The shares were purchased on the market at the prevailing market price.

From time to time Directors of the Company or its controlled entities may purchase goods from the economic entity. These purchases are on the same terms and conditions as those entered into by other economic entity employees.

### Controlled Entities

Details of interests in controlled entities are set out in Note 23.

Details of dealings with controlled entities are set out below.

#### *Wholly Owned*

During the year the Company provided management, accounting and secretarial services to its wholly owned controlled entities, Pacific Composites Pty. Ltd. and U.R. Machinery Pty. Ltd. The fees for these services are included in the operating result of the parent entity for the year, and totalled \$651,000 (2000 : \$492,000).

At 30 June 2001 the loans outstanding totalled \$10,730,822 (2000: \$5,900,000). Interest charged on loans to controlled entities totalled \$nil (2000: \$9,000) for the year.

**2001**      2000  
**\$000**      \$000

Note

Lemarne Corporation Limited

## 26 RELATED PARTY DISCLOSURES (Cont.)

### Controlled Entities (Cont.)

#### Wholly Owned (Cont.)

Dividends of \$6,000,000 were received by the Company from U.R. Machinery Pty. Ltd. during the year. No dividends were received from Pacific Composites Pty. Ltd. In the previous year no dividends were received by the Company from Pacific Composites Pty. Ltd. or U.R. Machinery Pty. Ltd.

The aggregate amounts receivable from/and payable to wholly owned controlled entities by the Company at balance date:

#### Amounts Receivable

Amounts received or receivable from wholly owned controlled entities in relation to:

Dividends		–	–
Management fees		<b>501</b>	427
Accounting and secretarial fees		<b>150</b>	65
Directors' fees		–	58
Interest	2	–	9

Amounts owing by wholly owned controlled entities:

Amounts not bearing interest	8	<b>10,731</b>	5,900
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#### Partly Owned

During the year the Company entered into transactions with its partly owned controlled entity, providing management, accounting and secretarial services to Lemvest Limited. The fees for these services are included in the operating result of the parent entity for the year, and totalled \$750,000 (2000 : \$493,125).

Dividends received by the Company from partly owned controlled entities were \$1,842,300 (2000 : \$1,753,443).

The aggregate amounts receivable from/and payable to partly owned controlled entities by the Company at balance date:

#### Amounts Receivable

Amounts received or receivable from partly owned controlled entities in relation to:

Management fees		<b>402</b>	408
Accounting and secretarial fees		<b>348</b>	85
Directors' fees		–	85
Interest		<b>75</b>	35

Amounts owing by partly owned controlled entities:

Interest bearing loan	8	<b>750</b>	750
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#### Amounts Payable

Sundry		–	39
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Other related party disclosures are contained in Notes 2, 3, 8, 14, 15, 21, 22, 23, 24 and 30.

**2001**      2000  
**\$000**      \$000

*Consolidated*

## **27 AMOUNTS PAYABLE/RECEIVABLE IN FOREIGN CURRENCIES**

The Australian dollar equivalents of unhedged amounts payable or receivable in foreign currencies, calculated at year end exchange rates, are as follows:

### **Accounts Payable**

United States Dollars:		
Current	<b>2,216</b>	1,186
Deutsche Marks:		
Current	<b>1,283</b>	864
Singapore Dollars:		
Current	<b>254</b>	183
Hong Kong Dollars:		
Current	<b>206</b>	107
Japanese Yen:		
Current	<b>813</b>	–
Swiss Francs:		
Current	<b>3</b>	1
British Pounds:		
Current	<b>66</b>	3
Spanish Pesetas:		
Current	–	48

### **Accounts Receivable**

United States Dollars:		
Current	<b>8,119</b>	8,281
Deutsche Marks:		
Current	<b>2,983</b>	2,972
Hong Kong Dollars:		
Current	<b>750</b>	385
Singapore Dollars:		
Current	<b>315</b>	133
British Pounds:		
Current	<b>8</b>	157
Indonesian Rupiah:		
Current	–	60
Swiss Francs:		
Current	<b>308</b>	31

<b>2001</b>	2000	<b>2001</b>	2000
<b>\$000</b>	\$000	<b>\$000</b>	\$000

Consolidated

Lemarne Corporation

**28 NOTES TO THE STATEMENT OF CASH FLOWS****(1) Reconciliation of Cash**

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at Bank and short term deposits at call, net of outstanding bank overdrafts.

Cash as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheets as follows:

Cash	<b>7,085</b>	4,854	<b>331</b>	293
Short Term Deposits	<b>616</b>	1,374	–	600
Bank Overdraft	<b>(5,425)</b>	(5,151)	–	–
	<b>2,276</b>	1,077	<b>331</b>	893

**(2) Reconciliation of Operating Profit After Income Tax to Net Cash Provided by Operating Activities**

Operating Profit after Income Tax	<b>(939)</b>	7,776	<b>3,384</b>	1,685
Add (Less) items classified as investing/financing activities				
(Profit)/Loss on sale of non-current assets	<b>68</b>	(395)	<b>12</b>	1
(Profit)/Loss on sale of business	<b>(150)</b>	(461)	–	25
Add (Less) non-cash items				
Amortisation	<b>2,891</b>	1,175	<b>3</b>	7
Depreciation	<b>5,189</b>	5,272	<b>21</b>	30
Amounts set aside to provisions	<b>4,418</b>	1,674	<b>708</b>	32
Bad Debts and movement in provision of doubtful debts	<b>300</b>	287	–	–
Write down of inventory	<b>378</b>	405	–	–
Fixed assets scrapped	<b>2</b>	98	–	–
Write down in value of investment	<b>168</b>	–	<b>3,870</b>	–
Discount on acquisition	<b>(37)</b>	(42)	–	–
Unrealised foreign exchange gain (loss) on translation of controlled entity	<b>953</b>	451	–	–
Net cash provided by operating activities before change in assets and liabilities	<b>13,241</b>	16,240	<b>7,998</b>	1,780

	<b>2001</b>	2000	<b>2001</b>	2000
	<b>\$000</b>	\$000	<b>\$000</b>	\$000
	<i>Consolidated</i>		<i>Lemarne Corporation Limited</i>	
<b>28 NOTES TO THE STATEMENT OF CASH FLOWS (Cont.)</b>				
<b>(2) Reconciliation of Operating Profit After Income Tax to Net Cash Provided by Operating Activities (Cont.)</b>				
Change in assets and liabilities adjusted for effects of purchase and disposal of controlled entities				
(Increase)/decrease in inventories	<b>(5,440)</b>	(593)	–	–
(Increase)/decrease in prepayments/deposits	<b>(391)</b>	(163)	<b>3</b>	8
(Increase)/decrease in trade and other debtors	<b>(6,052)</b>	(11,814)	<b>(19)</b>	(12)
(Increase)/decrease in loans to controlled entities	–	–	<b>(5,339)</b>	38
(Decrease)/increase in trade and other creditors	<b>7,501</b>	150	<b>29</b>	(68)
Payments from provisions	<b>(1,911)</b>	(1,504)	<b>(118)</b>	–
(Decrease)/increase in income received in advance	<b>(90)</b>	(57)	–	–
(Decrease)/increase in income tax payable	<b>(1,787)</b>	51	<b>20</b>	(637)
(Decrease)/increase in deferred taxes payable	<b>(987)</b>	744	<b>42</b>	(2)
Net cash provided by operating activities	<b>4,084</b>	3,054	<b>2,616</b>	1,107
<b>(3) Increase in Investment in Controlled Entities</b>				
Aggregate details of these transactions are:				
Fair value of net assets acquired:				
Outside equity interests	<b>813</b>	43	<b>813</b>	43
Fair Value of Net Assets acquired	<b>813</b>	43	<b>813</b>	43
Purchase Price	<b>1,190</b>	65	<b>1,190</b>	65
Goodwill on consolidation	<b>377</b>	22	<b>377</b>	22
Consideration (cash)	<b>1,190</b>	65	<b>1,190</b>	65
Less: Net cash acquired	–	–	–	–
Net cash payment	<b>1,190</b>	65	<b>1,190</b>	65

	<b>2001</b>	2000	<b>2001</b>	2000
	<b>\$000</b>	\$000	<b>\$000</b>	\$000
	<i>Consolidated</i>		<i>Lemarne Corporation Limited</i>	
<b>28 NOTES TO THE STATEMENT OF CASH FLOWS (Cont.)</b>				
<b>(4) Disposal of Controlled Entity/Business/Intellectual Property</b>				
Net proceeds received on sale of controlled entity				
Cash received	–	525	–	525
Disposal costs paid	–	(302)	–	(302)
Net proceeds on disposal	–	223	–	223
Cash in controlled entity at disposal	–	–	–	–
Net cash gain	–	223	–	223
Net proceeds received on disposal of a business by a controlled entity				
Cash received	–	502	–	–
Disposal costs paid	–	(14)	–	–
Net proceeds on disposal	–	488	–	–
Book value of net assets sold:				
Stock	–	152	–	–
Profit on disposal	–	336	–	–
Net proceeds received on sale of intellectual property				
Cash received	<b>300</b>	–	–	–

	<b>2001</b>	2000	<b>2001</b>	2000
	<b>\$000</b>	\$000	<b>\$000</b>	\$000
	<i>Consolidated</i>		<i>Lemarne Corporation Limited</i>	
<b>28 NOTES TO THE STATEMENT OF CASH FLOWS (Cont.)</b>				
<b>(5) Non-Cash Financing and Investment Activities</b>				
Acquisition of plant and equipment by finance leases	<b>77</b>	76	–	–
<b>(6) Financing Facilities</b>				
Lemarne Corporation Ltd and its controlled entities have access to the following lines of credit:				
<i>Facilities available</i>				
Bank overdraft	<b>7,646</b>	7,224	–	–
Bank loans and commercial bills	<b>38,921</b>	27,471	–	–
Lease finance	<b>734</b>	2,164	<b>34</b>	34
Standby letters of credit	<b>691</b>	658	–	–
Indemnity/Guarantees	<b>1,630</b>	12,439	–	–
	<b>49,622</b>	49,956	<b>34</b>	34
<i>Facilities used at balance date</i>				
Bank overdrafts	<b>5,425</b>	5,151	–	–
Bank loans and commercial bills	<b>31,579</b>	24,434	–	–
Lease finance	<b>185</b>	611	–	20
Standby letters of credit	<b>56</b>	245	–	–
Indemnity/Guarantees	<b>144</b>	7,978	–	–
	<b>37,389</b>	38,419	–	20
<i>Facilities not used at balance date</i>				
Bank overdrafts	<b>2,221</b>	2,073	–	–
Bank loans and commercial bills	<b>7,342</b>	3,037	–	–
Lease finance	<b>549</b>	1,553	<b>34</b>	14
Standby letters of credit	<b>635</b>	413	–	–
Indemnity/Guarantees	<b>1,486</b>	4,461	–	–
	<b>12,233</b>	11,537	<b>34</b>	14

Interest rates for all financing facilities are variable apart from a number of commercial bills where the interest rate is fixed for up to two years.

## 29 FINANCIAL INSTRUMENTS

### (a) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the accounts.

### (b) Significant Terms and Conditions

#### Forward Foreign Exchange Contracts

It is the policy of the economic entity for all Australian based companies to take out forward exchange contracts on all overseas purchases of \$10,000 or more. Cover is also taken out on all major foreign currency sales.

A subsidiary of a controlled entity imports and exports in U.S. dollars and can therefore take advantage of a natural hedge.

The following table details the forward foreign currency contracts outstanding as at the reporting date:

Outstanding Contracts	Average Exchange Rate		Principal Amount	
	2001	2000	2001	2000
<i>Sell US Dollars</i>				
			US \$000	US \$000
Less than 3 months	<b>0.5081</b>	0.5992	<b>1,672</b>	2,301
3 to 6 months	<b>0.5076</b>	–	<b>1,008</b>	–
Longer than 6 months	–	–	–	–
	<b>0.5079</b>	0.5992	<b>2,680</b>	2,301
<i>Buy US Dollars<sup>1</sup></i>				
			US \$000	US \$000
Less than 3 months	<b>0.5992</b>	0.6124	<b>2,000</b>	400
3 to 6 months	<b>0.6325</b>	0.6389	<b>2,400</b>	2,400
Longer than 6 months	<b>0.5700</b>	0.5992	<b>2,000</b>	2,000
	<b>0.6025</b>	0.6200	<b>6,400</b>	4,800

<sup>1</sup>In addition, a controlled entity has a USD 2 million foreign exchange collar between 0.57 and 0.6075 which matures on 31 October 2001.

### (c) Objectives of Derivative Financial Instruments

The economic entity enters into derivative financial instruments to manage its exposure to foreign exchange rate risk, including forward foreign exchange contracts to hedge the exchange rate risk arising on imports and exports to Asia and Europe.

The economic entity does not enter into or trade derivative financial instruments for speculative purposes.

**29 FINANCIAL INSTRUMENTS (Cont.)****(d) Interest Rate Risk**

The following table details the economic entity's exposure to interest rate risk as at the reporting date.

2001	Average	Variable	Fixed Interest Rate Maturity			Non-Interest	Total
	Interest Rate	Interest Rate	Less than	1 to 5	More than	Bearing	
	%	\$000	1 year	years	5 years	\$000	\$000
<i>Financial Assets</i>							
Cash	4.19	2,437	2,173	–	–	3,091	<b>7,701</b>
Trade receivables	7.00	–	946	–	–	39,878	<b>40,824</b>
	<b>4.67</b>	<b>2,437</b>	<b>3,119</b>	<b>–</b>	<b>–</b>	<b>42,969</b>	<b>48,525</b>
<i>Financial Liabilities</i>							
Bank overdraft	8.06	5,425	–	–	–	–	<b>5,425</b>
Trade payables	–	–	–	–	–	25,856	<b>25,856</b>
Bills of exchange	5.66	3,278	22,494	5,807	–	–	<b>31,579</b>
Finance lease and hire purchase liabilities	12.29	–	58	126	–	–	<b>184</b>
Deferred income	–	–	–	–	–	288	<b>288</b>
Dividend payable:							
– Ordinary	–	–	–	–	–	–	–
Income tax payable	–	–	–	–	–	384	<b>384</b>
Employee entitlements	–	–	–	–	–	4,520	<b>4,520</b>
	<b>6.04</b>	<b>8,703</b>	<b>22,552</b>	<b>5,933</b>	<b>–</b>	<b>31,048</b>	<b>68,236</b>
<hr/>							
2000	Average	Variable	Fixed Interest Rate Maturity			Non-Interest	Total
	Interest Rate	Interest Rate	Less than	1 to 5	More than	Bearing	
	%	\$000	1 year	years	5 years	\$000	\$000
<i>Financial Assets</i>							
Cash	4.67	4,731	1,374	–	–	123	<b>6,228</b>
Trade receivables	–	–	–	–	–	34,999	<b>34,999</b>
	<b>4.67</b>	<b>4,731</b>	<b>1,374</b>	<b>–</b>	<b>–</b>	<b>35,122</b>	<b>41,227</b>
<i>Financial Liabilities</i>							
Bank overdraft	8.49	5,151	–	–	–	–	<b>5,151</b>
Trade payables	–	–	–	–	–	18,591	<b>18,591</b>
Bills of exchange	6.08	895	14,680	8,859	–	–	<b>24,434</b>
Finance lease and hire purchase liabilities	10.37	–	441	170	–	–	<b>611</b>
Deferred income	–	–	–	–	–	377	<b>377</b>
Dividend payable:							
– Ordinary	–	–	–	–	–	1,240	<b>1,240</b>
Income tax payable	–	–	–	–	–	2,171	<b>2,171</b>
Employee entitlements	–	–	–	–	–	4,778	<b>4,778</b>
	<b>6.58</b>	<b>6,046</b>	<b>15,121</b>	<b>9,029</b>	<b>–</b>	<b>27,157</b>	<b>57,353</b>

**29 FINANCIAL INSTRUMENTS (Cont.)****(e) Credit Risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the economic entity. The economic entity has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security such as directors' or parent company guarantees where appropriate, as a means of mitigating the risk of financial loss from defaults. In some instances trade indemnity insurance cover is taken out. The economic entity measures credit risk on a fair value basis.

The economic entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the economic entity's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

**(f) Net Fair Value**

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1 to the accounts.

**(g) Hedges of Anticipated Future Transactions**

The economic entity has entered into contracts to supply agricultural equipment to customers in the United States, and to supply telecommunication equipment to customers in the United Arab Emirates. The economic entity has entered into forward foreign exchange contracts (for terms not exceeding 18 months) to hedge the exchange rate risk arising from these anticipated future transactions.

As at the reporting date there were no unrealised gains under forward foreign exchange contracts relating to anticipated future transactions.

	\$000	\$000	%
<i>Note</i>	<i>Consideration</i>	<i>Consolidated Profit on Disposal</i>	<i>The Consolidated Entity's interest</i>

**30 ACQUISITION/DISPOSAL OF CONTROLLED ENTITIES****2001 Acquisitions**

No entities or businesses were acquired during the year.

**2000 Acquisitions**

No entities or businesses were acquired during the financial year apart from a shelf company in the U.S.A., U.R. Machinery Inc.

**2001 Disposals**

No entities or businesses were disposed of during the year.

**2000 Disposals**

In March 2000, U.R. Machinery Pty.Ltd. disposed of its wind machine business	<i>28(4)</i>	502	336	—
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### **31 EVENTS SUBSEQUENT TO BALANCE DATE**

Since the end of the financial year there have been no transactions or events of a material nature not covered elsewhere in this report that are likely to significantly affect the results of the economic entity in subsequent financial years, apart from the sale of U.R. Machinery Pty. Ltd. ("URM").

On 5 September 2001, the economic entity entered into an Agreement with Kverneland ASA to sell them URM. The sale resulted in the economic entity booking a \$1.4 million consolidated loss on the sale in the 2001 accounts and in addition providing \$700K to cover the cancellation of options issued to URM executives. There is also the prospect of deferred goodwill payments of up to \$3 million over the next 3 years.

On 8 August 2001 Boardfinish Limited (U.K.) was placed into liquidation. The company had sufficient funds to meet its liabilities which were minimal.

## **DIRECTORS' DECLARATION**

Directors' Declaration for the Year Ended 30 June 2001 – Lemarne Corporation Limited ABN 72 004 834 584 and Controlled Entities

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The Directors declare that:

- (a) The accompanying financial statements and notes thereto of the Company and the Consolidated Entity comply with Accounting Standards.
- (b) The attached financial statements and notes thereto give a true and fair view of the financial position and performance of the Company and the Consolidated Entity for the financial year ended 30 June 2001 and in the Directors' opinion are in accordance with the Corporations Act 2001; and
- (c) In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Melbourne this 10th day of September 2001

Signed in accordance with a resolution of the Directors

**E B NOXON**

Director

**S L MASON**

Director

# INDEPENDENT AUDIT REPORT

Independent Audit Report to the Members of Lemarne Corporation Limited ABN 72 004 834 584

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## Scope

We have audited the financial report of Lemarne Corporation Limited for the financial year ended 30 June 2001 as set out on pages 18 to 54.

The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

The company's directors are responsible for the financial report.

We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards issued in Australia 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 and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

## Audit Opinion

In our opinion, the financial report of Lemarne Corporation Limited is in accordance with:

- (a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2001 and of their performance for the year ended on that date; and
  - (ii) complying with Accounting Standards and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.

DELOITTE TOUCHE TOHMATSU

## G MARTIN WALSH

Partner

Chartered Accountants

Melbourne: this 18th day of September 2001.

# DIRECTORS' REPORT

Directors' Report – Lemarne Corporation Limited ABN 72 004 834 584

The Directors have pleasure in presenting the Annual Financial Report of the Company and the consolidated entity for the year ended 30 June 2001, and the auditors' report thereon.

## 1 Directors

The Directors of Lemarne Corporation Limited in office during or since the end of the financial year are:

Edward Brian Noxon, BSc(Eng), FIE Aust, FAIM

Appointed Managing Director in 1979 and elected Chairman in 1987

Became non-executive Chairman in July 2000

Chairman of Lemvest Limited; Director of National Can Industries Ltd. Age 63.

Peter Geoffrey Davenport, MA, MIEE

Director since 1981

Director of Lemvest Limited

Previously electrical/electronics engineer and management consultant Age 63.

John Campbell Larking, MB ChB, MRCOG, FRACOG

Director since 1986

Director of Lemvest Limited

Age 62.

Graham Robert Capper, BSc(Hons), BEc

Director since 1996

Managing Director of Pacific Composites Pty Ltd since 1985

Age 51.

Stephen Leslie Mason, BComm, LLB, FCPA, FCIS

Director since 1997

Group Company Secretary and Financial Director

Age 49.

Stephen John Milner, BE, MBA

Appointed Managing Director 3 April 2000

Age 50

In accordance with the Company's Constitution Mr J.C. Larking retires by rotation from the Board of Directors and being eligible, offers himself for re-election.

## 2 Directors' Meetings

The number of Directors' meetings attended by each of the Directors of the Company during the financial year are:

Director	Directors' Meetings	
	Meetings Attended	Meetings Held
Mr E B Noxon	11	11
Mr P G Davenport	11	11
Mr J C Larking	11	11
Mr G R Capper	9	11
Mr S L Mason	10	11
Mr S J Milner	11	11

## 3 Principal Activities

The principal activities of the economic entity during the financial year were:

- the manufacture and distribution of fibre reinforced plastic products
- the manufacture and international sale of electronics and electrical components and sub-assemblies
- the design, manufacture and distribution of mechanical grape harvesters and ancillary equipment
- the manufacture of perforated metal, metal cabinet manufacture and sheet metal work
- the manufacture of power systems, pair gain, modems and accessories for use in telecommunications
- provision of financial facilities to related entities

## 4 Review of Operations

A detailed review of operations is set out in pages 5 to 14.

## 5 Dividends

The amounts paid or declared by way of dividend by the Company since the end of the previous financial year are:

	2001 \$000	2000 \$000
(a) As proposed in last year's report, a final ordinary fully franked dividend of 7.5 cents per share (1999: 7.5 cents) amounting to \$1,240,235 (1999: \$1,240,236) in respect of the year ended 30 June 2000 was paid on 27 October 2000	–	2
(b) An interim ordinary fully franked dividend of 7.5 cents per share (2000 – 7.5 cents) was paid on 6 April 2001	1,240	1,240
(c) No final dividend has been declared by the Directors. (2000 – 7.5 cents)	–	1,240
<b>Total dividends provided for or paid</b>	<b>1,240</b>	<b>2,482</b>

## 6 State of Affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the economic entity that occurred during the financial year under review not otherwise disclosed in this Annual Report.

## 7 Events Subsequent to Balance Date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity, in future financial years apart from the sale of U.R. Machinery Pty. Ltd. ("URM").

## 7 Events Subsequent to Balance Date (Cont.)

On 5 September 2001, the economic entity entered into an Agreement with Kverneland ASA to sell them URM. The sale resulted in the economic entity booking a \$1.4 million consolidated loss on the sale in the 2001 accounts and in addition providing \$700K to cover cancellation of options issued to URM executives. There is also the prospect of deferred goodwill payments of up to \$3 million over the next 3 years.

On 8 August 2001 Boardfinish Limited (UK) was placed into liquidation. The company had sufficient funds to meet its liabilities which were minimal.

## 8 Likely Developments

Certain likely developments in the operations of the economic entity and the expected results of those operations, in financial years subsequent to the financial year ended 30 June, 2001 are referred to in the Managing Director's review of operations as set out on page 5 of this Annual Report.

In the opinion of the Directors it would prejudice the interests of the economic entity if further information which may be required by section 299 of the Corporations Act 2001 to be included in this report was so included, and that information has not been so included.

## 9 Directors Interests and Benefits

### *Indemnification and Insurance of Officers*

Since the end of the previous financial year the Company has paid insurance premiums in respect of directors' and officers' liability and legal expenses insurance contracts, for current and former directors and officers, including executive officers of the Company and directors, executive officers and secretaries of its controlled entities. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

### *Interests*

The relevant interest of each Director in the share capital of the Company shown in the register of Directors' shareholdings as at the date of this report is:

	<i>No. of Shares</i>	<i>Nature of Interest</i>
E B Noxon	1,274,256	Beneficial interest in shares registered in the name of Lindridge Pty Ltd
	96,700	Beneficial interest in shares registered in the name of EBN Super Fund
	677,000	Shareholder
	100,000	Options
J C Larking		Beneficial interest in shares registered in the name of the shareholder as Trustee for:
	1,135,979	- Larking Family Fund
	292,326	- Larking Superannuation Fund

P G Davenport	1,101,369	Shareholder
	50,000	Options
G R Capper	282,697	Shareholder
	100,000	Options
S L Mason	182,050	Shareholder
	100,000	Options
S J Milner	400,000	Beneficial interest in shares registered in the name of the shareholder as Trustee for Thurso Rental Property Unit A/c
	600,000	Options

## 10 Directors' and Senior Executives' Emoluments

The board is responsible for making recommendations on remuneration policies and packages applicable to the Board members and senior executives of the Company. The broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities; and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Executive directors and senior executives receive bonuses based on the achievement of specific goals related to the performance of the consolidated entity (including operational results and cash flow). Shares issued are a result of the exercise of options previously granted. The ability to exercise the options is conditional on the Company achieving certain performance hurdles. Non-executive directors do not receive any performance related remuneration.

Details of the nature and amount of each major element of the emoluments of each director of the Company and each of the five named officers of the Company and the consolidated entity receiving the highest emolument are detailed on the following page:

**10 Directors' and Senior Executives' Emoluments (Cont.)**

	<i>Base emolument</i> \$	<i>Bonuses</i> \$	<i>Non-cash benefits</i> \$	<i>Super contributions</i> \$	<i>Shares/ Options issued</i> <sup>1</sup> \$	<i>Retirement benefits</i> \$	<i>Total</i> \$
<b>Director</b>							
Mr S J Milner	265,000	15,590	78,610	30,000	–	–	389,200
Mr G R Capper	169,160	11,320	15,720	14,300	–	–	210,500
Mr E B Noxon <sup>2</sup>	119,380	–	4,865	12,880	–	–	137,125
Mr S L Mason	108,000	9,890	12,650	15,000	–	–	145,540
Mr P G Davenport	77,500	–	–	7,500	–	–	85,000
Mr J C Larking	69,400	–	–	5,600	–	–	75,000
<b>Officer</b>							
<i>The Company</i> <sup>3</sup>							
Nil							
<b>Consolidated</b>							
Mr G Pearce	189,960	65,130	17,295	18,045	–	–	290,430
Mr D J Rainsbury	148,375	80,733	21,967	11,870	–	–	262,945
Mr D K Khatri	146,405	56,243	24,000	13,325	–	–	239,973
Mr A G Badoux	166,214	26,836	10,210	9,800	–	–	213,060
Mr M J Budworth	153,000	18,160	15,275	12,240	–	–	198,675

<sup>1</sup> The value of options granted during the year has been determined as nil on the basis that the last sale price for Lemarne shares at the date of this report was \$1.16. Accordingly, no amount has been included in total emoluments above. Details of options granted during the year are set out under "Options" below. Details of options on issue at 30 June 2001 are as follows:

E B Noxon	100,000 at \$3.56 in Lemarne Corporation Limited
G R Capper	100,000 at \$3.56 in Lemarne Corporation Limited.
S L Mason	100,000 at \$3.56 in Lemarne Corporation Limited.
P G Davenport	50,000 at \$3.56 in Lemarne Corporation Limited.
S J Milner	600,000 at \$2.86 in Lemarne Corporation Limited.
G Pearce	75,000 at \$3.08 in Lemarne Corporation Limited.
M J Budworth	125,000 options in Richardson Pacific Limited.
D J Rainsbury	150,000 options in Richardson Pacific Limited.
A G Badoux	100,000 options in Lemtronics Sdn Bhd

The value of the shares/options issued is determined as the difference between the market value on the day of exercising the option or balance date (whichever is earliest) and the exercise price due and payable by the director or officer.

<sup>2</sup> Mr E.B. Noxon's emoluments do not include leave payments of \$117,952 made from provisions on his retirement as Chief Executive Officer.

<sup>3</sup> The executive officers of the Company are directors, Mr S.J. Milner and Mr S.L. Mason who are shown above. There are no other executive officers.

## 11 Options

On 1 November 1996 the Company granted options over 350,000 unissued ordinary shares under the Key Executive Option Plan No.3 approved by Shareholders to four directors and officers of the Company at an exercise price of \$3.56. On 12 December 1996 the Company granted a further 10,000 to an employee of the Company at an exercise price of \$3.96. On 17 February 1999 the Company granted a further 10,000 options to an employee of the Company at an exercise price of \$3.06. On 28 January 2000 the Company granted a further 75,000 options at an exercise price of \$3.08 to an executive of the Pacific Composites Group while on 30 March 2000, 600,000 options at an exercise price of \$2.86 were granted to the General Manager of the Company.

Under the plan 50 per cent of the options granted may be exercised after the second anniversary but before the fourth, while the outstanding options may be exercised after the fourth anniversary but before the fifth.

On 21 May 1998 the Company granted options over 20 unissued ordinary shares under the Subsidiary Executive Option Plan No.2 approved by Shareholders to four employees of U.R. Machinery Pty. Ltd. In the event that U.R. Machinery Pty. Ltd. is not listed on the Australian Stock Exchange, the option holders are entitled to shares in Lemarne Corporation Ltd. As the conversion formula is based on the price of Lemarne shares at the date of conversion (21 February - 21 May 2002) it is not yet possible to calculate the number of shares the option holders will be entitled to. Moreover as the subsidiary has been sold, the options may be cancelled and the option holders paid the company's assessment of their value. This valuation has been undertaken and fully provided for in the 2001 accounts.

## 12 Audit Committee

The Company has an Audit Committee, of which all directors are members. All audit activities are monitored by the audit committee as detailed in the Corporate Governance Statement. There were two Audit Committee meetings held during the year which all directors attended.

## 13 Environmental Regulation

The consolidated entity's operations are subject to environmental regulations under both Commonwealth and State legislation in relation to the manufacture of its products.

All operating entities have Risk Management Committees which monitor compliance with environmental regulations, in order to maintain a safe and healthy working environment.

Noise levels are also measured and monitored.

External Consultants are used on a regular basis and both internal and external audits undertaken to ensure compliance with both environmental and occupational health and safety legislation.

The Directors are not aware of any significant breaches or non-compliance with environmental regulations during the period covered by this report.

## 14 Rounding Off of Amounts

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Dated at Melbourne this 10th day of September 2001.

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

**E B NOXON**

Director

**S L MASON**

Director

## STOCK EXCHANGE INFORMATION

Stock Exchange Information – Lemarne Corporation Limited ABN 72 004 834 584

### 1 Share Capital at 31 August, 2001

(a) (i) The ordinary share capital of the Company was held by the following number of shareholders:

<i>Shares</i>	<i>Shareholders</i>
1 – 1,000	175
1,001 – 5,000	355
5,001 – 10,000	86
10,001 – 100,000	147
100,001 and over	26
<b>Total</b>	<b>789</b>
(ii) Holding less than a marketable parcel	38

(b) Voting Rights (Article15)

On show of hands – one vote per person (shareholder in person, or proxy or attorney or duly authorised representative).

On a poll – every member present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each share they hold.

(c) Twenty Largest Shareholders

The percentage of total ordinary shares held on 31 August, 2001 by or on behalf of the twenty largest shareholders was 60.96%.

(d) Substantial Shareholders

The number of shares held by the substantial shareholders as at 31 August 2001 were:

	<i>No.</i>	<i>%</i>
Lindridge Pty Ltd Orrong Park, 271 Main Creek Road, Main Ridge, VIC	1,274,256	7.71
Larking, John <Larking Family Fund A/c> C/- 41 Leopold Street, South Yarra, VIC	1,135,979	6.87
Davenport Peter G 257 Edinburgh Road, Castlecrag, NSW	1,101,369	6.66
Australian United Investment Company Limited Level 45, 55 Collins Street Melbourne, VIC	1,000,000	6.05

(e) Twenty Largest Shareholders as at 31 August, 2001

	<i>Fully Paid</i>
Lindridge Pty.Ltd.	1,274,256
Larking, John <Larking Family Fund A/c>	1,135,979
Davenport, Peter G.	1,101,369
Australian United Investment Company Ltd.	1,000,000
Noxon, Edward B.	677,000
Diversified United Investments Ltd.	600,000
Moir, Graeme E.	543,475
Benefund Limited	500,000
Davenport, Prudence D.G.	440,000
Milner, Stephen J. <Thurso Rental Property Unit A/c>	400,000
Invia Custodian Pty Limited <White A/C>	360,873
Invia Custodian Pty Limited <Black Ac/>	293,217
Larking, John <Superannuation Fund A/c>	292,326
Capper, Graham R.	282,697
Beta Gamma Pty. Ltd. <Walsh Street Super Fund A/c>	260,000
The Ian Potter Foundation Ltd. <No.1 A/c>	250,000
Milton Corporation Ltd.	200,000
Mason, Stephen L.	182,050
Govest Pty. Limited	155,000
Noxon, Ann Elspeth	131,694
	<b>10,079,936</b>

### 2 Stock Exchange Listing

Quotation has been granted for all ordinary shares of the company on all member exchanges of the Australian Stock Exchange Ltd.