



**SYMEX HOLDINGS LIMITED**

ABN 29 091 035 353

# CORPORATE DIRECTORY

## DIRECTORS

**Alan Stockdale**  
Chairman

**Michael Newton**  
Managing Director

**Greg Tremewen**  
Finance Director

**Allister Tomkins**  
Sales Director

**Mark Evans**  
Non-Executive Director



## ANNUAL GENERAL MEETING

The Annual General Meeting of Symex Holdings Limited will be held at 2.00pm on Thursday 24th October 2002 at The Stamford Plaza Hotel, 111 Little Collins Street, Melbourne VIC 3000.

## REGISTERED OFFICE

14 Woodruff Street  
Port Melbourne VIC 3207

## LAWYERS TO THE COMPANY

Minter Ellison  
Level 23  
525 Collins Street  
Melbourne VIC 3000

## CORPORATE ADVISER

Terrain Capital Limited  
Level 25  
500 Collins Street  
Melbourne VIC 3000

## SHARE REGISTRY

ASX Perpetual Registrars Ltd  
Level 4  
333 Collins Street  
Melbourne VIC 3000

## AUDITORS

KPMG  
Level 5  
161 Collins Street  
Melbourne VIC 3000

## PRINCIPAL BANKERS

St. George Bank  
Level 1  
333 Collins Street  
Melbourne VIC 3000

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## CHAIRMAN'S REVIEW

The last year has been one of the most difficult in the history of our company. The result for the financial year was significantly below our original Budget although it was in line with our most recent revised projections.

Symex experienced sharp rises in raw material prices compounded by patterns of demand and competition which sometimes made it difficult to pass on cost increases in higher selling prices on the timelines which have traditionally tended to offset fluctuations in input prices. The difficult trading conditions and general uncertainty following the tragic events of September 11 played a part in successive profit projection revisions.

In addition, problems with the company's plant upgrade adversely impacted production and the resultant uncertainty about product availability hampered implementation of our marketing strategy.

There is no avoiding the fact that these problems have had substantial adverse impacts on our company and on shareholders. Your Board is very conscious of the cost of this unsatisfactory performance on shareholders and other stakeholders and it is acting to restore Symex's historic strength.

It is worth noting, however that, despite the problems alluded to here and elsewhere in the Annual Report, Symex continues to be a very profitable company with assets and other resources which provide a firm foundation for confidence about our company's future performance. Despite a very difficult year on virtually all fronts, the business continued to generate strong profits. On revenues of around \$76 million, the company produced a net profit after tax (NPAT) of \$7 million. This enabled the company to pay dividends of 6 cents per share.

The Board has great confidence in the management and staff of Symex. Our management have a very strong commitment to the company - the senior managers are all significant shareholders in their own right. The company's employees have continued their traditional hard work and commitment throughout the difficult trading conditions of the last year. The all-round excellence of the company's personnel was recognised in July when Symex won the inaugural Premier's Award for Partnership at Work for company's of less than 100 employees. The Board congratulates all the company's staff on this achievement.

Symex is a world-class producer of oleo products and is a leader in cost competitiveness and in the quality of its products. The company is prudently managed and risks are carefully monitored and managed. The enormous range of applications for our products and the diversity of our customer base, both across industry groups and geographically, give us natural hedges against all but a global economic downturn across industry sectors generally. The company uses currency hedges and other mechanisms to protect profitability.

The year covered by the Report also saw Symex make a take-over offer for Australasian Specialty Chemicals Ltd. (APY). Whilst, in the end we were outbid for APY, the company was taken over for a price in excess of that Symex was prepared to offer and the position taken in APY will deliver a small but significant profit for the company. I want to assure shareholders that their Board and management are acting decisively to improve performance in the 2003 year.

During the 2002 year, the Board and management kept a sharp focus on the issues impacting performance and moved to alleviate the adverse outcomes. The Board now:

- Is reviewing the company's marketing strategy and performance to enhance margins and profitability on a timely basis
- Is working closely with the supplier of our new plant to overcome the technical problems with the presses and to quickly restore production capacity
- Has retained external and independent consultant engineers to investigate, analyse and report on the reasons for the plant failures and to advise the Board, management and the company's staff on the engineering remediation process
- Has retained lawyers to examine Symex's position in relation to recovery of costs and lost profits from the plant difficulties in contract, other possible bases for legal redress and under the company's insurance policies and
- Believes that the company and shareholders would benefit from the appointment of another independent Director and is considering suitable appointees.

Whilst no-one is complacent about Symex's performance in 2002, the Board is confident in the future of our company. We have produced substantial profits and maintained high-yield dividends in an unusually difficult environment. The whole company is committed to building shareholder value and in restoring the performance we all expect as soon as possible.

I would like to thank shareholders for their patience and support and thank the company's management and staff for their efforts throughout this difficult year.

**Alan R. Stockdale**  
Chairman



# MANAGING DIRECTOR'S REVIEW

## Overview

Our company has experienced a difficult twelve months, but after tax profit did meet our revised Budget at \$7 million. We experienced problems both in our global trading environment and in terms of our plant upgrade project. Sales were consistent throughout the year, with signs of demand returning in the last quarter of the year.

Raw material costs were high for most of the year compared to historical levels, and, because of a number of factors, raw material costs remained high in Australia while dropping in other parts of the world. The rise in raw material prices, global uncertainty caused by the events of September 11, and a global oversupply of our products placed extreme pressure on our profit margins. It is pleasing to note that under such unusual conditions we were still trading profitably.

The disappointing factor for the year was the problems we experienced with the commissioning of our new separation plant where significant output was lost in January. The expansion of our Hydrogenation plant, stearine flaking operation and our splitting column however exceeded our expectations. Improved efficiencies in water and steam together with improved raw material yields were also achieved.

## Manufacturing

Symex remains committed to expanding and improving our manufacturing facility in Port Melbourne using world class plant and processes. With the most efficient technology, abundant local raw material and favorable freight positioning, our goal is to remain the largest tallow based oleo product producer in the Asia Pacific Region.

While we have experienced problems with our new plant, we remain on track to expand our current 70,000 tonnes output to 100,000 tonnes by June 2004.

## Financials

This is our first full year of reporting over a financial year. Our profit after tax was \$7.0 million with earnings per share of 7.5 cents.

For the first 6 months of this financial year our budget model indicates a profit after tax of \$2-3 million will be achieved based on raw material, sales prices and volume produced sensitivities. This forecast has been announced.

## Customers and Markets

Over the past 12 months we have continued to develop new business in our key markets such as Australia, Taiwan, Korea and China while our sales in Japan have been disappointing. We continue to expand our customer base in our growth markets of The Middle East, The Americas and Europe. Symex will continue to focus on it's strengths in tallow based Oleo Products.

## Employees

Our employees have worked extremely hard over the last very trying year for the company. Their dedication was rewarded with Symex winning the inaugural Premiers award for Victorian companies with less than 100 people. Our culture of collaboration, training for the needs of the business, open communication and continuous improvement ensures that we will remain a successful, profitable company with dedicated, hard working employees.

## Our Future

Our strategy has not changed from last year. That is to increase our manufacturing capability of the Port Melbourne site to over 100,000 tonnes by June 2004 as well as develop new profitable markets for this expected growth.

**Michael Newton**  
Managing Director



# CORPORATE GOVERNANCE STATEMENT

This statement outlines the main Corporate Governance practices that were in place throughout the financial year, unless otherwise stated. These practices are dealt with under the following headings: Board of Directors and its committees, Internal control framework, Ethical standards and The role of shareholders.

## BOARD OF DIRECTORS AND ITS COMMITTEES

### Role of the Board

The Board's primary role is the protection and enhancement of long-term shareholder value.

To fulfil this role, the Board is responsible for the overall Corporate Governance of Symex Holdings Limited and its controlled entity ("the Company" and collectively "the consolidated entity") including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

### Board processes

To assist in the execution of its responsibilities, the Board has established an Audit Committee.

The full Board currently holds scheduled monthly meetings, plus any extraordinary meetings at such other times as may be necessary to address any specific significant matters that may arise.

### Composition of the Board

The names of the directors of the Company in office at the date of this Statement are set out in the Directors' Report of this financial report. The Board currently comprises 2 non-executive directors and 3 executive directors.

### Audit Committee

The role of the Audit Committee is to advise on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Company. It also gives the Board of Directors additional assurance regarding the quality and reliability of financial information prepared for use by the Board in determining policies or for inclusion in the financial report.

The members of the Audit Committee during the period were:

A Stockdale (Chair)  
M Evans  
M Newton

The auditors and Finance Director are invited to Audit Committee meetings at the discretion of the Committee.

### Remuneration and nomination

- Remuneration of senior employees other than executive directors is determined by the Managing Director and monitored by the Board.
- Remuneration of executive and non-executive directors including the Managing Director is determined by the Board with, where appropriate, shareholder approval.
- Remuneration of non-executive directors is determined by the Managing Director.
- Advice on remuneration and nomination is sought where appropriate from a third party remuneration specialist.

### Director dealings in Company shares

The Constitution permits directors to acquire shares in the Company.

The Company has adopted a written policy which:

- prevents trading within specific time periods when it will be assumed directors and senior employees are in possession of price sensitive information (such as the period between a balance date and release of the full or half year results), and trading at any time when directors are actually in possession of such information;
- prevents short term or speculative trading by those persons; and
- requires the Chairman and Managing Director to be informed before trading of any sort occurs.

### INTERNAL CONTROL FRAMEWORK

The Board has instigated an internal control framework that can be described as follows:

#### Financial reporting

- monthly actual results are reported against budget and revised forecasts for the year are prepared regularly;
- the Company reports to shareholders half-yearly. Procedures are also in place to ensure that price sensitive information is reported to the ASX in accordance with the Continuous Disclosure requirements of the ASX Listing Rules and the Corporations Act 2001; and
- the Company Secretary is responsible for all communications with the ASX.

#### Quality and integrity of personnel

- formal appraisals are conducted at least annually for management and staff;
- the Company has adopted a Code of Conduct for all employees;
- the Company has written policies and procedures concerning issues such as health and safety in the workplace, harassment and equal opportunity.

#### Investment appraisal

- the Company has clearly defined guidelines for capital expenditure. These include annual budgets, detailed appraisal and review procedures, levels of authority and due diligence requirements where businesses are being acquired or divested.



# CORPORATE GOVERNANCE STATEMENT

## ETHICAL STANDARDS

The consolidated entity has a Code of Conduct Manual which sets out the standards in accordance with which each director, manager and employee of the consolidated entity is expected to act. The requirement to comply with these ethical standards is communicated to all employees. The manual deals with the following main areas:

- professional conduct
- dealing with customers and consumers
- dealing with suppliers
- dealing with advisors and regulators
- dealing with security of confidential information
- dealing with financial and operational integrity
- dealing with occupational health and safety

All directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the consolidated entity. Every employee has a nominated supervisor to whom they may refer any issues arising from their employment.

## THE ROLE OF SHAREHOLDERS

The Board of Directors aims to ensure that shareholders are informed of all major developments affecting the consolidated entity's state of affairs. Information is communicated to shareholders as follows:

- The annual report contains a review of the operations of the consolidated entity during the period. The audited financial report is prepared in accordance with the requirements of applicable Accounting Standards and the Corporations Act 2001 and is lodged with the Australian Securities and Investments Commission and the Australian Stock Exchange. The financial report is sent to all shareholders.
- Proposed major changes in the consolidated entity which may impact on share ownership rights are submitted to a vote of shareholders.
- Notice of all meetings of shareholders is given to all shareholders, with appropriate explanatory material.
- The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the consolidated entity's strategy and goals. Important issues are presented to the shareholders as single resolutions.



## DIRECTORS' REPORT

The directors present their report together with the financial report of Symex Holdings Limited ("the Company") and of the consolidated entity, being the Company and its controlled entity, for the year ended 30 June 2002 and the auditor's report thereon.

### DIRECTORS

The directors of the Company at any time during or since the end of the financial year are:

NAME & QUALIFICATIONS	AGE	EXPERIENCE AND SPECIAL RESPONSIBILITIES
<b>Alan Stockdale</b> LL.B,B.A Non-Executive Chairman 	57	Chairman of Axon Instruments Inc and Symex Holdings Limited. Former Treasurer of the State of Victoria and the world's first Minister for Information Technology and Multimedia. Executive Chairman – Asset and Infrastructure Group, Macquarie Bank. Appointed Chairman effective on 18 February 2000.
<b>Mike Newton</b> B. App Sc Managing Director 	48	Comprehensive knowledge of all manufacturing and technical aspects of the business with over 26 years' experience in both Australia and overseas. Extensive knowledge of global markets, customers, sales agents and distributors. Appointed Managing Director on 23 December 1999.
<b>Greg Tremewen</b> B.Bus (Acc) Finance Director 	39	Over 15 years' service with Symex and former owners Unilever/Uniqema and ICI Plc. Appointed Commercial Manager of Uniqema in 1995. Prior to joining the Uniqema business, Mr Tremewen worked as a systems analyst with International Harvester. Appointed Finance Director on 23 December 1999.
<b>Allister Tomkins</b> B. Bus (Eco & Bus Adm) Marketing & Sales Director 	35	Extensive sales, marketing and operations experience. Over 14 years' service in the business, maintaining strong relationships with customers, sales agents and distributors. Appointed Marketing & Sales Director on 8 March 2000.
<b>Mark Evans</b> B.Bus (Acc), ASIA Non-Executive Director 	36	Director of Bambuu Ltd, Terrain Capital Limited and Terrain Australia Limited. Wide experience in the corporate advisory field including IPO's, mergers, acquisitions and all aspects of capital raising. Appointed Director on 23 December 1999.

## DIRECTORS' MEETINGS

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

Director	Board Meetings		Audit Committee Meetings	
	A	B	A	B
A Stockdale	12	13	2	2
M Newton	13	13	2	2
G Tremewen	13	13	-	-
A Tomkins	11	13	-	-
M Evans	13	13	2	2

A - Number of meetings attended

B - Number of meetings held during the time the director held office during the year

## CHANGE IN ACCOUNTING PERIOD

The Company changed its financial year end from 31 December to 30 June in 2001. The effect of this change is that the comparative amounts disclosed in the financial report and related notes for the year ended 30 June 2002 are not comparable as the lengths of the financial years differ. The current year amounts are based on a twelve month period and the prior year amounts are based on a six month period.

## PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the course of the financial year were the manufacture and distribution of Oleo products including oleine, stearine, glycerine and distilled fatty acids. There were no significant changes in the nature of the activities of the consolidated entity during the year.

## REVIEW AND RESULTS OF OPERATIONS

The consolidated operating profit after income tax amounted to \$7.0 million for the 12 months ended 30 June 2002. The result accords with the revised forecast on 21 February 2002 and is lower than forecast in July 2001. This is a disappointing result. The 2 main factors responsible are:-

- (1) Ongoing problems in commissioning the new separation plant in the second half of the year.
- (2) Difficult trading conditions and fluctuations in raw material pricing unable to be passed on in finished good prices.

The Company has undertaken a major review of the new separation plant and based on independent advice, it is believed that the plant will require extensive repairs to allow it to operate at design pressure required to produce the budgeted production and yield of oleine and stearine. The plant can operate at lower pressures and will do so after some minor repairs and the Emersol process will continue to operate for the next six months.

The Company is investigating the most appropriate method of reparation of the structural deficiencies in the filter presses. At this stage it is unclear when the presses will be fully operational and it is likely that production will continue to be affected for up to the next six months.

The Company is obtaining legal advice on its ability to recover rectification costs incurred and loss of profits caused by the difficulties in commissioning the plant.

It is expected that the Company sales margins will also be affected as the ability to pass on recent increases in raw material prices will be limited during production shortages for the following reasons:-

- Production shortages will mean some customer orders will not be met making it difficult to maintain long-term relationships and increase pricing simultaneously



## DIRECTORS' REPORT

- In anticipation of increased production, the Company has entered into a number of long term supply contracts which are at lower margins than available on the open market
- While the Company's reliance on the Japanese market has diminished over the past 12 months trading conditions in this market remain difficult.

Notwithstanding the above, the Company's capacity expansion program is continuing. The smaller splitting column has been commissioned and engineering design work has commenced to provide sufficient high grade energy to allow the operations to run at full capacity.

Annual company targets aligned with the 3 year balanced strategy have been set for the 2003 financial year. Each internal team has established a set of measurable initiatives to ensure the targets are achieved.

During the financial year the Company acquired a 19.9% equity interest in Asia Pacific Specialty Chemicals Limited ("APS") pursuant to a merger and subsequent takeover offer. The takeover offer was withdrawn prior to 30 June 2002 as a result of a rival offer made for APS. During 2002 the Company expensed the borrowing costs incurred in relation to the equity investment acquired, which has been disclosed as a significant item in the 2002 financial statements, and subsequent to year end disposed of its equity interest for an amount exceeding its book value at 30 June 2002.

### DIVIDENDS

Dividends paid or declared by the Company to members since the end of the previous financial year were:

Type	Cents per share	Total amount \$'000	Date of payment	Tax rate for franking credit
<b>As proposed and provided for in last year's report:</b>				
Final-ordinary shares	5.0	4,575	30 Aug 2001	30%
<b>In respect of the current financial year:</b>				
Interim – Ordinary shares (paid)	2.0	1,973	2 April 2002	30%
Final-ordinary shares (proposed and provided for)	4.0	3,764	13 Sept 2002	30%

All the dividends paid or declared by the Company since the end of the previous financial year were 100% franked.

### STATE OF AFFAIRS

Significant changes in the state of affairs of the consolidated entity that occurred during the financial year were as follows:

- The Company increased its borrowings by a net amount of \$11,312,000. These funds were used for the plant expansion and the acquisition of the investment in Asia Pacific Specialty Chemicals Limited of \$9,328,206.
- On 31 October 2001, the Company granted 500,000 options to Mr Alan Stockdale. During the course of the year, options over 2,350,000 ordinary shares were also exercised at an exercise price of \$0.50 per share. In addition, options over 250,001 ordinary shares were exercised at an exercise price of \$0.75 per share.

### ENVIRONMENTAL REGULATION

The consolidated entity's operations are subject to significant environmental legislation under State legislation in relation to its manufacturing operations. Licenses and agreements relevant to the environmental performance of its operations are held with South East Water Limited, the Environment Protection Authority and the WorkCover Authority.

### Environmental management

The consolidated entity is committed to achieving a high standard of environmental performance. It has established an Environmental Improvement Plan Committee (EIP) in conjunction with the Environment Protection Authority (EPA), local residential and industrial communities. This has been operational for the past seven (7) years. This committee is responsible for the regular monitoring of environmental compliance with environmental regulations and internal business targets.

As part of this process, the committee is responsible for:

- Setting and communicating environmental objectives and quantified targets.
- Monitoring progress against these objectives and targets.
- Implementing environmental management plans in operating areas which may have a significant environmental impact.
- Identifying where remedial actions are required and implementing action plans.
- Regular monitoring of license requirements, with performance against license conditions reported to the various State regulators on a regular basis.

To ensure that all environmental responsibilities are met, an EIP meeting is held each quarter and performance reported on a regular basis as part of the site Management Group. Environmental performance is reported to the Board as required.

### Performance against compliance requirements

Compliance with the requirements of environmental regulations and with specific requirements of site environmental licences was achieved with no instances of non-compliance in relation to licence requirements noted.

### EVENTS SUBSEQUENT TO BALANCE DATE

Since 30 June 2002, the Company has accepted the Nuplex Industries Limited takeover offer for shares in Asia Pacific Specialty Chemicals Limited (APS), which at 30 June 2002 had a book value of \$9,328,136.

The gain on sale of APS shares amounted to \$568,985 before tax.

The financial effects of the above transaction have not been brought to account in the financial statements for the year ended 30 June 2002.

Other than the matter discussed above, 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 consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

### LIKELY DEVELOPMENTS

The Company's short term trading is expected to be adversely affected by the difficulties associated with the commissioning of the new separation plant (refer to Review and results of operations).

The consolidated entity will continue to pursue its policy of increasing the profitability and market share of its major business sectors during the next financial year.

## DIRECTORS' REPORT

### DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

The Company's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Executive directors and senior executives may receive bonuses based on the achievement of specific goals related to the performance of the consolidated entity. Options may also be issued under the Executive Option Incentive Plan.

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:

	Base emolument \$	Non-cash benefits \$	Super contributions \$	Total \$
<b>Directors</b>				
Non-executive				
Alan Stockdale	100,000	962	8,000	108,962
Mark Evans	30,000	962	–	30,962
Executive				
Mike Newton	285,261	48,739	43,700	377,700
Greg Tremewen	184,717	49,852	28,293	262,862
Allister Tomkins	184,734	59,863	28,295	272,892
<b>Executive officers (excluding directors)</b>				
<b>The Company</b>				
Paul Holgate	70,942	40,986	10,710	122,638
Chris Lovejoy	102,288	42,130	16,193	160,611

The directors' and senior executives' emoluments for the Company and the consolidated entity are identical.

### OPTIONS

During or since the end of the financial year, the Company granted options over unissued ordinary shares to the following director:

Director	Number of options	Date of grant	Exercise price	Value per option	Expiry date
Alan Stockdale	166,667	31 Oct 2001	\$2.00	\$0.54	31 Oct 2004
Alan Stockdale	166,667	31 Oct 2001	\$2.25	\$0.54	31 Oct 2004
Alan Stockdale	166,666	31 Oct 2001	\$2.50	\$0.54	31 Oct 2004

All options issued during the year to the director expire on 31 October 2004 and each option entitles the holder to purchase one ordinary share in the Company. The estimated value disclosed above is calculated at approximately the date of grant using the Black-Scholes model. Further details of options are set out below.

At the date of this report unissued ordinary shares of the Company under option are:

Expiry date	Exercise price	Number of shares
31 December 2005	\$0.50	50,000
31 December 2005	\$0.75	1,024,999
31 December 2005	\$1.00	650,000
31 December 2005	\$1.40	100,000
31 October 2004	\$2.00	166,667
31 October 2004	\$2.25	166,667
31 October 2004	\$2.50	166,666

All options expire on the earlier of their expiry date or termination of the employee's employment.

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

During or since the end of the financial year, the Company issued ordinary shares as a result of the exercise of options as follows:

Number of shares	Amount paid on each share	Market value of shares on date of exercise
2,350,000	\$0.50	\$1.08 to \$1.74
250,001	\$0.75	\$1.12 to \$2.14

There were no amounts unpaid on the shares issued.





## DIRECTORS' REPORT

### DIRECTORS' INTERESTS

The relevant interest of each director in the shares and options over shares issued by the Company, as notified by the directors to the Australian Stock Exchange in accordance with S205G (1) of the Corporations Act 2001, at the date of this report is as follows:

	Ordinary shares	Options over ordinary shares
Alan Stockdale	2,000,000	500,000
Mike Newton	7,440,001	400,000
Greg Tremewen	5,440,001	300,000
Allister Tomkins	5,540,000	300,000
Mark Evans	1,077,501	300,000

### INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Company has entered into a Deed with each of the directors under which the Company agrees to indemnify each director for any liability and loss (including legal costs) incurred by the director as an officer of the Company. The indemnity does not cover losses arising out of conduct on the part of the director that involves a lack of good faith or which is contrary to express Company instructions.

Since the end of the previous financial year, the Company has paid insurance premiums of \$14,430 in respect of Directors' and Officers' liability insurance contracts for current and former officers. The insurance premiums relate to:

- Claims made against individual Directors and Officers personally, alleging loss caused by wrongful acts in the management of the company; and
- Costs and expenses incurred by Directors and Officers for successfully defending claims.

The premiums paid were in respect of the following current directors and officers of the company:

- Alan Stockdale, Mike Newton, Greg Tremewen, Allister Tomkins, Mark Evans and Oliver Carton (Company Secretary)

The Company's insurance policy does not separately disclose details of the premiums paid in respect of individual officers of the Company.

In addition, the Company has not entered into any agreement to indemnify the auditors against any claims by third parties arising from their report on the annual financial report.

### ROUNDING OFF

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.

Signed at Port Melbourne in accordance with a resolution of the directors:



Director

7/8/2002

Dated



Director

7-8-2002

Dated

# STATEMENTS OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2002

	Note	CONSOLIDATED		THE COMPANY	
		(12 mths)	(6 mths)	(12 mths)	(6 mths)
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Revenue from sale of goods	3	75,804	38,923	75,804	38,923
Other revenues from ordinary activities	3	272	152	251	141
<b>Total revenue</b>	<b>3</b>	<b>76,076</b>	<b>39,075</b>	<b>76,055</b>	<b>39,064</b>
Changes in inventories of finished goods and work in progress		(2,575)	441	(2,575)	441
Raw materials, finished goods purchases and consumables used		(37,279)	(15,783)	(37,279)	(15,783)
Employee expenses		(7,011)	(3,905)	(7,011)	(3,905)
Depreciation and amortisation expenses	4(b)	(908)	(544)	(512)	(239)
Borrowing costs	4	(1,070)	(231)	(1,069)	(231)
Utility costs		(4,306)	(3,635)	(4,306)	(5,435)
Freight and distribution expenses		(8,212)	(3,941)	(8,212)	(3,941)
Repairs and maintenance expenses		(935)	(693)	(935)	(693)
Other expenses from ordinary activities		(4,053)	(1,065)	(4,894)	(2,873)
<b>Profit from ordinary activities before related income tax expense</b>		<b>9,727</b>	<b>9,719</b>	<b>9,262</b>	<b>6,405</b>
Income tax (expense)/benefit relating to ordinary activities	6	(2,722)	(3,959)	(2,585)	(2,433)
Profit from ordinary activities after related income tax expense	21	7,005	5,760	6,677	3,972
<b>Net profit</b>		<b>7,005</b>	<b>5,760</b>	<b>6,677</b>	<b>3,972</b>
<b>Net profit attributable to members of the parent entity</b>	<b>21</b>	<b>7,005</b>	<b>5,760</b>	<b>6,677</b>	<b>3,972</b>
Basic earnings per share					
Ordinary shares	7	\$0.075	\$0.063		
Diluted earnings per share:					
Ordinary shares	7	\$0.074	\$0.061		

## STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2002

	Note	CONSOLIDATED		THE COMPANY	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
<b>CURRENT ASSETS</b>					
Cash assets	9	4,602	6,253	4,509	6,056
Receivables	10	10,894	11,718	10,894	11,718
Net receivable on forward foreign exchange contracts	11	4,455	-	4,455	-
Other financial assets	12	9,328	-	9,328	-
Inventories	13	3,731	6,575	3,731	6,575
Property, plant and equipment	15	2,969	-	-	-
Current tax assets	6(b)	81	-	65	-
Other	14	490	430	490	430
<b>Total current assets</b>		<b>36,550</b>	<b>24,976</b>	<b>33,472</b>	<b>24,779</b>
<b>NON-CURRENT ASSETS</b>					
Receivables	10	-	-	1,324	2,273
Net receivable on forward foreign exchange contracts	11	7,093	-	7,093	-
Deferred tax assets	6(d)	601	641	601	641
Property, plant and equipment	15	29,428	28,620	24,533	20,410
<b>Total non-current assets</b>		<b>37,122</b>	<b>29,261</b>	<b>33,551</b>	<b>23,324</b>
<b>Total assets</b>		<b>73,672</b>	<b>54,237</b>	<b>67,023</b>	<b>48,103</b>
<b>CURRENT LIABILITIES</b>					
Payables	16	5,622	7,640	5,858	7,995
Interest-bearing liabilities	18	6,582	-	6,582	-
Current tax liabilities	6(b)	-	3,468	-	3,468
Provisions	19	5,051	6,052	5,051	6,052
Deferred foreign currency hedge exchange differences and costs	17	4,455	-	4,455	-
<b>Total current liabilities</b>		<b>21,710</b>	<b>17,160</b>	<b>21,946</b>	<b>17,515</b>
<b>NON-CURRENT LIABILITIES</b>					
Interest-bearing liabilities	18	10,180	5,450	10,180	5,450
Provisions	19	152	225	152	225
Deferred tax liabilities	6(c)	2,146	1,642	552	116
Deferred foreign currency hedge exchange differences and costs	17	7,093	-	7,093	-
<b>Total non-current liabilities</b>		<b>19,571</b>	<b>7,317</b>	<b>17,977</b>	<b>5,791</b>
<b>Total liabilities</b>		<b>41,281</b>	<b>24,477</b>	<b>39,923</b>	<b>23,306</b>
<b>NET ASSETS</b>		<b>32,391</b>	<b>29,760</b>	<b>27,100</b>	<b>24,797</b>
<b>EQUITY</b>					
Contributed equity	20	16,479	15,116	16,479	15,116
Retained profits	21	15,912	14,644	10,621	9,681
<b>Total equity and parent entity interest</b>		<b>32,391</b>	<b>29,760</b>	<b>27,100</b>	<b>24,797</b>

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2002

	Note	CONSOLIDATED		THE COMPANY	
		(12 mths) 2002 \$'000	(6 mths) 2001 \$'000	(12 mths) 2002 \$'000	(6 mths) 2001 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash receipts					
in the course of operations		78,243	39,270	78,083	39,270
Cash payments					
in the course of operations		(65,321)	(29,473)	(66,137)	(33,152)
Interest received	3	112	77	108	67
Borrowing costs paid	4	(1,070)	(231)	(1,069)	(231)
Income tax paid	6(b)	(6,432)	(1,022)	(6,347)	(1,022)
Income tax refunded	6(b)	703	–	703	–
<b>Net cash provided by operating activities</b>	26(b)	<b>6,235</b>	<b>8,621</b>	<b>5,341</b>	<b>4,932</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Payments for property, plant and equipment	15	(4,685)	(4,991)	(4,635)	(4,991)
Payments for investment	12	(9,328)	–	(9,328)	–
<b>Net cash provided by/(used in) investing activities</b>		<b>(14,013)</b>	<b>(4,991)</b>	<b>(13,963)</b>	<b>(4,991)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Repayments of loans by controlled entity		–	–	948	4,200
Proceeds from borrowings		15,882	–	15,882	–
Dividends paid	22	(6,548)	–	(6,548)	–
Repayment of borrowings		(4,570)	(2,660)	(4,570)	(2,660)
Proceeds from the issue of shares	20	1,363	–	1,363	–
<b>Net cash provided by/(used in) financing activities</b>		<b>6,127</b>	<b>(2,660)</b>	<b>7,075</b>	<b>1,540</b>
<b>Net increase /(decrease) in cash held</b>		<b>(1,651)</b>	<b>970</b>	<b>(1,547)</b>	<b>1,481</b>
<b>Cash at the beginning of the financial period</b>	26(a)	<b>6,253</b>	<b>5,283</b>	<b>6,056</b>	<b>4,575</b>
<b>Cash at the end of the financial period</b>	26(a)	<b>4,602</b>	<b>6,253</b>	<b>4,509</b>	<b>6,056</b>





# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2002

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of this financial report are:

#### (A) BASIS OF PREPARATION

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.

It has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or fair values of non-current assets.

These accounting policies have been consistently applied by each entity in the consolidated entity and, except where there is a change in accounting policy as set out in Note 2, are consistent with those of the previous year.

#### (B) CHANGE IN ACCOUNTING PERIOD

The Company changed its financial year end from 31 December to 30 June in 2001. The effect of this change is that the comparative amounts disclosed in the financial report and related notes are not comparable as the lengths of the financial years differ. The current year amounts are based on a 12 month period and the prior year amounts are based on a 6 month period.

#### (C) PRINCIPLES OF CONSOLIDATION

##### Controlled entities

The financial statements of controlled entities are included from the date control commences until the date control ceases.

##### Transactions eliminated on consolidation

Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation.

#### (D) REVENUE RECOGNITION – NOTE 3

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority. Exchanges of goods and services of the same nature and value without any cash consideration are not recognised as revenues.

##### Sale of goods

Revenue from the sale of goods is recognised (net of returns, discounts and allowances) when control of the goods passes to the customer.

##### Interest revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

##### Sale of non-current assets

The gross proceeds of non-current asset sales are included as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Any related balance in the asset revaluation reserve is transferred to the capital profits reserve on disposal.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2002

### (E) 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 taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part 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 statement of financial position.

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.

### (F) 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 statement of financial performance in the financial year in which the exchange rates change, except where hedging specific anticipated transactions.

### (G) DERIVATIVES

The consolidated entity is exposed to changes in foreign exchange rates from its activities. The consolidated entity uses forward foreign exchange contracts to hedge these risks. Derivative financial instruments are not held for speculative purposes.

### HEDGES

#### Anticipated transactions

Where hedge transactions are designated as a hedge of the anticipated specific purchase or sale of goods or services, purchase of qualifying assets, or an anticipated interest transaction, gains and losses, on the hedge 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 anticipated transaction when the transaction has occurred as designated. Any gains or losses on the hedge transaction after that date are included in the statement of financial performance.

The net amounts receivable or payable under forward foreign exchange contracts and the associated deferred gains or losses are recorded on the statement of financial position from the date of inception of the hedge transaction. The net receivables or payables are revalued using the foreign currency current at reporting date. Refer to Note 23.

When the anticipated transaction is no longer expected to occur as designated, the deferred gains and losses relating to the hedged transaction are recognised immediately in the statement of financial performance.

Where a hedge transaction is terminated early and the anticipated transaction is still expected to occur as designated, 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 as designated, deferred gains and losses that arose on the hedge prior to its termination are included in the statement of financial performance 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 as designated. When the original anticipated transaction is no longer expected to occur as designated, any gains or losses relating to the hedge instrument are included in the statement of financial performance 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 as designated. If the anticipated transaction is no longer expected to occur as designated, the gains and losses are recognised immediately in the statement of financial performance.

#### **Other hedges**

All other 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 statement of financial performance. Costs or gains arising at the time of entering into the hedge are deferred and amortised over the life of the hedge.

#### **(H) BORROWING COSTS**

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and lease finance charges.

Ancillary costs incurred in connection with the arrangement of borrowings are capitalised and amortised over the life of the borrowings.

Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of the assets. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs capitalised is those incurred in relation to that borrowing, net of any interest earned on those borrowings. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average capitalisation rate.

#### **(I) TAXATION - NOTE 6**

The consolidated 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 statement of financial position 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 tax losses are only brought to account when their realisation is virtually certain. The tax effects of capital losses are not recorded unless realisation is virtually certain.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

## (J) ACQUISITION OF ASSETS

All assets acquired including property, plant and equipment and intangibles other than goodwill are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. When equity instruments are issued as consideration, their market price at the date of acquisition is used as fair value, except where the notional price at which they could be placed in the market is a better indication of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity subject to the extent of proceeds received, otherwise expensed.

Where settlement of any part of cash consideration is deferred, the amounts payable are recorded at their present value, discounted at the rate applicable to the company if a similar borrowing were obtained from an independent financier under comparable terms and conditions.

The costs of assets constructed or internally generated by the consolidated entity, other than goodwill, include the cost of materials and direct labour. Directly attributable overheads and other incidental costs are also capitalised to the asset. Borrowing costs are capitalised to qualifying assets as set out in Note 1(h).

Expenditure, including that on internally generated assets other than research and development costs, is only recognised as an asset when the entity controls future economic benefits as a result of the costs incurred, it is probable that those future economic benefits will eventuate, and the costs can be measured reliably. Costs attributable to feasibility and alternative approach assessments are expensed as incurred.

### **Subsequent additional costs**

Costs incurred on assets subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the consolidated entity in future years.

Costs that do not meet the criteria for capitalisation are expensed as incurred.

## (K) RECEIVABLES - NOTE 10

The collectibility of debts is assessed at balance date and specific provision is made for any doubtful accounts.

### **Trade debtors**

Trade debtors to be settled within 60 days are carried at amounts due.

## (L) INVENTORIES - NOTE 13

Inventories are carried at the lower of cost and net realisable value.

Cost includes direct materials, direct labour, other direct variable costs and allocated production overheads necessary to bring inventories to their present location and condition, based on normal operating capacity of the production facilities.

### **Manufacturing activities**

The cost of manufacturing inventories and work-in-progress are assigned on a first-in first-out basis. Costs arising from exceptional wastage are expensed as incurred.

### **Net realisable value**

Net realisable value is determined on the basis of each inventory line's normal selling pattern. Expenses of marketing, selling and distribution to customers are estimated and are deducted to establish net realisable value.



## (M) INVESTMENTS

### Controlled entities

Investments in controlled entities are carried in the Company's financial statements at the lower of cost and recoverable amount.

### Other entities

Investments in other listed entities are carried at the lower of cost and recoverable amount.

## (N) LEASED ASSETS

Leases under which the Company or its controlled entity assumes substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

### Finance leases

Finance leases are capitalised. A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease.

Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are expensed. Contingent rentals are expensed as incurred.

### Operating leases

Payments made under operating leases are expensed on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

## (O) RECOVERABLE AMOUNT OF NON-CURRENT ASSETS VALUED ON COST BASIS

The carrying amount of non-current assets valued on the cost basis 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. The write-down is expensed in the reporting period in which it occurs.

Current valuations for land and buildings valued on the cost basis are carried out at least once every three years. Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed in relation to that group of assets.

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

### Cost versus fair value

Except where specifically stated, non-current assets are recorded at the lower of cost and recoverable amount.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2002

### (P) DEPRECIATION

#### Complex assets

The components of major assets that have materially different useful lives, are effectively accounted for as separate assets, and are separately depreciated.

#### Useful lives

All assets, including intangibles, have limited useful lives and are depreciated using the straight line method over their estimated useful lives.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

Depreciation rates and methods are reviewed annually for appropriateness.

When changes are made, adjustments are reflected prospectively in current and future periods only. Depreciation is expensed except to the extent that it is included in the carrying amount of another asset as an allocation of production overheads.

The depreciation rates used for each class of asset are as follows:

	Depreciation rate	
	2002	2001
Plant and machinery (excluding turbines)		
– Computers	20%	20%
– Other	5%	5%
Turbines	0%	3.33%
Tanks	2.5%	2.5%

### (Q) PAYABLES

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within 60 days.

### (R) INTEREST BEARING LIABILITIES - NOTE 18

Bank loans are recognised at their principal amount, subject to set-off arrangements. Interest expense is accrued at the contracted rate and included in “sundry accruals”.

### (S) EMPLOYEE ENTITLEMENTS - NOTE 27

#### Wages, salaries and annual leave

The provisions for employee entitlements to wages, salaries and annual leave represent present obligations resulting from employees’ services provided up to the reporting date, calculated at undiscounted amounts based on current wage and salary rates including related on-costs.

#### Long service leave

The provision for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees’ services provided to reporting date.

The provision is calculated using estimated future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attaching to national government securities at balance date which most closely match the terms of maturity of the related liabilities.

**Employee share and option plans**

Where shares or options are issued to employees as remuneration for past services, the difference between fair value of the shares or options issued and the consideration received, if any, from the employee is expensed. The fair value of the shares or options is recorded in contributed equity.

Other share or options issued to employees are recorded in contributed equity at the fair value of consideration received, if any.

Transactions costs associated with issuing shares and options are recognised in equity subject to the extent of the proceeds received, otherwise expensed. Other administrative costs are expensed.

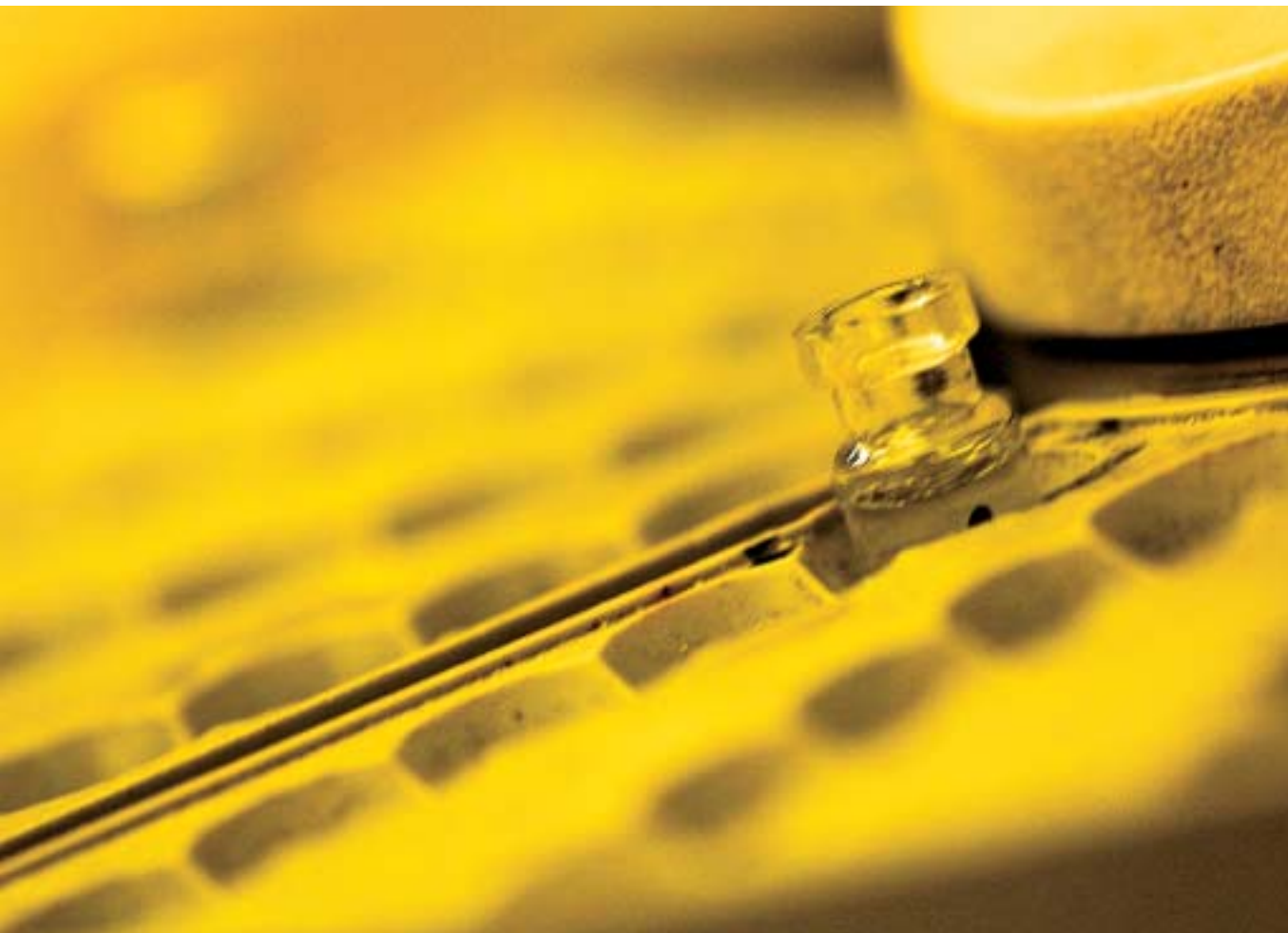
**Superannuation plan**

The Company and controlled entity contribute to one defined contribution and one defined benefit employee superannuation plans. Contributions are charged against income as they are made. Further information is set out in Note 27.

**(T) PROVISIONS**

A provision is recognised when a legal or constructive obligation exists as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

## 2. CHANGE IN ACCOUNTING POLICY

### (A) EARNINGS PER SHARE

The consolidated entity has applied AASB 1027 Earnings Per Share (issued June 2001) for the first time from 1 July 2001. Basic and diluted earnings per share ("EPS") for the comparative 6 month period ended 30 June 2001 have been adjusted so that the basis of calculation used is consistent with that of the current period.

#### Basic earnings per share

Basic EPS earnings are now calculated as net profit or loss, rather than excluding extraordinary items.

#### Diluted earnings per share

Diluted EPS earnings are now calculated by only adjusting the basic EPS earnings for the after tax effect of financing costs and the effect of conversion to ordinary share associated with dilutive potential ordinary shares, rather than including the notional earnings on the funds that would have been received by the entity had the potential ordinary shares been converted.

The diluted EPS weighted average number of shares now includes the number of ordinary shares assumed to be issued for no consideration in relation to dilutive potential ordinary shares, rather than the total number of dilutive potential ordinary shares. The number of ordinary shares assumed to be issued for no consideration represents the difference between the number that would have been issued at the exercise price and the number that would have been issued at the average market price.

The identification of dilutive potential ordinary shares is now based on net profit or loss from continuing ordinary operations, not net profit or loss before extraordinary items and is applied on a cumulative basis, taking into account the incremental earnings and incremental number of shares for each series of potential ordinary share.

### (B) SEGMENT REPORTING

The consolidated entity has applied AASB 1005 Segment Reporting (issued in August 2000) for the first time from 1 July 2001. Individual geographic segments have been identified on the basis of grouping geographical locations subject to similar risks and returns. The new segments reported are: Australia/New Zealand and the Asia Pacific geographical segments.

Comparative information has only been included where the segment information disclosed in accordance with the revised standard is the same as under the superseded standard.

### (C) FOREIGN CURRENCY TRANSLATION

The consolidated entity has applied the revised AASB 1012 Foreign Currency Translation (issued in November 2000) for the first time from 1 July 2001.

For hedges of specific purchases or sales, the gains or costs on entering the hedge and the exchange differences up to the date of the purchase or sale are now deferred and recognised as assets or liabilities on the statement of financial position from the inception of the hedge contract, not when the specific purchase or sale occurs.

At 1 July 2001, the consolidated entity recognised for foreign currency hedge contracts:

- Deferred hedge gains/(costs) at inception of \$960,822 (the Company: \$960,822).
- Deferred exchange gains of \$786,252 (the Company: \$786,252), and
- A net foreign currency receivable of \$1,747,074 (the Company: \$1,747,074) on foreign currency hedge contracts.

There was no impact on opening retained profits at 1 July 2001 or on profit or loss for the current year to 30 June 2002.



### 3. REVENUE FROM ORDINARY ACTIVITIES

	CONSOLIDATED		THE COMPANY	
	(12 mths) 2002 \$'000	(6 mths) 2001 \$'000	(12 mths) 2002 \$'000	(6 mths) 2001 \$'000
Sale of goods revenue from operating activities	75,804	38,923	75,804	38,923
<b>Other revenues:</b>				
<i>From operating activities</i>				
Interest:				
Other parties	112	78	108	67
<i>From outside operating activities</i>				
Rental income	160	74	143	74
<b>Total other revenues</b>	<b>272</b>	<b>152</b>	<b>251</b>	<b>141</b>
<b>Total revenue from ordinary activities</b>	<b>76,076</b>	<b>39,075</b>	<b>76,055</b>	<b>39,064</b>





## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

## 4. PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE

	CONSOLIDATED		THE COMPANY	
	(12 mths) 2002 \$'000	(6 mths) 2001 \$'000	(12 mths) 2002 \$'000	(6 mths) 2001 \$'000
<b>(a) Individually significant expenses/(revenues) included in profit from ordinary activities before income tax expense</b>				
Borrowing costs incurred in relation to the acquisition of the investment in Asia Pacific Specialty Chemicals Limited	359	–	359	–
<b>(b) Profit from ordinary activities before income tax expense has been arrived at after charging/(crediting) the following items:</b>				
Cost of sales	39,854	15,342	39,854	15,342
Borrowing costs:				
Other parties - bank loans	711	231	710	231
Depreciation of:				
Tanks and buildings	45	22	45	22
Plant and equipment	863	522	467	217
	908	544	512	239
Net bad and doubtful debts expense including movements in provision for doubtful debts	(267)	165	(267)	165
Net expense from movements in provision for:				
Employee entitlements	(228)	(325)	(228)	(325)
Stock obsolescence	(20)	20	(20)	20
Operating lease rental expenses:				
Minimum lease payments	165	59	165	59

## 5. AUDITORS' REMUNERATION

	CONSOLIDATED		THE COMPANY	
	(12 mths) 2002 \$'000	(6 mths) 2001 \$'000	(12 mths) 2002 \$'000	(6 mths) 2001 \$'000
Audit services:				
Auditors of the company - KPMG				
Audit and review of the financial reports	60	45	54	35
Other services:				
Auditors of the Company – KPMG				
Other assurance services	270	35	266	30
Taxation services	12	–	12	–

\$223,914 of other assurance services are in relation to costs associated with the potential Asia Pacific Specialty Chemicals Limited merger and takeover.

## 6. TAXATION

	CONSOLIDATED		THE COMPANY	
	(12 mths) 2002 \$'000	(6 mths) 2001 \$'000	(12 mths) 2002 \$'000	(6 mths) 2001 \$'000
<b>(a) Income tax expense</b>				
Prima facie income tax expense/(benefit) calculated at 30% (2001:34%) on the profit from ordinary activities	2,918	3,304	2,779	2,178
Increase/(decrease) in income tax expense due to:				
Depreciation on revalued property, plant & equipment not deductible for tax	67	31	67	31
Adjustment for change in tax rate	-	(20)	-	(20)
Research and development allowance	(8)	-	(8)	-
Sundry	(61)	(10)	(67)	(10)
Tax benefit on tax losses in controlled entity	(8)	-	-	-
Income tax under/(over) provision in prior year	(186)	254	(186)	254
Income tax expense on the profit from ordinary activities before individually significant income tax items	2,722	3,559	2,585	2,433
Individually significant income tax items:				
Recognition of timing differences of controlled entity not previously brought to account	-	1,526	-	-
Recovery of tax losses of controlled entity not previously brought to account	-	(1,126)	-	-
Income tax expense attributable to operating profit from ordinary activities	2,722	3,959	2,585	2,433
Income tax expense/(credit) attributable to profit from ordinary activities is made up of:				
Current income tax provision	2,690	2,027	2,621	2,027
Future income tax benefit	40	117	40	117
Deferred income tax provision	178	1,581	110	55
Adjustment for change in tax rate	-	(20)	-	(20)
Under/(over) provision in prior year	(186)	254	(186)	254
	<b>2,722</b>	<b>3,959</b>	<b>2,585</b>	<b>2,433</b>
<b>(b) Current tax liabilities/(assets)</b>				
<i>Provision for current income tax payable/(receivable)</i>				
Movements during the year:				
Balance at beginning of year	3,468	2,463	3,468	2,463
Income tax (paid)/refunded	(5,729)	(1,022)	(5,644)	(1,022)
	(2,261)	1,441	(2,176)	1,441
Current year's income tax expense on profit from ordinary activities	2,690	2,027	2,621	2,027
Under/(over) provision in prior year	(510)	-	(510)	-
	<b>(81)</b>	<b>3,468</b>	<b>(65)</b>	<b>3,468</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2002

### 6. TAXATION (CONTINUED)

	CONSOLIDATED		THE COMPANY	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
<b>(c) Deferred tax liabilities</b>				
<i>Provision for deferred income tax</i>				
Provision for deferred income tax comprises the estimated expense at the applicable rate of 30% (2001: 30%) on the following items:				
Difference in depreciation of property, plant & equipment for accounting and income tax purposes	2,100	1,564	506	38
Sundry items	46	78	46	78
	<b>2,146</b>	<b>1,642</b>	<b>552</b>	<b>116</b>
<b>(d) Deferred tax assets</b>				
<i>Future income tax benefit</i>				
Future income tax benefit comprises the estimated future benefit at the applicable rate of 30% (2001: 30%) on the following items:				
Provisions and accrued employee entitlements not currently deductible	506	545	506	545
Sundry items	95	96	95	96
	<b>601</b>	<b>641</b>	<b>601</b>	<b>641</b>
<i>Future income tax benefit not taken to account</i>				
The potential future income tax benefit in a controlled entity, which is a company, arising from tax losses and timing differences has not been recognised as an asset because recovery of tax losses is not virtually certain and recovery of timing differences is not assured beyond any reasonable doubt:				
Tax losses carried forward	–	8	–	–
Timing differences	–	–	–	–
	<b>–</b>	<b>8</b>	<b>–</b>	<b>–</b>

The potential future income tax benefit will only be obtained if:

- (i) the relevant company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised, or the benefit can be utilised by another company in the consolidated entity in accordance with Division 170 of the Income Tax Assessment Act 1997;
- (ii) the relevant company and/or the controlled entity continues to comply with the conditions for deductibility imposed by the law; and
- (iii) no changes in tax legislation adversely affect the relevant company and/or the consolidated entity in realising the benefit.

## 7. EARNINGS PER SHARE

	CONSOLIDATED	
	(12 mths) 2002 \$'000	(6 mths) 2001 \$'000
<b>Earnings reconciliation</b>		
Net profit	7,005	5,760
Basic earnings	7,005	5,760
<b>Diluted earnings</b>	<b>7,005</b>	<b>5,760</b>
<i>Allocation of earnings to category of ordinary share:</i>		
Basic – ordinary shares	7,005	5,760
Diluted – ordinary shares	7,005	5,760

	CONSOLIDATED	
	(12 mths) 2002	(6 mths) 2001
<b>Weighted average number of shares used as the denominator</b>		
<b>Number for basic earnings per share</b>		
Ordinary shares	93,457,219	91,500,003
Effect of executive share options on issue	782,373	2,467,466
<b>Number for diluted earnings per share</b>	<b>94,239,592</b>	<b>93,967,469</b>
<i>Allocation of diluted number of shares to category of ordinary share:</i>		
Ordinary shares	94,239,592	93,967,469
	<b>94,239,592</b>	<b>93,967,469</b>

### CLASSIFICATION OF SECURITIES AS ORDINARY SHARES

The following securities have been classified as ordinary shares and included in basic earnings per share, as they have different entitlements to dividends:

- (a) ordinary shares

### CLASSIFICATION OF SECURITIES AS POTENTIAL ORDINARY SHARES

The following securities have been classified as potential ordinary shares and included in diluted earnings per share only:

- (a) options outstanding under the Executive Share Option Plan; and  
(b) options outstanding issued to directors.

During the year, 2,600,001 options were converted to ordinary shares. Full details of these options are set out in Note 27. The diluted EPS calculation includes that portion of these options assumed to be issued for nil consideration, weighted with reference to the date of conversion. The weighted average number included is 1,957,216.

The following Executive Share Options have not been included in the calculation of diluted EPS as they are not dilutive:

Issue date 31 October 2002	166,667
Issue date 31 October 2002	166,667
Issue date 31 October 2002	166,666

Full details of these options are set out in Note 27.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

## 8. SEGMENT INFORMATION

	AUSTRALIA/ NEW ZEALAND	ASIA PACIFIC	OTHER	CONSOLIDATED
<b>Primary reporting</b>	<b>(12 mths)</b>	<b>(12 mths)</b>	<b>(12 mths)</b>	<b>(12 mths)</b>
<b>Geographical segments</b>	<b>2002</b>	<b>2002</b>	<b>2002</b>	<b>2002</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>				
External segment revenue				
by location of customers	29,559	45,331	1,074	75,964
<b>Total segment revenue</b>				<b>75,964</b>
Other unallocated revenue				112
<b>Total revenue</b>				<b>76,076</b>
<b>Result</b>				
Segment result	8,216	6,884	154	15,254
Unallocated corporate expenses	–	–	–	(5,527)
Profit from ordinary activities before income tax				9,727
Income tax expense				2,722
Profit from ordinary activities after income tax				7,005
<b>Net profit</b>				<b>7,005</b>
Depreciation				908 (i)
<b>Assets</b>				
Segment assets				59,742 (i)
Unallocated corporate assets				13,930
<b>Consolidated total assets</b>				<b>73,672 (i)</b>
<b>Liabilities</b>				
Segment liabilities				24,519 (i)
Unallocated corporate liabilities				16,762
<b>Consolidated total liabilities</b>				<b>41,281 (i)</b>
Acquisition of non-current assets				4,685

Note:

(i) All segment assets and liabilities are located in Australia and are unable to be allocated to individual geographical segments by location of customers on a reasonable basis.



	SPECIALTY CHEMICALS		ENERGY		CONSOLIDATED	
Secondary reporting Business segments	(12 mths) 2002 \$'000	(6 mths) 2001 \$'000	(12 mths) 2002 \$'000	(6 mths) 2001 \$'000	(12 mths) 2002 \$'000	(6 mths) 2001 \$'000
External segment revenue	75,804	38,923	-	-	75,804	38,923
Segment assets by business segments	67,023	48,103	6,649	6,134	73,672	54,237

Inter-segment pricing is determined on an arm's length basis.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

#### GEOGRAPHICAL SEGMENTS

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and liabilities are located in Australia and are unable to be allocated to individual geographical segments by location of customers on a reasonable basis.

The consolidated entity's business segments operate geographically as follows.

Geographical Segments	Products/Services
Australia/New Zealand	Specialty chemicals, Electricity, Steam
Asia Pacific	Specialty chemicals
Other	Specialty chemicals

#### BUSINESS SEGMENTS

The consolidated entity comprises the following main business segments, based on the consolidated entity's management reporting system:

Business Segments	Products/Services
Specialty Chemicals	Oleine, Stearine, Glycerine, Distilled fatty acids
Energy	Electricity, Steam

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

## 9. CASH ASSETS

	CONSOLIDATED		THE COMPANY	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Cash at bank and on hand	4,602	6,253	4,509	6,056

## 10. RECEIVABLES

	CONSOLIDATED		THE COMPANY	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
<b>Current</b>				
Trade debtors	10,890	11,750	10,890	11,750
Less: Provision for doubtful trade debtors	(148)	(415)	(148)	(415)
	10,742	11,335	10,742	11,335
Other debtors	152	383	152	383
	<b>10,894</b>	<b>11,718</b>	<b>10,894</b>	<b>11,718</b>
<b>Non-current</b>				
Loans to controlled entity	–	–	1,324	2,273

Further details of loans to controlled entity are set out in Note 30. Other debtor amounts generally arise from transactions outside the usual operating activities of the consolidated entity. Interest may be charged at market rates where the terms of repayment exceed three months. Collateral is generally not obtained.

## 11. NET RECEIVABLE ON FORWARD FOREIGN EXCHANGE CONTRACTS

	Notes	CONSOLIDATED		THE COMPANY	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Current	23	4,455	–	4,455	–
Non-current	23	7,093	–	7,093	–

## 12. OTHER FINANCIAL ASSETS

	CONSOLIDATED		THE COMPANY	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
<b>Current</b>				
Investment in other entities				
Listed shares at cost	9,328	–	9,328	–

The investment is held in Asia Pacific Specialty Chemicals Limited (APS) whose principal activities involve the sale of speciality chemicals. The percentage ownership interest held in APS is 19.9% and the carrying amount is \$9,328,206. Refer to Note 32 for details of the sale of this investment subsequent to year end.

**13. INVENTORIES**

	CONSOLIDATED		THE COMPANY	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
<b>Current</b>				
Raw materials, at cost	591	880	591	880
Work in progress, at cost	846	626	846	626
Finished goods	2,294	5,069	2,294	5,069
	<b>3,731</b>	<b>6,575</b>	<b>3,731</b>	<b>6,575</b>
<b>Finished goods comprises:</b>				
Finished goods, at cost	2,294	5,089	2,294	5,089
Less: Provision for obsolescence	-	(20)	-	(20)
	<b>2,294</b>	<b>5,069</b>	<b>2,294</b>	<b>5,069</b>

**14. OTHER ASSETS**

	CONSOLIDATED		THE COMPANY	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
<b>Current</b>				
Prepayments	490	430	490	430

**15. PROPERTY, PLANT AND EQUIPMENT**

	CONSOLIDATED		THE COMPANY	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
<b>Current</b>				
<b>Turbines held for sale-</b>				
At recoverable amount	3,076	-	-	-
Accumulated depreciation	(107)	-	-	-
	<b>2,969</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Non- current</b>				
Freehold land				
At cost	4,673	4,673	4,673	4,673
<b>Tanks and buildings</b>				
At cost	1,916	1,916	1,916	1,916
Accumulated depreciation	(112)	(67)	(112)	(67)
	<b>1,804</b>	<b>1,849</b>	<b>1,804</b>	<b>1,849</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

## 15. PROPERTY, PLANT AND EQUIPMENT (continued)

	CONSOLIDATED		THE COMPANY	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
<b>Plant and machinery</b>				
At cost	25,133	17,123	17,176	9,166
Accumulated depreciation	(4,212)	(3,349)	(1,100)	(633)
	20,921	13,774	16,076	8,533
At recoverable amount (turbines)	–	3,076	–	–
Accumulated depreciation	–	(107)	–	–
	–	2,969	–	–
Capital works in progress, at cost	2,030	5,355	1,980	5,355
<b>Total non-current property, plant and equipment net book value</b>	<b>29,428</b>	<b>28,620</b>	<b>24,533</b>	<b>20,410</b>
<b>Reconciliations</b>				
Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:				
<b>Freehold land</b>				
Carrying amount at beginning of year	4,673	4,673	4,673	4,673
Additions	–	–	–	–
Disposals	–	–	–	–
<b>Carrying amount at end of year</b>	<b>4,673</b>	<b>4,673</b>	<b>4,673</b>	<b>4,673</b>
<b>Tanks and buildings</b>				
Carrying amount at beginning of year	1,849	1,871	1,849	1,871
Depreciation	(45)	(22)	(45)	(22)
<b>Carrying amount at end of year</b>	<b>1,804</b>	<b>1,849</b>	<b>1,804</b>	<b>1,849</b>
<b>Plant and machinery</b>				
Carrying amount at beginning of year	16,743	16,771	8,533	8,256
Transfer from capital works in progress	8,010	494	8,010	494
Depreciation	(863)	(522)	(467)	(217)
<b>Carrying amount at end of year</b>	<b>23,890</b>	<b>16,743</b>	<b>16,076</b>	<b>8,533</b>
<b>Capital works in progress</b>				
Carrying amount at beginning of year	5,355	858	5,355	858
Additions	4,685	4,991	4,635	4,991
Transfer to property, plant and equipment	(8,010)	(494)	(8,010)	(494)
<b>Carrying amount at end of year</b>	<b>2,030</b>	<b>5,355</b>	<b>1,980</b>	<b>5,355</b>

## 16. PAYABLES

	Notes	CONSOLIDATED		THE COMPANY	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
<b>Current</b>					
Trade creditors-controlled entity	30	–	–	1,144	827
Trade creditors		5,590	7,413	4,700	7,093
Sundry accruals		32	227	14	75
		<b>5,622</b>	<b>7,640</b>	<b>5,858</b>	<b>7,995</b>

## 17. DEFERRED FOREIGN CURRENCY HEDGE EXCHANGE DIFFERENCES AND COSTS

	CONSOLIDATED		THE COMPANY	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Current	4,455	–	4,455	–
Non-current	7,093	–	7,093	–





## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

## 18. INTEREST-BEARING LIABILITIES

	CONSOLIDATED		THE COMPANY	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
<b>Current</b>				
Loans, secured	6,582	–	6,582	–
<b>Non-Current</b>				
Loans, secured	10,180	5,450	10,180	5,450
<b>Financing arrangements</b>				
The consolidated entity has access to the following lines of credit:				
Total facilities available:				
Standby letters of credit	104	200	104	200
Bill acceptance facility	78,762	5,450	78,762	5,450
Multi option working capital facility	29,000	–	29,000	–
	<b>107,866</b>	<b>5,650</b>	<b>107,866</b>	<b>5,650</b>
Facilities utilised at balance date:				
Standby letters of credit	–	–	–	–
Bill acceptance facility	23 16,762	5,450	16,762	5,450
	<b>16,762</b>	<b>5,450</b>	<b>16,762</b>	<b>5,450</b>
Facilities not utilised at balance date:				
Standby letters of credit	104	200	104	200
Bill acceptance facility	62,000	–	62,000	–
Multi option working capital facility	29,000	–	29,000	–
	<b>91,104</b>	<b>200</b>	<b>91,104</b>	<b>200</b>

The carrying amount of the pledged properties are as follows:

	Notes	CONSOLIDATED		THE COMPANY	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Freehold land	15	4,673	4,673	4,673	4,673
Tanks and buildings	15	1,804	1,849	1,804	1,849
Plant and machinery	15	23,890	16,743	16,076	8,533
Capital works in progress	15	2,030	5,355	1,980	5,355
		<b>32,397</b>	<b>28,620</b>	<b>24,533</b>	<b>20,410</b>

## 18. INTEREST-BEARING LIABILITIES (continued)

### STANDBY LETTER OF CREDIT

The standby letter of credit facility is a committed facility, available to be drawn down. No drawdowns against this facility had been made as at the 2002 balance date.

### BILL ACCEPTANCE FACILITY

The bill acceptance facility of \$16,762,000 is available for the next 2 years. This facility bears interest at 6.34% (2001:7.55%).

The bill acceptance facility of \$62,000,000 is available for the next five years. This facility was unused as at the 2002 balance date. This facility bears interest at the bank's prime rate plus 0.05%.

The bill acceptance facilities and standby letter of credit facility are secured by a first registered mortgage over all industrial property of the Company and first registered mortgage debenture charge over all present and future assets and undertakings of the consolidated entity.

### MULTI OPTION WORKING CAPITAL FACILITY

The multi option working capital facility is available for allocation between overdraft, accommodation bills, import funding and export funding facility options and is available until 31 May 2003. This facility was unused as at the 2002 balance date.

The facility is secured by an Interlocking Unlimited Guarantee provided by the Company and Co-Generation Australia Ltd. In addition, the guarantee is supported by a registered mortgage debenture over the whole of the Company's assets and undertakings and a first registered freehold mortgage over all industrial property.

## 19. PROVISIONS

		CONSOLIDATED		THE COMPANY	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
<b>Current</b>					
Dividends	22	3,764	4,575	3,764	4,575
Employee entitlements	27	1,287	1,442	1,287	1,442
Other		–	35	–	35
		<b>5,051</b>	<b>6,052</b>	<b>5,051</b>	<b>6,052</b>
<b>Non-current</b>					
Employee entitlements	27	152	225	152	225

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

## 20. CONTRIBUTED EQUITY

	Notes	CONSOLIDATED		THE COMPANY	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
<b>Share capital</b>					
94,100,004 (2001: 91,500,003) ordinary shares, fully paid		16,479	15,116	16,479	15,116
<b>(a) Ordinary shares</b>					
Movements during the year					
Balance at beginning of the year		15,116	15,116	15,116	15,116
Shares issued					
2,600,001 (2001: Nil) from the exercise of options under the Executive Share Option Plan	27	1,363	–	1,363	–
<b>Balance at end of year</b>		<b>16,479</b>	<b>15,116</b>	<b>16,479</b>	<b>15,116</b>

### Terms and conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

In the event of winding up of the Company, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation. Note 27 provides details of shares issued on exercise of options.

## 21. RETAINED PROFITS

	Notes	CONSOLIDATED		THE COMPANY	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Retained profits at beginning of year		14,644	13,459	9,681	10,284
Net profit attributable to members of the parent entity		7,005	5,760	6,677	3,972
Dividends	22	(5,737)	(4,575)	(5,737)	(4,575)
<b>Retained profits at end of year</b>		<b>15,912</b>	<b>14,644</b>	<b>10,621</b>	<b>9,681</b>

## 22. DIVIDENDS

Dividends recognised in the current year by the Company are:

	Cents per share	Total amount \$'000	Date of payment	Tax rate for franking credit	% Franked
<b>2002</b>					
Interim-ordinary	2.0	1,973	2 Apr 2002	30%	100%
Final - ordinary	4.0	3,764	13 Sep 2002	30%	100%
<b>Total franked amount</b>		<b>5,737</b>			
<b>2001</b>					
Final - ordinary	5.0	4,575	30 Aug 2001	30%	100%
<b>Total franked amount</b>		<b>4,575</b>			

No unfranked dividends have been declared or paid during the year.

	THE COMPANY	
	2002 \$'000	2001 \$'000
<b>Dividend franking account</b>		
30% franking credits available to shareholders of Symex Holdings Ltd for subsequent financial years	2,316	8,962

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax
- franking debits that will arise from the payment of dividends recognised as a liability at year-end
- franking credits that will arise from the receipt of dividends recognised as receivables at year-end
- franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

From 1 July 2002 the New Business Tax System ( Imputation) Act 2002 requires measurement of franking credits based on the amount of income tax paid, rather than on after-tax profits.

As a result the "franking credits available" were converted from \$2,316,979 to \$992,562 as at 1 July 2002.

This change in the basis of measurement does not change the value of franking credits to shareholders who may be entitled to franking credit benefits.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

## 23. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE

## (A) INTEREST RATE RISK

## Interest rate risk exposures

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

	Notes	Weighted average interest rate	Floating interest rate \$'000	Fixed interest maturing in 1 year or less \$'000	Fixed interest maturing in 1 to 5 years \$'000	Non-interest bearing \$'000	Total \$'000
<b>2002</b>							
<b>Financial Assets</b>							
Cash assets	9	3.14%	4,602	–	–	–	4,602
Receivables	10	–	–	–	–	10,894	10,894
Net receivable on forward contracts	11	–	–	–	–	11,548	11,548
Other financial assets	12	–	–	–	–	9,328	9,328
			<b>4,602</b>	<b>–</b>	<b>–</b>	<b>31,770</b>	<b>36,372</b>
<b>Financial Liabilities</b>							
Payables	16	–	–	–	–	5,622	5,622
Deferred foreign currency hedge exchange differences and costs	17	–	–	–	–	11,548	11,548
Employee entitlements	27	–	–	–	–	1,439	1,439
Dividends payable	19	–	–	–	–	3,764	3,764
Loans	18	6.34%	–	6,582	10,180	–	16,762
				<b>6,582</b>	<b>10,180</b>	<b>22,373</b>	<b>39,135</b>
<b>2001</b>							
<b>Financial Assets</b>							
Cash assets	9	3.65%	6,253	–	–	–	6,253
Receivables	10	–	–	–	–	11,718	11,718
			<b>6,253</b>	<b>–</b>	<b>–</b>	<b>11,718</b>	<b>17,971</b>
<b>Financial Liabilities</b>							
Payables	16	–	–	–	–	7,640	7,640
Provisions	19	–	–	–	–	35	35
Employee entitlements	27	–	–	–	–	1,667	1,667
Dividends payable	19	–	–	–	–	4,575	4,575
Loans	18	7.55%	5,450	–	–	–	5,450
			<b>5,450</b>	<b>–</b>	<b>–</b>	<b>13,917</b>	<b>19,367</b>



## 23. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (continued)

### (B) FOREIGN EXCHANGE RISK

The consolidated entity enters into forward foreign exchange contracts to hedge a proportion of anticipated sale commitments denominated in foreign currencies (principally US dollars and Japanese yen) expected in each month, within the following three years subject to Board approved limits. The amount of anticipated future purchases and sales is forecast in light of current conditions in foreign markets, commitments from customers and experience. All sales and purchases from the first of each month are designated as being hedged until all hedge contracts are fully utilised. Notes 1(f) and 1(g) set out the accounting treatment for these contracts.

The following table sets out the gross value to be received under foreign currency contracts, the weighted average contracted exchange rates and settlement periods of outstanding contracts for the consolidated entity.

	Weighted average rate		CONSOLIDATED	
	2002	2001	2002 \$'000	2001 \$'000
<b>Sell US dollars</b>				
No later than one year	0.5096	0.5443	23,548	22,600
Later than one year but not later than two years	0.4992	0.5066	24,038	23,685
Later than two years but not later than three years	0.4992	0.4935	12,019	12,158
			<b>59,605</b>	<b>58,443</b>
<b>Sell Japanese yen</b>				
No later than one year	55.13	54.05	10,884	11,343
Later than one year but not later than two years	56.25	54.05	10,667	11,416
Later than two years but not later than three years	56.25	54.05	5,333	5,550
			<b>26,884</b>	<b>28,309</b>

The net deferred costs and exchange gains and losses on hedges of anticipated foreign currency sales recognised in other assets at Note 11 and payables in Note 17 and the timing of their anticipated recognition as part of sales are:

	CONSOLIDATED	
	2002 Net gains \$'000	2001 Net gains \$'000
Not later than one year	4,597	684
Later than one year but not later than two years	4,634	707
Later than two years but not later than three years	2,317	356
	<b>11,548</b>	<b>1,747</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

## 23. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (continued)

### (C) CREDIT RISK EXPOSURES

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

#### Recognised financial instruments

The credit risk on financial assets, excluding investments, of the consolidated entity which have been recognised on the statement of financial position, is the carrying amount, net of any provision for doubtful debts.

The consolidated entity minimises concentrations of credit risk by undertaking transactions with a large number of customers and counterparties in various countries and by performing extensive due diligence procedures on major new customers.

The consolidated entity is not materially exposed to any individual overseas country or individual customer.

### (D) NET FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

#### Valuation approach

Net fair values of financial assets and liabilities are determined by the consolidated entity on the following bases:

#### Recognised financial instruments

Listed shares included in "Other financial assets" are traded in an organised financial market. The net fair value of listed shares is determined by valuing them at the price these shares were sold for subsequent to year end.

Monetary financial assets and financial liabilities not readily traded in an organised financial market are determined by valuing them at the present value of contractual future cash flows on amounts due from customers (reduced for expected credit losses) or due to suppliers. Cash flows are discounted using standard valuation techniques at the applicable market yield having regard to the timing of the cash flows. The carrying amounts of trade debtors, other debtors, accounts payable, dividends payable and employee entitlements approximate net fair value.

#### Unrecognised financial instruments

The valuation of financial instruments not recognised on the statement of financial position in the prior year detailed in this note, as set out below, reflects the estimated amounts which the consolidated entity expected to pay or to receive to terminate the contracts, including transaction costs, or to replace the contracts at their market rates as at reporting date. This was based on independent market quotations and determined using standard valuation techniques.

## 23. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (continued)

### Net fair values

#### Recognised financial instruments

The carrying amounts and net fair values of financial assets and liabilities as at the reporting date are as follows:

	CONSOLIDATED 2002		CONSOLIDATED 2001	
	Carrying amount \$'000	Net fair value \$'000	Carrying amount \$'000	Net fair value \$'000
<b>Financial assets</b>				
Cash assets	4,602	4,602	6,253	6,253
Receivables	10,894	10,894	11,718	11,718
Investments – Other entities (listed)	9,328	9,897	–	–
Net receivable on forward contracts	11,548	11,548	–	–
<b>Financial liabilities</b>				
Loans	16,762	16,762	5,450	5,450
Deferred foreign currency hedge exchange differences and costs	11,548	11,548	–	–
Payables – other	5,622	5,622	7,640	7,640
Employee entitlements	1,439	1,439	1,667	1,667
Dividends payable	3,764	3,764	4,575	4,575

Cash assets and listed shares in other corporations are readily traded on organised markets in a standardised form. All other financial assets and liabilities are not readily traded on organised markets in a standardised form.

#### Unrecognised financial instruments

The net fair value of financial instruments not recognised on the statement of financial position held as at the reporting date are:

	CONSOLIDATED	
	2002 \$'000	2001 \$'000
Forward foreign exchange contracts – Note 2(c)		
Unrealised gains	–	786
Transaction costs	–	961

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

## 24. COMMITMENTS

	CONSOLIDATED		THE COMPANY	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
<b>Non-cancellable operating lease expense commitments</b>				
Future operating lease commitments not provided for in the financial statements and payable:				
Within one year	162	140	162	140
One year or later and no later than five years	187	274	187	274
	<b>349</b>	<b>414</b>	<b>349</b>	<b>414</b>

The consolidated entity leases motor vehicles under non-cancellable operating leases expiring from one to five years. Operating leases are replaced every three years.

During the prior period, the Company renewed its operating leases relating to executive motor vehicles. The Company has now introduced the option of novated leases to its employees.



## 25. CONTINGENT LIABILITIES

As part of the agreement relating to the purchase of the Uniqema business from ICI Holdings (Australia) Pty Ltd, Symex Holdings Limited may be obliged to pay, as part of the purchase price, an annual amount between \$0 and \$1.0 million over a five year period, which commenced 29 February 2000. The amount potentially payable is based on sliding scale referable to the average gross invoice value of glycerine sold by the Company in the preceding 1 year period.

As at 30 June 2002, there were no amounts payable in relation to this agreement.

## 26. NOTES TO THE STATEMENTS OF CASH FLOWS

	Notes	CONSOLIDATED		THE COMPANY	
		2002 \$'000 (12 mths)	2001 \$'000 (6 mths)	2002 \$'000 (12 mths)	2001 \$'000 (6 mths)
<b>(i) Reconciliation of Cash</b>					
For the purposes of the statements of cash flows, cash includes cash on hand and at bank. Cash as at the end of the financial period as shown in the statements of cash flows is reconciled to the related items in the statements of financial position as follows:					
Cash assets	9	4,602	6,253	4,509	6,056
<b>(ii) Reconciliation of profit from ordinary activities after income tax to net cash provided by operating activities</b>					
Profit from ordinary activities after income tax		7,005	5,760	6,677	3,972
Add/(less) non-cash items:					
• Depreciation	4	908	544	512	239
<b>Net cash provided by operating activities before change in assets and liabilities</b>		<b>7,913</b>	<b>6,304</b>	<b>7,189</b>	<b>4,211</b>
Change in assets and liabilities during the financial year:					
• (Increase)/decrease in deferred tax assets		40	–	40	–
• (Increase)/decrease in receivables		593	272	593	272
• (Increase)/decrease in inventory		2,844	(470)	2,844	(470)
• (Increase)/decrease in other assets		171	(209)	171	(209)
• (Decrease)/increase in creditors		(2,019)	889	(2,137)	818
• (Decrease)/increase in income tax payable		(3,549)	1,005	(3,533)	1,005
• (Decrease)/increase in provisions		(262)	(1,102)	(262)	(1,102)
• (Decrease)/increase in deferred taxes payable		504	1,932	436	407
<b>Net cash provided by operating activities</b>		<b>6,235</b>	<b>8,621</b>	<b>5,341</b>	<b>4,932</b>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

## 27. EMPLOYEE ENTITLEMENTS

	CONSOLIDATED		THE COMPANY	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Aggregate liability for employee entitlements including on-costs:				
Current	19	1,287	1,287	1,442
Non-current	19	152	152	225
	<b>1,439</b>	<b>1,667</b>	<b>1,439</b>	<b>1,667</b>
<b>Number of employees</b>				
Number of employees at year end	101	90	101	90

### Executive Option Incentive Plan

The total options available to be issued under the Executive Option Incentive Plan is 4,700,000 options as at 30 June 2002. Unissued ordinary shares of the Company under option, including both options issued to the directors and under an Executive Option Incentive Plan, are:

Issue date	Expiry date	Exercise price	Options issued	TOTAL OPTIONS EXERCISED AND SHARES ISSUED		UNISSUED SHARES AND OPTIONS AVAILABLE	
				2002 (12 mths)	2001 (6 mths)	2002	2001
28/8/2000	31/12/2005	\$0.50	2,400,000	2,350,000	–	50,000	2,400,000
28/8/2000	31/12/2005	\$0.75	1,275,000	250,001	–	1,024,999	1,275,000
28/8/2000	31/12/2005	\$1.00	650,000	–	–	650,000	650,000
3/5/2001	31/12/2005	\$1.40	100,000	–	–	100,000	100,000
310/2001	31/10/2004	\$2.00	166,667	–	–	166,667	–
310/2001	31/10/2004	\$2.25	166,667	–	–	166,667	–
310/2001	31/10/2004	\$2.50	166,666	–	–	166,666	–
			<b>4,925,000</b>	<b>2,600,001</b>	<b>–</b>	<b>2,324,999</b>	<b>4,425,000</b>

All options expire on the earlier of their expiry date or termination of the employee's employment. In addition, the ability to exercise the options is conditional upon exercisable dates being reached.

The market value of shares under these options at 30 June 2002 was \$1.19 (30 June 2001:\$1.56).

Options issued do not represent remuneration for past services. The market value at the date of issue of the 2,600,001 (2001: Nil) shares was \$4,344,501 (2001:Nil) and the total amount received from employees was \$1,362,501 (2001:Nil). No options expired during the year ended 30 June 2002.

## 27. EMPLOYEE ENTITLEMENTS (continued)

The amounts recognised in the financial statements of the Company in relation to employee share options exercised during the financial year were:

	Note	CONSOLIDATED		THE COMPANY	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Issued ordinary share capital	20	1,363	–	1,363	–

### Superannuation plans

The consolidated entity contributes to one defined contribution and one defined benefit employee superannuation plan.

In the case of the defined benefit employee superannuation plan, the employer contributions are based on the advice of the plan's actuary. Contributions in excess of those specified in SIS legislation are not legally enforceable. Employee contributions are based on various percentages of their gross salaries. After serving a qualifying period, all employees are entitled to benefits on retirement, disability or death.

The plan provides defined benefits based on years of service and final average salary.

In accordance with the Trust Deed, the consolidated entity is under no legal obligation to make up any shortfall in the plan's assets to meet payments due to employees.

An actuarial assessment of the plan as at 1 July 2000 was carried out by Esther Conway, FIAA of Watson Wyatt Australia Pty Ltd on 9 February 2001. The actuary concluded that the assets of the plan was sufficient to meet all benefits payable in the event of the plan's termination, or the voluntary or compulsory termination of employment of each employee of the consolidated entity.

The accrued benefits, plan assets at net market value and vested benefits of the plan is set out below. Accrued benefits are benefits which the plan is presently obliged to pay at some future date, as a result of membership of the plan. Vested benefits are benefits which are not conditional upon the continued membership of the plan or any factor, other than resignation from the plan.

The directors, based on the advice of the trustees of the plan, are not aware of any changes in circumstances since the date of the most recent financial statements of the plan which would have a material impact on the overall financial position of the plan.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

## 27. EMPLOYEE ENTITLEMENTS (continued)

### Superannuation plans (continued)

Details of contributions to the defined contribution and defined benefit plan during the year and contributions payable at 30 June 2002 are as follows:

	CONSOLIDATED		THE COMPANY	
	2002 \$'000 (12 mths)	2001 \$'000 (6 mths)	2002 \$'000 (12 mths)	2001 \$'000 (6 mths)
Employer contributions to the plans	585	286	585	286
Employer contributions payable to the plans at balance date	46	55	46	55

Defined benefits plans	2002 \$'000			
	Plan assets at net market value (i)	Total accrued benefits (ii)	Excess/ (Deficit)	Total vested benefits (i)
Symex Holdings Limited Superannuation Plan	7,457	6,432	1,025	6,886

Defined benefits plans	2001 \$'000			
	Plan assets at net market value (iii)	Total accrued benefits (iii)	Excess/ (Deficit)	Total vested benefits (iii)
Symex Holdings Limited Superannuation Plan	6,499	6,432	67	6,227

(i) Plan assets at net market value and vested benefits have been calculated at 30 June 2001, being the date of the most recent financial statements of the plan.

(ii) Accrued benefits have been obtained from the most recent financial statements of the plan being 30 June 2001, but are based on actuarial reviews performed as at 1 July 2000.

(iii) Plan assets at net market value, accrued benefits and vested benefits have been calculated at 1 July 2000 being the date of the most recent actuarial reviews performed and the date of the most recent financial statements of the plan.

## 28. DIRECTORS' REMUNERATION

	THE COMPANY	
	2002 (12 mths)	2001 (6 mths)
<b>Directors' income</b>		
The number of directors of the Company whose income from the Company or any related party falls within the following bands:		
\$10,000 and \$19,999	–	1
\$30,000 and \$39,999	1	–
\$50,000 and \$59,999	–	1
\$100,000 and \$109,999	1	–
\$170,000 and \$179,999	–	2
\$200,000 and \$209,999	–	1
\$260,000 and \$269,999	1	–
\$270,000 and \$279,999	1	–
\$370,000 and \$379,999	1	–
The remuneration bands are not consistent with the emoluments disclosed in the Directors' Report as the basis of calculation differs due to the differing requirements of the Corporations Act 2001 and the Accounting Standards.		

	CONSOLIDATED		THE COMPANY	
	2002 \$ (12 mths)	2001 \$ (6 mths)	2002 \$ (12 mths)	2001 \$ (6 mths)
Total income paid or payable, or otherwise made available, to all directors of the Company and controlled entities from the Company or any related party	1,053,378	632,723	1,053,378	632,723

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

## 29. EXECUTIVES' REMUNERATION

	CONSOLIDATED		THE COMPANY	
	2002 (12 mths)	2001 (6 mths)	2002 (12 mths)	2001 (6 mths)
The number of Australian based executive officers of the Company and of controlled entities, whose remuneration from the Company or related parties, and from entities in the consolidated entity, falls within the following bands:				
\$100,000 and \$109,999	–	1	–	1
\$120,000 and \$129,999	2	–	2	–
\$170,000 and \$179,999	–	2	–	2
\$160,000 and \$169,999	1	–	1	–
\$210,000 and \$219,999	–	1	–	1
\$260,000 and \$269,999	1	–	1	–
\$270,000 and \$279,999	1	–	1	–
\$370,000 and \$379,999	1	–	1	–
	\$	\$	\$	\$
Total income in respect of the financial year received, or due and receivable, from the Company, entities in the consolidated entity or related parties by executive officers of the Company and of controlled entities whose income is \$100,000 or more	1,321,562	669,561	1,321,562	669,561

Executive officers are those officers involved in the strategic direction, general management or control of business at a company or operating division level.

Executives' remuneration includes amounts paid by the Company during the year to indemnify executives, and an allocation of insurance premiums paid by the Company or related parties in respect of directors' and officers' liabilities and legal expenses' insurance contracts, in accordance with common commercial practice.

The remuneration bands are not consistent with the emoluments disclosed in the Directors' Report as the basis of calculation differs due to the differing requirements of the Corporations Act 2001 and the Accounting Standards.



### 30. RELATED PARTY DISCLOSURES

#### DIRECTORS

The names of each person holding the position of director of the Symex Holdings Limited during the financial year are:

Alan Stockdale	Michael Newton
Greg Tremewen	Allister Tomkins
Mark Evans	

Details of directors' remuneration are set out in Note 28.

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

#### DIRECTORS' HOLDINGS OF SHARES AND SHARE OPTIONS

The interests of directors of the reporting entity and their director-related entities in shares and share options of entities within the consolidated entity at year end are set out below.

	CONSOLIDATED	
	2002 number held	2001 number held
<b>Symex Holdings Limited:</b>		
Ordinary shares	22,047,503	25,137,503
Options	1,800,000	3,300,000

#### DIRECTOR'S TRANSACTIONS IN SHARES AND SHARE OPTIONS

During the year, Symex Holdings Limited granted options over 500,000 unissued shares under the Executive Option Incentive Plan to a director of the Company.

During the year, 2,000,000 of the options granted to directors were exercised resulting in directors' holdings of ordinary shares increasing by 2,000,000 shares.

In addition, during the year a further 270,000 shares were acquired by directors and their director related entities and 5,360,000 were disposed of.

#### DIRECTORS' TRANSACTIONS WITH THE COMPANY

Terrain Capital Limited, a company related to Mr Mark Evans, provided corporate advisory services to Symex Holdings Limited and was paid \$110,000 during the year, with an additional \$10,000 due and payable at the end of the year.

Pacific Royal Finance Pty Ltd is a wholly owned entity of Terrain Australia Limited, a company related to Mr Mark Evans. Pacific Royal Finance Pty Ltd provided financial services in relation to the Asia Pacific Specialty Chemicals Limited takeover for \$108,250.

The terms and conditions of the transactions with directors and their director related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

## 30. RELATED PARTY DISCLOSURES (continued)

### WHOLLY-OWNED GROUP

Details of interests in wholly-owned controlled entities are set out in Note 31.

Details of dealings with these entities are set out below:

#### Other transactions

The Company purchases steam from Co-Generation Australia Limited in the normal course of business and on normal terms and conditions.

#### Balances with wholly-owned group entities

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

	THE COMPANY	
	2002 \$'000	2001 \$'000
<b>Receivables – non-current</b>		
Other loans	1,324	2,273
<b>Payables – current</b>		
Trade creditors	1,144	827

No interest is charged on the loans made to the controlled entity.

## 31. CONTROLLED ENTITIES

	Note	ORDINARY SHARE CONSOLIDATED ENTITY INTEREST	
		2002	2001
<b>(a) Particulars in relation to controlled entities</b>			
Name			
Parent entity			
Symex Holdings Limited			
Controlled entities			
Co-Generation Australia Limited	(i)	100%	100%

Notes

(i) The controlled entity is incorporated and carries on business in Australia.

## 32. EVENTS SUBSEQUENT TO BALANCE DATE

Since 30 June 2002, the Company has accepted the Nuplex Industries Limited takeover offer for shares in Asia Pacific Specialty Chemicals Ltd (APS), which at 30 June 2002 was valued at \$9,328,206.

The gain on sale of APS shares amounted to \$568,985 before tax.

The financial effects of the above transactions have not been brought to account in the financial statements for the year ended 30 June 2002.

## DIRECTOR'S DECLARATION

In the opinion of the directors of Symex Holdings Limited ("the Company"):

- (a) the financial statements and notes, set out on pages 17 to 56, are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position of the Company and consolidated entity as at 30 June 2002 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Director

7/8/2002

Dated

Melbourne



Director

7-8-2002

Dated

Melbourne



**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF SYMEX HOLDINGS LIMITED****SCOPE**

We have audited the financial report of Symex Holdings Limited ("the Company") for the financial year ended 30 June 2002, consisting of the statements of financial performance, statements of financial position, statements of cash flows, accompanying notes and the directors' declaration set out on pages 17 to 57. The financial report includes the consolidated financial statements of the consolidated entity, comprising the Company and the entities it controlled at the end of the year 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 this financial report in order to express an opinion on it to the members of the Company.

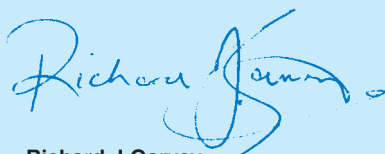
Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial 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 and other mandatory professional reporting requirements in Australia 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 Symex Holdings 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 2002 and of their performance for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

**KPMG****Richard J Garvey**

Partner

Melbourne, 7 August 2002

## ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

### SHAREHOLDINGS (AS AT 26 JULY 2002)

#### Substantial shareholders

The number of shares held by the substantial shareholders are set out below:

Shareholder	Ordinary
Western Park Holdings Pty Ltd	8,965,665
Michael Newton	7,440,001
Allister Tomkins (including associates)	5,540,000
Greg Tremewen (including associates)	5,440,001

#### Class of shares and voting rights

At 26 July 2002, there were 3,674 holders of the ordinary shares of the Company. The voting rights attaching to the ordinary shares, set out in clause 43 of the Company's Constitution are:

"Subject to any rights or restrictions attaching to any class of shares:

- (a) every member may vote;
- (b) on a show of hands every member has one vote;
- (c) on a poll every member has:
  - (i) for each fully paid share held by the member, one vote; and
  - (ii) for each partly paid share held by the member, a fraction of a vote equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited to) on the share."

#### OPTIONS

There are no voting rights attached to the unissued ordinary shares. Voting rights will be attached to the unissued ordinary shares when the options have been exercised. Refer to Note 25 for further details.

#### On-market buy-back

There is no current on-market buy-back.

#### Distribution of equity security holders (as at 26 July 2002)

Category	NUMBER OF SHAREHOLDERS	
	Ordinary	Options
1-1,000	347	-
1,001-5,000	1,539	-
5,001 - 10,000	929	-
10,001 - 100,000	786	9
100,001 and over	73	5
	<b>3,674</b>	<b>14</b>

The number of shareholders holding less than a marketable parcel is 8.



## ASX ADDITIONAL INFORMATION

### TWENTY LARGEST SHAREHOLDERS

Name	Number of quoted ordinary shares held	Percentage of capital held
Western Park Holdings Pty Ltd	8,965,665	9.52%
Mr Michael Newton	7,440,001	7.75%
Mr Allister Tomkins	5,440,000	5.78%
Mr Greg Tremewen	4,690,001	4.98%
RBC Global Services Australia	4,615,611	3.89%
Commonwealth Custodial	3,093,570	3.29%
Stebur Investments Pty Ltd	2,200,000	2.34%
Mr Alan Robert Stockdale	2,000,000	2.13%
National Nominees Limited	1,276,575	1.36%
Invia Custodian Pty Limited	1,252,359	1.33%
Evadon Pty Ltd	1,077,500	1.15%
Deveray Pty Ltd	965,020	1.03%
Mr Michael Wilmot Pearl	900,000	0.96%
Tilchan Pty Ltd	877,500	0.93%
Mr William Graham	800,000	0.85%
Linford Nominees Pty Ltd	750,000	0.80%
J P Morgan Nominees Australia Limited	614,877	0.65%
Pacrim Investment Consultants Pty Ltd	600,000	0.64%
Mr Ross Macdowell	587,715	0.62%
Permanent Trustee Australia Limited	501,343	0.53%
	<b>48,647,737</b>	<b>50.53%</b>

## OFFICES AND OFFICERS

### Company secretary

Mr Oliver Carton

### Principal registered office

Symex Holdings Limited

14 Woodruff Street

Port Melbourne VIC 3207

Telephone: (03) 9251 2311

Facsimile: (03) 9645 3001

### Location of share registry

Melbourne

ASX Perpetual Registrars

Level 4, 333 Collins Street

Melbourne VIC 3000

Telephone: (03) 9615 9800

Facsimile: (03) 9615 9900

### Stock exchange

The Company is listed on the  
Australian Stock Exchange.

### Other information

Symex Holdings Limited,  
incorporated and domiciled in Australia,  
is a publicly listed company  
limited by shares.



**SYMEX**

SYMEX HOLDINGS LIMITED