ANNUAL REPORT 2003

SYMEX HOLDINGS LIMITED

ABN 29 091 035 353

CORPORATE DIRECTORY

DIRECTORS

Alan Stockdale
Chairman

Michael Newton
Managing Director

Mark Evans
Non-Executive Director

Peter Robinson
Non-Executive Director

ANNUAL GENERAL MEETING

The Annual General Meeting of Symex Holdings Ltd will be held at 2.00pm on Thursday 6th November 2003 at Quay West Suites, 26 Southgate Avenue. Southbank VIC 3006.

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

The National Australia Bank
271 Collins Street
Melbourne VIC 3000

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ANNUAL REPORT 2003

CHAIRMAN'S REVIEW

CHAIRMAN'S REVIEW

The 2003 year has been a tough but successful year for our company. It was a year in which we achieved our forecast profit in the face of considerable difficulties; restored full productive capacity; restructured the company's Board and successfully implemented a significant acquisition.

In the year under review, Symex recorded a Net profit after Tax of $7.3 million having forecast NPAT in the range of $6.5 million to $7.5 million. As a result, the Board decided to pay a final dividend of 4 cents per share bringing the dividends for the year to 6 cents per share on a fully franked basis.

Messrs. Allister Tomkins and Greg Tremewen resigned from the Board during the year and Mr. Peter Robinson was appointed to the Board on 29 November, 2002. Mr. Robinson is a very senior businessman and an experienced chief executive with a very strong background in manufacturing. He is Chief Executive of ACI Packaging Group and Vice-President of Owens-Illinois Inc, in the United States. Mr. Robinson has already made a substantial contribution to the company.

Since 30 June, 2003, Mr. Alan Johnstone has agreed to join the Board. Mr. Johnstone has very significant retail experience as Chairman and Managing Director of Penfold Motors and Chairman of "Intimo" Clothing Company. Mr. Johnstone is also a substantial shareholder in the company. He has skills and business acumen which the Board believes will complement the existing skill set of the Board. We warmly welcome Mr. Johnstone and are sure that he will make a strong contribution to the company.

As set out in the Managing Director's review, 2002-2003 saw difficult operating conditions. Tallow prices have been high throughout the year and, at times, departed from the traditional pattern by passing through the barrier of palm oil prices. Selling prices for the company's products were unusually volatile through much of the year and the unusual features of the market tended to make it difficult for the company to maintain its traditional margins. Softening glycerine prices, uncertainty about the strength of economic activity on world markets, and specifically in some of our most important markets, fluctuations in demand for oleine and stearine and the stronger Australian dollar in the second half of the year all faced Symex with trading difficulties.

To record NPAT of $7.3 million on turn-over of $89 million is a result which speaks volumes about the capability of the company's management and its dedicated staff. It is a result which many companies would regard as a very good year and demonstrates the basic strength of the company's business and strategy.

The year also saw Symex recover from the difficulties arising from problems with the plant upgrade undertaken in the previous year. As we enter the 2003-2004 year, the company is gaining the benefits of the plant upgrade and fine-tuning continues to optimise the output from the new presses and the rest of the plant. The Managing Director, engineering staff and manufacturing staff are due congratulations for their commitment to achieving this outcome.

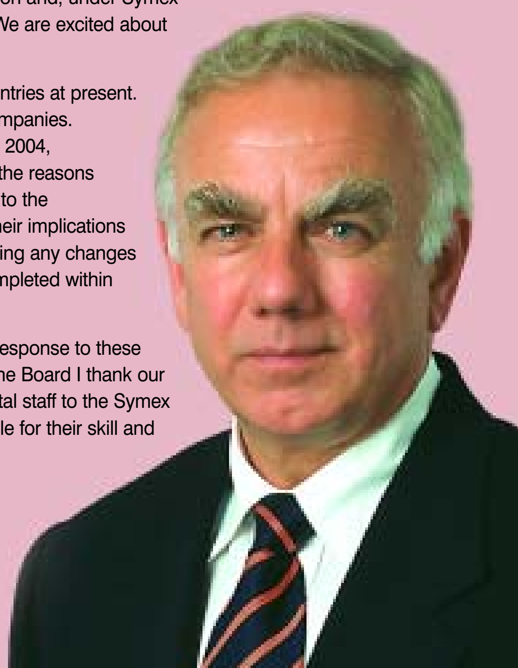
We have outlined, in past annual reports and on other occasions, the Board's belief that opportunities existed for growth through strategic acquisitions. Last year we decided not to continue with a chemical industry take-over bid because another bidder made an offer in excess of that which the Symex Board felt was justified. The Board has a clear vision for the company and a commitment to make acquisitions of businesses which fit the Symex skill set, which add value to the business and which we can complete on terms and at a price which make them attractive. On that basis, we were delighted to acquire the Pental Soap business of the Mayne Group during the 2003 year.

The Board sees the Pental business as a very good fit with the Symex, Port Melbourne business. The Pental business produces around one-third of Australia's soap and, in our view, has good growth prospects in Australia, in other countries and in terms of product lines. Pental has already been successful in competing for potentially valuable opportunities in the major supermarket sector, manufactures respected branded products, has very sound management and staff, has recently acquired a valuable adjacent site in Shepparton and, under Symex management, is addressing costs and opportunities for further improving performance. We are excited about the additional opportunities this acquisition opens for Symex.

There is much comment about corporate governance in Australia and in many other countries at present. The Australian Stock Exchange has recently published guidelines for listed Australian companies. These guidelines are advisory but are intended to be observed from the 2004 year. From 2004, companies which do not comply with any of the recommendations are asked to explain the reasons for their non-compliance in their annual report. The Symex Board is giving consideration to the recommendations. The Board has requested an analysis of the recommendations and their implications for our company and will then review our own practices and formulate a response including any changes to the company's policies, processes and practices. I expect that this process will be completed within the next six months.

Our company has been through a difficult time. The Board believes that the company's response to these experiences has improved our management processes and performance. On behalf of the Board I thank our Managing Director, Mike Newton, for the excellent leadership he gives, welcome the Pental staff to the Symex Group, welcome our new CFO, Mr. Angus Thompson and, again, thank the Symex people for their skill and commitment. The Board also thanks our shareholders for their continuing support.

Alan R. Stockdale
Chairman



MANAGING DIRECTOR'S REVIEW

Overview

I am pleased to report that our company was successful in meeting our forecast net profit after tax of $7.3 million.

Our global trading environment has been very challenging. We continue to experience strong demand for all of our oleo products whilst at various times we have had the negative impacts of softer glycerine prices, higher raw material costs and a stronger Australian dollar.

The need to repair our two large filter presses in July 2002 so that they were fit for their designed purpose was very disappointing. I am happy to report that the repair work was completed very efficiently and effectively. The new separation process is working very well with plans to further expand its capacity.

Structural efficiencies resulting in improved material yields, lower freight costs, lower energy usage and lower packaging costs when compared to the budget for the year have been very pleasing.

Our successful acquisition of Pental Products Pty Ltd in late March heralds our entry into home care and personal care products. There are many product categories in this area where we believe we have technological, cost base and market sustainability.

Manufacturing

Symex remains committed to expanding and improving our manufacturing facilities at Port Melbourne and Shepparton. At Port Melbourne, we completed all our planned improvements for the year. These projects involved the installation and commissioning of our odour collection and incineration equipment; the increase in our splitting capacity; and the expansion of our flaking/bag filling capacity. Further improvements in energy recovery are planned to take our current 70,000 tonnes output to 100,000 tonnes by June 2004.

Our soap manufacturing facilities are currently producing approximately 1/3 of Australia's bar soap requirements. Our plan is to expand our manufacturing capacity from 11,000 tonnes per year to 17,000 tonnes per year, an increase of over 50%.

Financials

Our profit after tax was $7.3 million with earnings per share of 7.8 cents.

This financial year our forecast budget model indicates a profit after tax of $8.5 – $10.5 million will be achieved assuming maintenance of our current raw material costs, selling prices and product volumes and an expected slight improvement in trading conditions over the second half.

Customers and Markets

Our oleo products continue to have strong demand from our traditional Northern Asian markets such as Taiwan, Korea, China and Japan. We continue to find new business in The Middle East, The Americas and Europe.

Our soaps have shown strong growth in the Australian market through our brands, our contract manufacturing and our food service outlets. Allow me to take the opportunity to appeal to our 4,000 plus shareholders to switch to any of the branded soaps shown in this annual report and to encourage your family and friends to do so as well. They are high quality products and excellent value for money, and 100% Australian produced.

Employees

This year I welcome 45 new employees resulting from our acquisition of Pental. Over the past 3 months I have enjoyed working with them all and believe they have a similar culture to the Port Melbourne site of team-work, open communication, continuous improvement and a laser point customer focus.

Our Future

Our strategy is continued organic growth and growth through acquisition in the areas of oleo products, personal products and homecare products.

M Newton

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 entities ("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.

The agenda for meetings is prepared in conjunction with the Chairman, Managing Director and Company Secretary. Standing items include the managing director's report, financial reports, strategic matters, governance and compliance. Submissions are circulated in advance. Executives are regularly involved in board discussions and directors have other opportunities, including visits to operations, for contact with a wider group of employees.

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 3 non-executive directors and 1 executive director.

Audit Committee

The Audit Committee's role 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 Chief Financial Officer are invited to Audit Committee meetings at the discretion of the Committee.

The external auditor met with the Audit Committee and the Board of Directors twice during the year.

The responsibilities of the Audit Committee include:

- Reviewing the annual and half-year financial reports and other financial information distributed externally, including new accounting policies to ensure compliance with Australian Accounting Standards and generally accepted accounting principles.
- Monitoring corporate risk assessment and processes.
- Considering whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence. The external auditor provides an annual declaration of independence.
- Reviewing the nomination and performance of the external auditor. The external auditors were appointed on 28 July 2000.
- Monitoring the establishment of an appropriate internal control framework, and appropriate ethical standards.
- Monitoring the procedures to ensure compliance with the Corporations Act 2001, the ASX Listing Rules and all the regulatory requirements.
- Addressing any matters outstanding with auditors, Australian Taxation Office, Australian Securities and Investments Commission, ASX and financial institutions.

The Audit Committee reviews the performance of the external auditors on an annual basis and normally meets with them during the year as follows:

- To discuss the external audit plans, identifying any significant changes in structure, operations, internal controls or accounting policies likely to impact the financial statements and to review the fees proposed for the audit work to be performed.
- Prior to announcements of results:
  - to review the half-year and preliminary final report prior to lodgement with the ASX, and any significant adjustments required as a result of the auditor's findings; and
  - to recommend Board approval of these documents.
- To finalise half-year and annual reporting:
  - review the results and findings of the auditor, the adequacy of accounting and financial controls, and to monitor the implementation of any recommendations made; and
  - review the draft financial report and recommend Board approval of the financial report.
- As required, to organise, review and report on any special reviews or investigations deemed necessary by the Board.

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.

CORPORATE GOVERNANCE STATEMENT

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.
- Directors must advise the ASX of any transactions conducted by them in shares in the Company. Each director has entered into a written agreement with the Company whereby the director agrees to advise the Company of any trading to enable the Company to fulfil its obligations to advise ASX.

Conflict of Interest

Directors must keep the Board advised, on an on going basis, of any interest that could potentially conflict with those of the Company. The Board has developed procedures to assist directors to disclose potential conflicts of interest, and declarations of interests is a standing agenda item for each Board meeting. Details of director related entity transactions with the Company and consolidated entity are set out in Note 31.

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.

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:

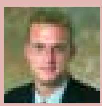
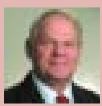
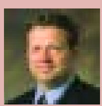
- The annual report contains a review of the operations of the consolidated entity during the period. The audited financial report is prepared in accordance with the requirements of Australian Accounting Standards and the Corporations Act 2001 and is lodged with the Australian Securities and Investments 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 2003 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
Alan Stockdale LL.B,B.A		
Non-Executive Chairman 	58	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.
Mike Newton B. App Sc		
Managing Director 	49	Comprehensive knowledge of all manufacturing and technical aspects of the business with over 27 years' experience in both Australia and overseas. Extensive knowledge of global markets, customers, sales agents and distributors. Appointed Managing Director on 23 December 1999.
Mark Evans B.Bus (Acc), ASIA		
Non-Executive Director 	37	Director of Bambuu Ltd and Terrain Capital 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.
Peter Robinson B. Eco (Mon)		
Non-Executive Director 	60	Appointed Director on 29 November 2002. Mr Robinson has a wealth of experience in the manufacturing sector within Australia and internationally. He is currently Chief Executive of ACI Packaging Group and Vice President of Owens-Illinois, Inc, the parent company of ACI Packaging Group. His previous roles include senior executive positions with BTR Nylex Limited and its parent company BTR Plc, and General Manager of Bowater Scott.
Former Director – Greg Tremewen B.Bus (Acc)		
Finance Director 	40	Over 15 years service with Symex and former owners Unilever/Uniqema and ICI Plc. Appointed Commercial Manager of Uniqema in 1995. Prior to joining Uniqema, Mr Tremewen worked as a systems analyst with International Harvester. Appointed Finance Director on 23 December 1999. Resigned as a director on 24 February 2003.
Former Director – Allister Tomkins B. Bus (Eco & Bus Adm)		
Marketing & Sales Director 	36	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. Resigned as a director on 24 February 2003.

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	15	15	2	2
M Newton	15	15	2	2
M Evans	13	15	2	2
P Robinson	3	8	–	–
G Tremewen	7	9	–	–
A Tomkins	7	9	–	–

A - Number of meetings attended

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

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the course of the financial year were the manufacture and distribution of Oleo products, glycerine and personal care products. There were no significant changes in the nature of the activities of the consolidated entity during the year, other than the acquisition of the Pental Personal Wash business from Mayne Group Limited in March 2003.

REVIEW AND RESULTS OF OPERATIONS

The consolidated profit after tax amounted to $7.3 million for the 12 month period ended 30 June 2003. The result accords with the forecast on 5 March 2003.

The odour collection and incineration project, and the new stearine flake bagging facilities have been implemented, with the expected benefits to be derived at the Company's Port Melbourne site.

The acquisition of Pental from Mayne Group Limited on 28 March 2003 heralds the Company's future strategy of expanding its product portfolio of oleo products to include homecare products and personal care products.

Capacity expansion and cost reduction are the targets set for the Shepparton soap manufacturing plant this year. Further growth in the Australian markets and export sales are expected to ensue.

The annual company targets have been set and are aligned with long term strategy. Each internal company team has established a set of measurable initiatives to ensure the targets are achieved.

DIRECTORS' REPORT

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	Franked/ Unfranked	Date of payment
As proposed and provided for in last year's report:				
Final – ordinary shares (paid)	4.0	3,764	Fully Franked	13 Sept 2002
In respect of the current financial year:				
Interim – Ordinary shares (paid)	2.0	1,889	Fully Franked	24 April 2003

Subsequent to the end of the financial year, the Directors declared a final fully franked dividend of 4 cents per share.

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:

- On 10 July 2002 the Company sold its shares held in Asia Pacific Chemicals.
- On 28 March 2003 the Company completed its acquisition of the Pental Personal Wash business from Mayne Group Limited. The acquisition of this business was fully funded through borrowings.
- Peter Robinson was appointed as a director on 29 November 2002.
- Greg Tremewen and Allister Tomkins resigned as directors on 24 February 2003.

ENVIRONMENTAL REGULATION

The consolidated entity's operations are subject to significant environmental legislation under State legislation in relation to its manufacturing operations. Licences 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 eight (8) 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 licence requirements, with performance against licence 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

Other than as outlined below, 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.

Since the end of the financial year the consolidated entity acquired land adjoining the Pental Products Pty Ltd site in Shepparton for consideration of $675,000.

LIKELY DEVELOPMENTS

The consolidated entity's strategy is continued organic growth and growth through acquisition in the areas of oleo products, personal products and homecare products.

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 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 $	Bonuses $	Non-cash benefits $	Super contributions $	Options issued (A) $	Total $
Directors						
Non-executive						
Alan Stockdale	100,000	–	1,943	9,000	115,714 (B)	226,657
Mark Evans	35,833	–	1,943	–	–	37,776
Peter Robinson	23,333	–	1,943	–	–	25,276
Executive						
Mike Newton	286,303	50,000	48,471	43,222	–	427,996
Former						
Greg Tremewen - resigned	314,037	–	28,269	13,941	–	356,247
Allister Tomkins - resigned	308,294	–	36,794	13,941	–	359,029
Executive officers (excluding directors)						
The Company						
Chris Lovejoy	104,262	–	43,648	15,740	–	163,650
Consolidated						
Cosi Papallo	36,096	–	14,777	3,919	16,448	71,240

(A) All options expire during the period up 31 December 2007 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.

(B) The value disclosed above relates to the pro-rata estimated value of options issued to the Director in the 2002 financial year and is disclosed in accordance with the Australian Securities and Investments Commission's guidelines for valuing and disclosing options as released on 30 June 2003. The valuation of the options issued to the Director was disclosed in the 2002 Directors' Report as options granted over unissued ordinary shares, however was not included in the disclosure of the Directors' emoluments at 30 June 2002. The issue of these options was approved at the 2002 Annual General Meeting and are exercisable between the price range of $2.00 - $2.50.

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 350,000 options to employees of the consolidated entity. 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 2007	$0.80	150,000
31 December 2007	$0.81	100,000
31 December 2007	$0.82	100,000
31 December 2005	$0.75	701,666
31 December 2005	$1.00	350,000
31 December 2005	$1.40	50,000
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
50,000	$0.50	$0.80
8,333	$0.75	$0.80
150,000	$0.75	$0.84
150,000	$0.75	$0.81
15,000	$0.75	$0.95

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
Mark Evans	1,077,501	300,000
Peter Robinson	154,520	–

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 $33,040 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 past and present directors and officers of the company:

- Alan Stockdale, Mike Newton, Greg Tremewen, Allister Tomkins, Mark Evans, Peter Robinson 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 Melbourne in accordance with a resolution of the directors:

Mike Newton

Director

19/8/2003

Dated

STATEMENTS OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2003

		CONSOLIDATED		THE COMPANY	
	Note	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Revenue from sale of goods	3	88,507	75,804	82,770	75,804
Other revenues from ordinary activities	3	10,153	272	10,142	251
Total revenue	**3**	**98,660**	**76,076**	**92,912**	**76,055**
Changes in inventories of finished goods and work in progress		4,185	(2,575)	4,541	(2,575)
Raw materials, finished goods purchases and consumables used		(51,273)	(37,279)	(48,354)	(37,279)
Employee expenses		(9,559)	(7,011)	(8,435)	(7,011)
Depreciation and amortisation expenses	4(b)	(1,637)	(908)	(1,066)	(512)
Sold		(9,328)	–	(9,328)	–
Borrowing costs	4(b)	(1,006)	(1,070)	(996)	(1,069)
Utility costs		(2,895)	(2,544)	(4,422)	(4,306)
Freight and distribution expenses		(7,535)	(8,212)	(7,296)	(8,212)
Repairs and maintenance expenses		(1,608)	(935)	(1,513)	(935)
Other expenses from ordinary activities		(7,082)	(5,815)	(5,873)	(4,894)
Profit from ordinary activities before related income tax expense		**10,922**	**9,727**	**10,170**	**9,262**
Income tax (expense)/benefit relating to ordinary activities	6	(3,609)	(2,722)	(3,190)	(2,585)
Profit from ordinary activities after related income tax expense	22	7,313	7,005	6,980	6,677
Net profit		**7,313**	**7,005**	**6,980**	**6,677**
Net profit attributable to members of the parent entity and total changes to equity from non-owner related transactions attributable to the members of the parent entity	**22**	**7,313**	**7,005**	**6,980**	**6,677**
Basic earnings per share Ordinary shares	7	$0.078	$0.075		
Diluted earnings per share: Ordinary shares	7	$0.077	$0.074		

The statement of financial performance are to be read in conjunction with the notes to the financial statements set out on pages 21 to 61.

ANNUAL REPORT 2003

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2003

	Note	CONSOLIDATED 2003 $'000	CONSOLIDATED 2002 $'000	THE COMPANY 2003 $'000	THE COMPANY 2002 $'000
CURRENT ASSETS					
Cash assets	9	4,461	4,602	3,680	4,509
Receivables	10	16,579	10,894	11,770	10,894
Net receivable on forward foreign exchange contracts	11	7,146	4,455	7,146	4,455
Other financial assets	12	–	9,328	–	9,328
Inventories	13	10,662	3,731	8,239	3,731
Property, plant and equipment	15	2,750	2,969	–	–
Current tax assets	6(b)	–	81	–	65
Other	14	502	490	453	490
Total current assets		**42,100**	**36,550**	**31,288**	**33,472**
NON-CURRENT ASSETS					
Receivables	10	–	–	22,960	1,324
Net receivable on forward foreign exchange contracts	11	10,720	7,093	10,720	7,093
Other financial assets	12	–	–	668	–
Deferred tax assets	6(d)	1,113	601	918	601
Property, plant and equipment	15	36,723	29,428	25,721	24,533
Intangibles	16	13,912	–	–	–
Total non-current assets		**62,468**	**37,122**	**60,987**	**33,551**
Total assets		**104,568**	**73,672**	**92,275**	**67,023**
CURRENT LIABILITIES					
Payables	17	10,393	5,622	7,574	5,858
Interest-bearing liabilities	19	16,379	6,582	14,879	6,582
Current tax liabilities	6(b)	1,196	–	860	–
Provisions	20	1,817	5,051	1,439	5,051
Deferred foreign currency hedge exchange differences and costs	18	6,152	4,455	6,152	4,455
Total current liabilities		**35,937**	**21,710**	**30,904**	**21,946**
NON-CURRENT LIABILITIES					
Interest-bearing liabilities	19	16,557	10,180	16,557	10,180
Provisions	20	246	152	169	152
Deferred tax liabilities	6(c)	3,026	2,146	1,467	552
Deferred foreign currency hedge exchange differences and costs	18	10,720	7,093	10,720	7,093
Total non-current liabilities		**30,549**	**19,571**	**28,913**	**17,977**
Total liabilities		**66,486**	**41,281**	**59,817**	**39,923**
NET ASSETS		**38,082**	**32,391**	**32,458**	**27,100**
EQUITY					
Contributed equity	21	16,746	16,479	16,746	16,479
Retained profits	22	21,336	15,912	15,712	10,621
Total equity and parent entity interest		**38,082**	**32,391**	**32,458**	**27,100**

The statement of financial performance are to be read in conjunction with the notes to the financial statements set out on pages 21 to 61.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2003

	Note	CONSOLIDATED 2003 $'000	CONSOLIDATED 2002 $'000	THE COMPANY 2003 $'000	THE COMPANY 2002 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts in the course of operations		96,846	78,243	83,938	78,083
Cash payments in the course of operations		(89,673)	(65,321)	(76,257)	(66,137)
Interest received	3	180	112	169	108
Borrowing costs paid	4	(1,006)	(1,070)	(996)	(1,069)
Income tax paid	6(b)	(3,507)	(6,432)	(3,327)	(6,347)
Income tax refunded	6(b)	1,660	703	1,660	703
Net cash provided by operating activities	27(b)	**4,500**	**6,235**	**5,187**	**5,341**
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment	3	5	–	5	–
Payments for property, plant and equipment	15	(3,501)	(4,685)	(2,900)	(4,635)
(Proceeds)/payments from/for sale/purchase of investment	3,12	9,897	(9,328)	9,897	(9,328)
Payment for controlled entity (net of cash acquired)	32	(21,828)	–	(668)	–
Net cash provided by/(used in) investing activities		**(15,427)**	**(14,013)**	**6,334**	**(13,963)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Loan provided to controlled entity		–	–	(22,268)	–
Repayments of loans by controlled entity		–	–	632	948
Proceeds from borrowings		29,701	15,882	28,201	15,882
Dividends paid	23	(5,653)	(6,548)	(5,653)	(6,548)
Repayment of borrowings		(13,529)	(4,570)	(13,529)	(4,570)
Proceeds from the issue of shares	21	267	1,363	267	1,363
Net cash provided by/(used in) financing activities		**10,786**	**6,127**	**(12,350)**	**7,075**
Net increase /(decrease) in cash held		**(141)**	**(1,651)**	**(829)**	**(1,547)**
Cash at the beginning of the financial period	27(a)	**4,602**	**6,253**	**4,509**	**6,056**
Cash at the end of the financial period	27(a)	**4,461**	**4,602**	**3,680**	**4,509**

The statement of financial performance are to be read in conjunction with the notes to the financial statements set out on pages 21 to 61.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

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) PRINCIPLES OF CONSOLIDATION

Controlled entities

The financial statements of controlled entities are included in the consolidated financial statements 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.

(C) 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, rebates, 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 2003

(D) 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.

(E) RECLASSIFICATION OF FINANCIAL INFORMATION

Utility costs of $1,762,000 have been reclassified from Other expenses from ordinary activities to Utility costs in the 2002 Consolidated Statement of Financial Performance to achieve consistency with current financial period amounts and disclosures.

(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 reporting 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 24.

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, foreign exchange differences net of hedged amounts on borrowings, including trade creditors 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 2003

(J) EARNINGS PER SHARE

Basic earnings per share ("EPS") is calculated by dividing the net profit attributable to members of the parent entity for the reporting period, after excluding any costs of servicing equity (other than ordinary shares and converting preference shares classified as ordinary shares for EPS calculation purposes), by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary shares and the dilutive potential ordinary shares adjusted for any bonus issue.

(K) ACQUISITIONS 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 consolidated entity if a similar borrowing were obtained from an independent financier under comparable terms and conditions. The unwinding of the discount is treated as interest expense.

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.

(L) 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.

(M) 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.

(N) INVESTMENTS – NOTE 12

Controlled entities

Investments in controlled entities are carried in the Company's financial statements at the lower of cost and recoverable amount. Refer to Note 1(q).

Other entities

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

(O) LEASED ASSETS

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

Linked transactions involving the legal form of a lease are accounted for as one transaction when the series of transactions are negotiated as one, take place concurrently or in sequence or cannot be understood economically alone.

Linked transactions are not considered leases where the consolidated entity retains all risks and rewards of ownership and enjoys substantially the same benefits as before the arrangement, the primary purpose of the transactions are not to convey the right to the asset or an option exists, with terms making exercise almost certain. Where lease accounting is not applicable, assets are recognised only when they are controlled, future benefits are probable and they can be reliably measured. Liabilities are recognised only when a present obligation exists, it is probable sacrifice of resources will be required and it is capable of reliable measurement.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

(P) INTANGIBLE ASSETS

Goodwill

Goodwill represents the excess of the purchase consideration plus incidental costs over the fair value of the identifiable net assets acquired.

Pental brand names

The Pental brand names are not amortised as the Directors believe the lives of these assets to be unlimited at this point in time. The brand names have an unlimited legal life and based on industry experience, it is extremely rare for leading brandnames to become commercially or technically obsolete.

The carrying amounts of the brand names are reviewed at the end of each accounting period in accordance with the policy set out in Note 1(q).

(Q) 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, unless otherwise stated.

(R) REVALUATIONS OF NON-CURRENT ASSETS

Classes of non-current assets measured at fair value are revalued with sufficient regularity to ensure the carrying amount of each asset in the class does not differ materially from the fair value at reporting date. Independent valuations are obtained at least every three years. Revaluation increments, on a class of assets basis, are recognised in the asset revaluation reserve except for amounts reversing a decrement previously recognised as an expense, which are recognised as revenues. Revaluation decrements are only offset against revaluation increments relating to the same class of asset and any excess is recognised as an expense.

Potential capital gains tax is only taken into account if the asset is held for sale.

(S) DEPRECIATION AND AMORTISATION

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, other than the Pental brand names, have limited useful lives and are depreciated using the straight line method over their estimated useful lives. Assets are depreciated or amortised 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 and amortisation 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.

(S) DEPRECIATION AND AMORTISATION (continued)

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

	Depreciation rate	
	2003	2002
Plant and machinery (excluding turbines)		
– Computers	20–25%	20%
– Other	5%	5%
Turbines	0%	0%
Tanks and buildings	2.5%	2.5%
Intangibles:		
– Goodwill	20 years	–
– Pental brand names	–	N/A

(T) PAYABLES – NOTE 17

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.

(U) INTEREST BEARING LIABILITIES – NOTE 19

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".

(V) EMPLOYEE BENEFITS – NOTE 28

Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave expected to be settled within 12 months of the year-end represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at reporting date including related on-costs.

Non-accumulating non-monetary benefits, such as interest free loans, are expensed based on the net marginal cost to the consolidated entity as the benefits are taken by the employees.

Long service leave

The provision for employee benefits to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to balance 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.

(V) EMPLOYEE BENEFITS – NOTE 28 (continued)

Employee share and option plans

Where shares or options are issued to employees, including directors, 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 shares or options issued to employees, including directors, 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 its controlled entities contribute to several defined contribution superannuation plans and the Company contributes to one defined benefit employee superannuation plan. Contributions are recognised as an expense as they are made. Further information is set out in Note 28.

(W) PROVISIONS

A provision is recognised when there is a legal, equitable or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain.

If the effect is material, a provision is determined by discounting the expected future cash flows (adjusted for expected future risks) required to settle the obligation at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, being risk free rates on government bonds most closely matching the expected future payments, except where noted below. The unwinding of the discount is treated as part of the expense related to the particular provision.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the recovery receivable is recognised as an asset when it is probable that the recovery will be received and is measured on a basis consistent with the measurement of the related provision.

In the statement of financial performance, the expense recognised in respect of a provision is presented net of the recovery. In the statement of financial position, the provision is recognised net of the recovery receivable only when the entity:
- has a legally restructured right to set-off the recovery receivable and the provision, and
- intends to settle on a net basis, or to realise the asset and settle the provision simultaneously.

Dividends

A provision for dividends payable is recognised in the reporting period in which the dividends are declared, for the entire undistributed amount, regardless of the extent to which they will be paid in cash.

2. CHANGE IN ACCOUNTING POLICY

(A) EMPLOYEE BENEFITS

The consolidated entity has applied the revised AASB 1028 "Employee Benefits" for the first time from 1 July 2002. The liability for wages and salaries and annual leave is now calculated using the remuneration rates the consolidated entity expects to pay as at each balance date, not wage and salary rates current at balance date. The initial application of the revised standard to the consolidated financial report as at 1 July 2002 did not result in a material change to the statement of financial performance and position at that date. No significant change has resulted from this change in accounting policy for the current year to 30 June 2003.

(B) PROVISIONS AND CONTINGENT LIABILITIES

The consolidated entity has applied AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets" for the first time from 1 July 2002.

Dividends are now recognised at the time they are declared, determined or publicly recommended. Previously, final dividends were recognised in the financial year to which they related, even though the dividends were announced after the end of that financial year.

The adjustments to the consolidated and Company financial reports as at 1 July 2002 as a result of this change are:

- $3,764,000 increase in opening retained profits; and
- $3,764,000 decrease in provision for dividends.

Pro forma restatement of retained profits and provision for dividends

The pro forma restatement of retained profits and provision for dividends below show the information that would have been disclosed had the new accounting policies disclosed in this note always been applied.

	CONSOLIDATED		THE COMPANY	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Restatement of retained profits				
Reported retained profits at the end of the previous year	15,912	14,644	10,621	9,681
Increase/(decrease) in retained profits due to a change in accounting policy on adoption of:				
AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets"	3,764	4,575	3,764	4,575
Restated retained profits at the beginning of the year	19,676	19,219	14,385	14,256
Net profit attributable to members of the parent entity	7,313	7,005	6,980	6,677
Dividends recognised during the year	(5,653)	(6,548)	(5,653)	(6,548)
Restated retained profits at end of year	**21,336**	**19,676**	**15,712**	**14,385**
Restatement of provision for dividends				
Balance at end of year- as previously reported	–	3,764	–	3,764
Effect of change in accounting policy	–	(3,764)	–	(3,764)
Restated balance at end of year	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

(C) SEGMENT REPORTING

As a result of the acquisition of the Pental Personal Wash business the consolidated entity has changed the basis for identifying its segments as follows:

Individual business segments have been identified on the basis of grouping individual products or services subject to similar risks or returns. The new business segment is: Personal wash.

- Primary segments: Business segments
- Secondary segments: Geographical segments

Comparative information has been reclassified for the changes in definitions of primary and secondary segments and unallocated expenses, revenues, assets and liabilities have been restated.

3. REVENUE FROM ORDINARY ACTIVITIES

	CONSOLIDATED		THE COMPANY	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Sale of goods revenue from operating activities	88,507	75,804	82,770	75,804
Other revenues:				
From operating activities				
Interest:				
Other parties	180	112	169	108
From outside operating activities				
Rental income	71	160	71	143
Gross proceeds from sale of non-current assets	5	–	5	–
Gross proceeds from sale of investments in other entities	9,897	–	9,897	–
Total other revenues	10,153	272	10,142	251
Total revenue from ordinary activities	**98,660**	**76,076**	**92,912**	**76,055**

4. PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE

	CONSOLIDATED		THE COMPANY	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
(a) Individually significant expenses/(revenues) included in profit from ordinary activities before income tax expense				
Write down of:				
– Emersol plant	641	–	641	–
– Co-Generation gas turbines	219	–	–	–
	860	–	641	–
Gross proceeds on disposal of investments in listed entities	(9,897)	–	(9,897)	–
Less: Carrying value of investments, including transaction costs	9,372	–	9,372	–
Net (gain)/loss	(525)	–	(525)	–

4. PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE (continued)

	CONSOLIDATED		THE COMPANY	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
(a) Individually significant expenses/(revenues) included in profit from ordinary activities before income tax expense				
Borrowing costs incurred in relation to the acquisition of the investment in Asia Pacific Specialty Chemicals Limited	–	359	–	359
(b) Profit from ordinary activities before income tax expense has been arrived at after charging/(crediting) the following items:				
Cost of sales	47,702	39,854	43,813	39,854
Borrowing costs:				
Other parties – bank loans	1,006	1,070	996	1,069
Depreciation of:				
Tanks and buildings	45	45	45	45
Plant and equipment	1,492	863	1,021	467
	1,537	908	1,066	512
Amortisation of: Goodwill	100	–	–	–
Total depreciation and amortisation	1,637	908	1,066	512
Write down in value of plant and equipment to recoverable amount	860	–	641	–
Net bad and doubtful debts expense including movements in provision for doubtful debts	53	(267)	53	(267)
Net (gain)/loss on disposal of non-current assets:				
Plant and equipment	(1)	–	(1)	–
Net (gain)/loss on disposal of investments in other entities:				
Listed shares at cost	(525)	–	(525)	–
Net expense from movements in provision for:				
Employee entitlements	502	(228)	76	(228)
Stock obsolescence	16	(20)	–	(20)
Operating lease rental expenses:				
Minimum lease payments	143	165	143	165

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

5. AUDITORS' REMUNERATION

	CONSOLIDATED		THE COMPANY	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Audit services:				
Auditors of the company – KPMG				
Audit and review of the financial reports	88	60	59	54
Other regulatory audit services	4	5	4	5
	92	65	63	59
Other services:				
Auditors of the Company – KPMG				
Other assurance services	45	265	41	261
Taxation services	30	122	30	12
	75	277	71	273

6. TAXATION

	CONSOLIDATED		THE COMPANY	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
(a) Income tax expense				
Prima facie income tax expense/(benefit) calculated at 30% (2002:30%) on the profit from ordinary activities	3,277	2,918	3,052	2,779
Increase/(decrease) in income tax expense due to:				
Depreciation on revalued property, plant & equipment not deductible for tax	288	67	214	67
Research and development allowance	(15)	(8)	(15)	(8)
Goodwill amortisation	30	–	–	–
Sundry	15	(61)	18	(67)
Tax benefit on tax losses in controlled entity	–	(8)	–	–
Income tax under/(over) provision in prior year	14	(186)	(79)	(186)
Income tax expense attributable to profit from ordinary activities	3,609	2,722	3,190	2,585
Income tax expense/(credit) attributable to profit from ordinary activities is made up of:				
Current income tax provision	3,632	2,690	3,260	2,621
Future income tax benefit	(258)	40	(208)	40
Deferred income tax provision	221	178	217	110
Under/(over) provision in prior year	14	(186)	(79)	(186)
	3,609	**2,722**	**3,190**	**2,585**

6. TAXATION (continued)

	CONSOLIDATED		THE COMPANY	
	2003 $'000	**2002 $'000**	**2003 $'000**	**2002 $'000**
(b) Current tax liabilities/(assets)				
Provision for current				
income tax payable/(receivable)				
Movements during the year:				
Balance at beginning of year	(81)	3,468	(65)	3,468
Net income tax (paid)/refunded	(1,847)	(5,729)	(1,667)	(5,644)
	(1,928)	(2,261)	(1,732)	(2,176)
Current year's income tax expense				
on profit from ordinary activities	3,632	2,690	3,260	2,621
Under/(over) provision in prior year	(508)	(510)	(668)	(510)
	1,196	**(81)**	**860**	**(65)**
(c) Deferred tax liabilities				
Provision for deferred income tax				
Provision for deferred income tax comprises the estimated expense at the applicable rate of 30% (2002: 30%) on the following items:				
Difference in depreciation of property, plant & equipment for accounting and income tax purposes	2,705	2,100	1,146	506
Unrealised currency differences	298	–	298	–
Sundry items	23	46	23	46
	3,026	**2,146**	**1,467**	**552**
(d) Deferred tax assets				
Future income tax benefit				
Future income tax benefit comprises the estimated future benefit at the applicable rate of 30% (2002: 30%) on the following items:				
Provisions and accrued employee benefits not currently deductible	713	506	531	506
Unrealised currency differences	168	–	168	–
Sundry items	232	95	219	95
	1,113	**601**	**918**	**601**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

7. EARNINGS PER SHARE

	CONSOLIDATED	
	2003 $'000	**2002 $'000**
Earnings reconciliation		
Net profit	7,313	7,005
Basic earnings	7,313	7,005
Diluted earnings	**7,313**	**7,005**
Allocation of earnings to category of ordinary share:		
Basic – ordinary shares	7,313	7,005
Diluted – ordinary shares	7,313	7,005

	CONSOLIDATED	
Weighted average number of shares used as the denominator	**2003 Number**	**2002 Number**
Number for basic earnings per share		
Ordinary shares	94,272,794	93,457,219
Effect of executive share options on issue	130,405	782,373
Number for diluted earnings per share	**94,403,199**	**94,239,592**
Allocation of diluted number of shares to category of ordinary share:		
Ordinary shares	94,403,199	94,239,592
	94,403,199	**94,239,592**

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 Option Incentive Plan; and
(b) options outstanding issued to directors.

During the year, 373,333 options were converted to ordinary shares. Full details of these options are set out in Note 28. 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 172,790.

The following share options have not been included in the calculation of diluted EPS as they are not dilutive:

• Issue date 31 December 2005	350,000
• Issue date 31 December 2005	50,000
• Issue date 31 October 2001	166,667
• Issue date 31 October 2001	166,667
• Issue date 31 October 2001	166,666

Full details of these options are set out in Note 28.

8. SEGMENT REPORTING

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

Segment results, assets and liabilities 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.

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
Personal Wash	Soap

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	Oleine, Stearine, Glycerine, Distilled fatty acids, electricity, steam, soaps
Asia Pacific	Oleine, Stearine, Glycerine, Distilled fatty acids
Other	Oleine, Stearine, Glycerine, Distilled fatty acids

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

8. SEGMENT REPORTING (continued)

Primary reporting business segments	Specialty Chemicals		Personal Wash		Energy		Eliminations		Consolidated	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000	2003 $'000	2002 $'000	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Revenue										
External segment revenue	82,329	76,055	6,432	–	2	21	–	–	88,763	76,076
Inter-segment revenue	685	–	45	–	3,450	3,425	(4,180)	(3,425)	–	–
Total segment revenue	83,014	76,055	6,477	–	3,452	3,446	(4,180)	(3,425)	**88,763**	**76,076**
Unallocated revenue									9,897	–
Total revenue									**98,660**	**76,076**
Result										
Segment result	11,166	10,333	735	–	76	464	(49)	–	11,928	10,797
Unallocated corporate expenses									(1,006)	(1,070)
Profit from ordinary activities before income tax									**10,922**	**9,727**
Income tax expense									(3,609)	(2,722)
Profit from ordinary activities after income tax									**7,313**	**7,005**
Net profit									**7,313**	**7,005**
Depreciation and amortisation	1,066	512	172	–	399	396	–	–	1,637	908
Individually significant items										
Write-down of plant	641	–	–	–	219	–	–	–	860	–
Proceeds of disposal of investment	–	–	–	–	–	–	–	–	(9,897)	–
Carrying amount of investment sold	–	–	–	–	–	–	–	–	9,372	–
									(525)	–
Borrowing costs	–	–	–	–	–	–	–	–	–	359

8. SEGMENT REPORTING (continued)

Primary reporting business segments	Specialty Chemicals		Personal Wash		Energy		Eliminations		Consolidated	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000	2003 $'000	2002 $'000	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Assets										
Segment assets	68,647	57,711	29,122	–	8,655	9,102	(1,856)	(2,469)	104,568	64,344
Unallocated corporate assets									–	9,328
Consolidated total assets									**104,568**	**73,672**
Liabilities										
Segment liabilities	28,328	23,161	4,383	–	2,612	3,811	(1,773)	(2,453)	33,550	24,519
Unallocated corporate liabilities									32,936	16,762
Consolidated total liabilities									**66,486**	**41,281**
Acquisition of non-current assets	2,900	4,635	579	–	21	50	–	–	**3,500**	**4,685**
Acquisition of non-current assets resulting from business acquisition	–	–	19,988	–	–	–	–	–	**19,988**	–

Secondary reporting geographic segments	Australia/ New Zealand		Asia Pacific		Other		Consolidated	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000	2003 $'000	2002 $'000	2003 $'000	2002 $'000
External segment revenue by location of customers	37,223	29,671	49,763	45,331	1,777	1,074	88,763	76,076
Segment assets by location of assets	104,568	64,344	–	–	–	–	104,568	64,344
Acquisitions of non-current assets	3,500	4,685	–	–	–	–	3,500	4,685
Acquisition of non-current assets resulting from business acquisition	**19,988**	–	–	–	–	–	**19,988**	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

9. CASH ASSETS

	CONSOLIDATED		THE COMPANY	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Cash at bank and on hand	4,461	4,602	3,680	4,509

10. RECEIVABLES

	Notes	CONSOLIDATED		THE COMPANY	
		2003 $'000	2002 $'000	2003 $'000	2002 $'000
Current					
Trade debtors		16,179	10,890	11,279	10,890
Less: Provision for doubtful trade debtors		(201)	(148)	(201)	(148)
		15,978	10,742	11,078	10,742
Other debtors		601	152	692	152
		16,579	**10,894**	**11,770**	**10,894**
Non-current					
Loans to controlled entity	32	–	–	22,960	1,324

Further details of loans to controlled entity are set out in Note 32. 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	
		2003 $'000	2002 $'000	2003 $'000	2002 $'000
Current	24	7,146	4,455	7,146	4,455
Non-current	24	10,720	7,093	10,720	7,093

12. OTHER FINANCIAL ASSETS

	CONSOLIDATED		THE COMPANY	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Current				
Investment in other entities				
Listed shares at cost	–	9,328	–	9,328
Non Current				
Investment in controlled entities				
– at cost	–	–	668	–

13. INVENTORIES

	CONSOLIDATED		THE COMPANY	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Current				
Raw materials, at cost	1,726	591	558	591
Work in progress, at cost	1,415	846	1,410	846
Finished goods	7,521	2,294	6,271	2,294
	10,662	**3,731**	**8,239**	**3,731**
Finished goods comprises:				
Finished goods, at cost	7,537	2,294	6,271	2,294
Less: Provision for obsolescence	(16)	–	–	–
	7,521	**2,294**	**6,271**	**2,294**

14. OTHER ASSETS

	CONSOLIDATED		THE COMPANY	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Current				
Prepayments	502	490	453	490

15. PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED		THE COMPANY	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Current				
Turbines held for sale–				
At recoverable amount	2,857	3,076	–	–
Accumulated depreciation	(107)	(107)	–	–
	2,750	2,969	–	–
Non- current				
Freehold land				
At cost	5,123	4,673	4,673	4,673
Tanks and buildings				
At cost	3,117	1,916	1,916	1,916
Accumulated depreciation	(157)	(112)	(157)	(112)
	2,960	1,804	1,759	1,804

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

15. PROPERTY, PLANT AND EQUIPMENT (continued)

	CONSOLIDATED		THE COMPANY	
	2003 $'000	**2002 $'000**	**2003 $'000**	**2002 $'000**
Plant and machinery				
At cost	30,841	25,133	18,126	17,176
Accumulated depreciation	(4,710)	(4,212)	(1,346)	(1,100)
	26,131	20,921	16,780	16,076
At recoverable amount (emersol plant)	113	–	113	–
Accumulated depreciation	–	–	–	–
	113	–	113	–
Capital works in progress, at cost	2,396	2,030	2,396	1,980
Total non-current property, plant and equipment net book value	**36,723**	**29,428**	**25,721**	**24,533**

Recoverable amount of plant and equipment

During the year the Turbines held for sale and the Company's Emersol plant were written down by $218,770 and $641,200 respectively. The recoverable amount was determined on the basis of the expected cash flows to be derived from the sale and/or use of this plant, and were not discounted to their present value.

Valuations of land and buildings

Independent valuations of the consolidated entity's freehold land and buildings were carried out as at 8 March 2003 and 21 March 2003 on the basis of market value and resulted in a valuation of land and buildings of $15,800,000 (the Company: $14,500,000).

As land and buildings are recorded at cost, the valuation has not been brought to account.

15. PROPERTY, PLANT AND EQUIPMENT (continued)

	CONSOLIDATED		THE COMPANY	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Reconciliations				
Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:				
Freehold land				
Carrying amount at beginning of year	4,673	4,673	4,673	4,673
Addition from business acquired	450	–	–	–
Carrying amount at end of year	**5,123**	**4,673**	**4,673**	**4,673**
Tanks and buildings				
Carrying amount at beginning of year	1,804	1,849	1,804	1,849
Additions from business acquired	1,027	–	–	–
Additions	174	–	–	–
Depreciation	(45)	(45)	(45)	(45)
Carrying amount at end of year	**2,960**	**1,804**	**1,759**	**1,804**
Plant and machinery				
Carrying amount at beginning of year	23,890	16,743	16,076	8,533
Addition from business acquired	4,500	–	–	–
Additions	426	–	–	–
Transfer from capital works in progress	2,534	8,010	2,484	8,010
Disposals	(4)	–	(5)	–
Recoverable amount write – down	(860)	–	(641)	–
Depreciation	(1,492)	(863)	(1,021)	(467)
Carrying amount at end of year	**28,994**	**23,890**	**16,893**	**16,076**
Capital works in progress				
Carrying amount at beginning of year	2,030	5,355	1,980	5,355
Additions	2,900	4,685	2,900	4,635
Transfer to plant and machinery	(2,534)	(8,010)	(2,484)	(8,010)
Carrying amount at end of year	**2,396**	**2,030**	**2,396**	**1,980**

16. INTANGIBLE ASSETS

	CONSOLIDATED		THE COMPANY	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Pental brand names – at cost	6,000	–	–	–
Goodwill – at cost	8,012	–	–	–
Accumulated amortisation	(100)	–	–	–
	7,912	–	–	–
	13,912	**–**	**–**	**–**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

17. PAYABLES

		CONSOLIDATED		THE COMPANY	
	Notes	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Current					
Trade creditors-controlled entity	31	–	–	1,369	1,144
Trade creditors		8,019	5,590	6,184	4,700
Sundry accruals		2,374	32	21	14
		10,393	**5,622**	**7,574**	**5,858**

18. DEFERRED FOREIGN CURRENCY HEDGE EXCHANGE DIFFERENCES AND COSTS

	CONSOLIDATED		THE COMPANY	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Current	6,152	4,455	6,152	4,455
Non-current	10,720	7,093	10,720	7,093

19. INTEREST-BEARING LIABILITIES

		CONSOLIDATED		THE COMPANY	
	Notes	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Current					
Loans, secured		16,379	6,582	14,879	6,582
Non-Current					
Loans, secured		16,557	10,180	16,557	10,180
Financing arrangements					
The consolidated entity has access to the following lines of credit:					
Total facilities available:					
Standby letters of credit		–	104	–	104
Bill acceptance facility		41,436	78,762	38,936	78,762
Lease purchase facility		2,000	–	1,000	–
Multi option working capital facility		10,000	29,000	10,000	29,000
		53,436	**107,866**	**49,936**	**107,866**
Facilities utilised at reporting date:					
Standby letters of credit		–	–	–	–
Bill acceptance facility	24	32,936	16,762	31,436	16,762
Lease purchase facility		–	–	–	–
Multi option working capital facility		208	–	208	–
		33,144	**16,762**	**31,644**	**16,762**

19. INTEREST-BEARING LIABILITIES (continued)

	CONSOLIDATED		THE COMPANY	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Facilities not utilised at balance date:				
Standby letters of credit	–	104	–	104
Bill acceptance facility	8,500	62,000	7,500	62,000
Lease purchase facility	2,000	–	1,000	–
Multi option working capital facility	9,792	29,000	9,792	29,000
	20,292	**91,104**	**18,292**	**91,104**

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 30 June 2003.

BILL ACCEPTANCE FACILITY

The bill acceptance facility of $41,436,000 (2002: $78,762,000) is available for the next 6 months. This facility bears interest at 6.36% (2002: 6.34%).

The 2002 bill acceptance facility not utilised of $62,000,000 was available for the next five years. This facility was not utilised at 30 June 2003. This facility bore interest at the bank's prime rate plus 0.05%.

The bill acceptance facility is 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. This facility was utilised to $208,266 as at 30 June 2003.

The facility is secured by an Interlocking Unlimited Guarantee provided by the Company and its controlled entities. In addition, the guarantee is supported by a registered mortgage debenture over the whole of the consolidated entity's assets and undertakings and a first registered freehold mortgage over all industrial property.

The carrying amount of the pledged properties are as follows:

		CONSOLIDATED		THE COMPANY	
	Notes	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Freehold land	15	5,123	4,673	4,673	4,673
Tanks and buildings	15	2,960	1,804	1,759	1,804
Plant and machinery	15	28,994	23,890	16,893	16,076
Capital works in progress	15	2,396	2,030	2,396	1,980
		39,473	**32,397**	**25,721**	**24,533**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

20. PROVISIONS

		CONSOLIDATED		THE COMPANY	
	Notes	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Current					
Dividends	23	–	3,764	–	3,764
Employee benefits	28	1,788	1,287	1,439	1,287
Other		29	–	–	–
		1,817	**5,051**	**1,439**	**5,051**
Non-current					
Employee benefits	28	153	152	76	152
Other		93	–	93	–
		246	152	169	152
Reconciliation Dividends					
Carrying amount at beginning of year		3,764		3,764	
Adjustment on adoption of AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets"		(3,764)		(3,764)	
Provisions made during the year:					
Final Dividend 2002		3,764		3,764	
Interim Dividend 2003		1,889		1,889	
Payments made during the period		(5,653)		(5,653)	
Carrying amount at end of year		–		–	

21. CONTRIBUTED EQUITY

		CONSOLIDATED		THE COMPANY	
	Notes	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Share capital					
94,473,337 (2002: 94,100,004) ordinary shares, fully paid		16,746	16,479	16,746	16,479
(a) Ordinary shares					
Movements during the year					
Balance at beginning of the year		16,479	15,116	16,479	15,116
Shares issued					
373,333 (2002: 2,600,001) from the exercise of options under the Executive Share Option Plan	28	267	1,363	267	1,363
Balance at end of year		**16,746**	**16,479**	**16,746**	**16,479**

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 28 provides details of shares issued on exercise of options.

22. RETAINED PROFITS

		CONSOLIDATED		THE COMPANY	
	Notes	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Retained profits at beginning of year		15,912	14,644	10,621	9,681
Net profit attributable to members of the parent entity		7,313	7,005	6,980	6,677
Net effect on dividends from:					
Initial adoption of AASB1044 "Provisions, Contingent Liabilities and Contingent Assets"		3,764	–	3,764	–
Dividends	23	(5,653)	(5,737)	(5,653)	(5,737)
Retained profits at end of year		**21,336**	**15,912**	**15,712**	**10,621**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

23. DIVIDENDS

Dividends recognised in the current year by the Company are:

	Cents per share	Total amount $'000	Franked/ Unfranked	Date of payment
2003				
Interim-ordinary	2.0	1,889	Franked	24 April 2003
2002 final dividend recognised when declared during the year. Refer to Note 2 "Changes in accounting policies"				
Final – ordinary	4.0	3,764	Franked	13 Sept 2003
Total amount		5,653		
2002				
Interim – ordinary	2.0	1,973	Franked	2 April 2002
Final – ordinary	4.0	3,764	Franked	13 Sept 2002
Total amount		5,737		

	THE COMPANY	
	2003 $'000	2002 $'000
Dividend franking account		
30% franking credits available to shareholders of Symex Holdings Ltd for subsequent financial years	5,274	2,316

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

(a) franking credits that will arise from the payment of the amount of the provision for income tax
(b) franking debits that will arise from the payment of dividends recognised as a liability at year-end
(c) franking credits that will arise from the receipt of dividends recognised as receivables at year-end
(d) 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.

Subsequent event

Subsequent to the end of the financial year, the Directors declared a final fully franked dividend of 4 cents per share. The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2003 and will be recognised in subsequent financial reports.

Change in measurement of dividend franking account

In accordance with the New Business Tax System (Imputation) Act 2002, the measurement basis of the dividend franking account changed on 1 July 2002 from an after-tax profits basis to an income tax paid basis.

The amount of franking credits available to shareholders disclosed as at 30 June 2003 has been measured under the new legislation and represents income tax paid amounts available to frank distributions. The balance disclosed as at 30 June 2002 has been measured under the legislation existing at 30 June 2002 and represents after-tax profits able to be distributed fully franked at the current tax rate.

The change in the basis of measurement does not change the underlying value of franking credits or tax offsets available to shareholders from the dividend franking account.

Comparative information has not been restated for this change in measurement. Had the comparative information been calculated on the new basis, the "franking credits available" balance as at 30 June 2002 would have been $992,562.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

24. 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
2003							
Financial Assets							
Cash assets	9	0.60%	4,461	–	–	–	4,461
Receivables	10	–	–	–	–	16,579	16,579
Net receivable on forward contracts	11	–	–	–	–	17,866	17,866
			4,461	**–**	**–**	**34,445**	**38,906**
Financial Liabilities							
Payables	17	–	–	–	–	10,393	10,393
Deferred foreign currency hedge exchange differences and costs	18	–	–	–	–	16,872	16,872
Employee benefits	28	–	–	–	–	1,941	1,941
Loans	19	6.36%	–	16,379	16,557	–	32,936
			–	**16,379**	**16,557**	**29,206**	**62,142**
2002							
Financial Assets							
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
			4,602	**–**	**–**	**31,770**	**36,372**
Financial Liabilities							
Payables	17	–	–	–	–	5,622	5,622
Deferred foreign currency hedge exchange differences and costs	18	–	–	–	–	11,548	11,548
Employee benefits	28	–	–	–	–	1,439	1,439
Dividends payable	20	–	–	–	–	3,764	3,764
Loans	19	6.34%	–	6,582	10,180	–	16,762
				6,582	**10,180**	**22,373**	**39,135**

24. 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	
	2003	2002	2003 $'000	2002 $'000
Sell US dollars				
No later than one year	0.5267	0.5096	22,783	23,548
Later than one year but not later than two years	0.5267	0.4992	22,783	24,038
Later than two years but not later than three years	0.5267	0.4992	11,392	12,019
			56,958	**59,605**
Sell Japanese yen				
No later than one year	57.67	55.13	8,323	10,884
Later than one year but not later than two years	57.67	56.25	8,323	10,667
Later than two years but not later than three years	57.67	56.25	4,162	5,333
			20,808	**26,884**

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 18 and the timing of their anticipated recognition as part of sales are:

	CONSOLIDATED	
	2003 Net gains $'000	2002 Net gains $'000
No later than one year	6,152	4,597
Later than one year but not later than two years	7,146	4,634
Later than two years but not later than three years	3,574	2,317
	16,872	11,548

24. 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 benefits approximate net fair value.

NOTES TO THE FINANCIAL STATEMENTS

24. 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 2003		CONSOLIDATED 2002	
	Carrying amount $'000	Net fair value $'000	Carrying amount $'000	Net fair value $'000
Financial assets				
Cash assets	4,461	4,461	4,602	4,602
Receivables	16,579	16,579	10,894	10,894
Investments – Other entities (listed)	–	–	9,328	9,897
Net receivable on forward contracts	17,866	17,866	11,548	11,548
Financial liabilities				
Loans	32,936	32,936	16,762	16,762
Deferred foreign currency hedge exchange differences and costs	16,872	16,872	11,548	11,548
Payables – other	10,393	10,393	5,622	5,622
Employee benefits	1,941	1,941	1,439	1,439
Dividends payable	–	–	3,764	3,764

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.

25. COMMITMENTS

	CONSOLIDATED		THE COMPANY	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Non–cancellable operating lease expense commitments				
Future operating lease commitments not provided for in the financial statements and payable:				
Within one year	98	162	98	162
One year or later and no later than five years	17	187	17	187
	115	**349**	**115**	**349**

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

26. CONTINGENT LIABILITIES

Details of contingent liabilities where the probability of future payments is not considered remote are set out below.

The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefit will be required or the amount is not capable of reliable measurement.

Acquisition of Uniqema business

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 referrable to the average gross invoice value of glycerine sold by the Company in the preceding 1 year period.

As at 30 June 2003, there were no amounts payable in relation to this agreement and given the uncertainty of future sales prices, the potential financial effect has not been disclosed.

Symex Superannuation Plan deficiency

At 30 June 2003, the Symex Superannuation Plan's ("the Plan") vested benefits is estimated to exceed its net assets by approximately $530,000 per the Plan's management accounts for the year ended 30 June 2003 (refer to Note 28). Based on actuarial advice, the consolidated entity has agreed to a payment plan to return the Plan's vested benefits ratio to over 100% within a 3 year time frame and commenced making payments in accordance with the agreed payment plan during the financial year ended 30 June 2003.

Whilst the consolidated entity is not obliged to make up any shortfall in the Plan's net assets to meet payments due to the members of the Plan, the Directors are satisfied that the future performance of the Plan, together with the increased contributions being made to the Plan, will eliminate the deficiency.

State Revenue Office stamp duty claim

The State Revenue Office has re-issued the Company with a notice of assessment for additional duty, penalties and interest of $2.67 million relating to the acquisition of the Symex business assets. The Company disputes the re-assessment and the Directors are of the opinion, based on legal advice, that no provision is required.

27. NOTES TO THE STATEMENTS OF CASH FLOWS

	Notes	CONSOLIDATED 2003 $'000	CONSOLIDATED 2002 $'000	THE COMPANY 2003 $'000	THE COMPANY 2002 $'000
(a) Reconciliation of Cash					
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 year 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	4,461	4,602	3,680	4,509
(b) Reconciliation of profit from ordinary activities after income tax to net cash provided by operating activities					
Profit from ordinary activities after income tax		7,313	7,005	6,980	6,677
Add/(less) non–cash items:					
• Recoverable amount write –down	4	860	–	641	–
• Depreciation	4	1,537	908	1,066	512
• Amortisation	4	100	–	–	–
• Gross profit on sale of investment	4	(568)	–	(568)	–
• Profit on sale of fixed assets	4	(1)	–	(1)	–
Net cash provided by operating activities before change in assets and liabilities		**9,241**	**7,913**	**8,118**	**7,189**
Change in assets and liabilities adjusted for the effects of puurchase of business during the financial year:					
• (Increase)/decrease in deferred tax assets		(393)	40	(317)	40
• (Increase)/decrease in receivables		(5,685)	593	(876)	593
• (Increase)/decrease in inventory		(4,822)	2,844	(4,508)	2,844
• (Increase)/decrease in other assets & liabilities		(954)	171	(955)	171
• (Decrease)/increase in creditors		4,725	(2,019)	1,716	(2,137)
• (Decrease)/increase in income tax payable		1,277	(3,549)	925	(3,533)
• (Decrease)/increase in provisions		231	(262)	169	(262)
• (Decrease)/increase in deferred taxes payable		880	504	915	436
Net cash provided by operating activities		**4,500**	**6,235**	**5,187**	**5,341**

28. EMPLOYEE BENEFITS

		CONSOLIDATED		THE COMPANY	
		2003 $'000	2002 $'000	2003 $'000	2002 $'000
Aggregate liability for employee benefits including on–costs:					
Current	20	1,788	1,287	1,439	1,287
Non–current	20	153	152	76	152
		1,941	**1,439**	**1,515**	**1,439**
Number of employees					
Number of employees at year end		166	101	93	101

Option Incentive Plan

The Company has an executive option incentive plan.

Each option is convertible to one ordinary share. The exercise price of the options, determined in accordance with the rules of the plan, is based on the weighted average price of the Company's shares traded during the 5 business days proceeding the date of granting the option. All options expire on the earlier of their expiry date or termination of the directors or executives employment. In addition, the ability to exercise the options is conditional upon exercisable dates being reached.

There are no voting or dividend rights attached to the 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. The market value of shares under these options at 30 June 2003 was $0.95 (30 June 2002: $1.19).

Options issued do not represent remuneration for past services.

Grant Date	Exercise date on or after	Expiry Date	Exercise price $	Number of options at beginning of year	Options granted	Options exercised or lapsed	Number of options at end of year on issue	Number of options at end of year vested	Proceeds received $	Date issued	Number of shares issued	Fair value aggregate $
Consolidated and Company 2003												
31/03/03	31/03/03	31/12/07	$0.80	–	50,000	–	50,000	50,000	–	–	–	–
31/03/03	31/12/03	31/12/07	$0.80	–	50,000	–	50,000	50,000	–	–	–	–
31/03/03	31/12/04	31/12/07	$0.80	–	50,000	–	50,000	50,000	–	–	–	–
28/08/00	31/12/01	31/12/05	$0.50	50,000	–	(50,000)	–	–	25,000	28/08/02	50,000	40,500
28/08/00	31/12/00	31/12/05	$0.75	1,024,999	–	(323,333)	701,666	701,666	242,500	28/08/02 – 26/222/02	323,333	263,850
28/08/00	31/12/00	31/12/05	$1.00	650,000	–	(300,000)	350,000	350,000	–	–	–	–
3/05/01	3/05/01	31/12/05	$1.40	33,334	–	(16,667)	16,667	16,667	–	–	–	–
3/05/01	3/12/01	31/12/05	$1.40	33,334	–	(16,667)	16,667	16,667	–	–	–	–
3/05/01	3/112/02	31/12/05	$1.40	33,332	–	(16,667)	16,667	16,667	–	–	–	–
31/10/01	31/10/02	31/10/05	$2.00	166,667	–	–	166,667	166,667	–	–	–	–
31/10/01	31/10/03	31/10/06	$2.25	166,667	–	–	166,667	166,667	–	–	–	–
31/10/01	31/10/04	31/10/07	$2.50	166,667	–	–	166,667	166,667	–	–	–	–
TOTAL				**2,324,999**	**150,000**	**(723,333)**	**1,751,666**	**1,751,666**	–	–	–	–

28. EMPLOYEE BENEFITS (continued)

Option Incentive Plan (continued)

Grant Date	Exercise date on or after	Expiry Date	Exercise price $	Number of options at beginning of year	Options granted	Options exercised or lapsed	Number of options at end of year on issue	Number of options at end of year vested	Proceeds received $	Date issued	Number of shares issued	Fair value aggregate $
Consolidated and Company 2002												
28/08/00	31/12/01	31/12/05	$0.50	2,400,000	–	(2,350,000)	50,000	50,000	1,175,000	7/08/01 – 22/02/02	2,350,000	3,936,334
28/08/00	31/12/01	31/12/05	$0.75	1,275,000	–	(250,001)	1,024,999	1,024,999	187,501	16/07/01 – 25/02/02	250,001	429,338
28/08/00	31/12/01	31/12/05	$1.00	650,000	–	–	650,000	650,000	–	–	–	–
3/05/01	3/12/01	31/12/05	$1.40	33,334	–	–	33,334	33,334	–	–	–	–
3/05/01	3/12/01	31/12/05	$1.40	33,334	–	–	33,334	33,334	–	–	–	–
3/05/01	3/12/02	31/12/05	$1.40	33,332	–	–	33,332	33,332	–	–	–	–
31/10/01	31/10/02	31/10/05	$2.00	–	166,667	–	166,667	166,667				
31/10/01	31/10/02	31/10/06	$2.25	–	166,667	–	166,667	166,667				
31/10/01	31/10/02	31/10/07	$2.50	–	166,667	–	166,667	166,667				
TOTAL				**4,425,000**	**500,000**	**(2,600,001)**	**2,324,999**	**2,324,999**	–	–	–	–

Superannuation plans

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

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. Accordingly, as the consolidated entity has no legal or constructive obligation in respect of the deficit, no provision has been raised for the deficiency in the defined benefit employee superannuation plan at 30 June 2003.

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 were 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 estimated deficiency in the defined benefit employee superannuation plan at 30 June 2003 was $530,000. The Trustees of the defined benefit employee Superannuation plan have asked the consolidated entity to increase its contribution rate. The consolidated entity has agreed to an increased funding rate on an ongoing basis, however, contribution rates for future years will be assessed at the beginning of each year.

28. EMPLOYEE BENEFITS (continued)

Superannuation plans (continued)

The accrued benefits, plan assets at net market value and vested benefits of the plan are 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. In accordance with the Trust Deed, the consolidated entity has no legal obligation to make up any shortfall in the plans assets to meet payments due to employees. Accordingly, as the consolidated entity has no legal or construction in respect of the deficit, no provision has been raised for the deficiency in the defined benefit employee superannuation plan at 30 June 2003.

Details of contributions to the defined contribution and defined benefit plan during the year and contributions payable at 30 June 2003 are as follows:

	CONSOLIDATED		THE COMPANY	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Employer contributions to the plans	628	585	583	585
Employer contributions payable to the plans at balance date	69	46	46	46

Defined benefits plans				2003 $'000
	Plan assets at net market value (i)	Total accrued benefits (ii)	Excess/ (Deficit)	Total vested benefits (i)
Symex Holdings Limited Superannuation Plan	6,766	6,432	334	7,118

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

(i) Plan assets at net market value and vested benefits have been calculated at 30 June 2002, 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 2002 (30 June 2002: financial statements at 30 June 2001), but are based on actuarial reviews performed as at 1 July 2000 (30 June 2002: actuarial review as at 1 July 2000.)

(iii) Plan assets at net market value and vested benefits have been obtained from the 20 June 2001 financial statements of the plan.

Current financial position

In accordance with the Plan's management accounts, the Plan's estimated assets at market value were $6.81 million and the estimated vested benefits at 30 June 2003 were $7.34 million, resulting in an estimated deficiency between these two amounts of $0.53 million.

29. DIRECTORS' REMUNERATION

	THE COMPANY	
	2003	2002
Directors' income		
The number of directors of the Company whose income from the Company or any related party falls within the following bands:		
$20,000 and $29,999	1	–
$30,000 and $39,999	1	1
$100,000 and $109,999	–	1
$110,000 and $119,999	1	–
$260,000 and $269,999	–	1
$270,000 and $279,999	–	1
$350,000 and $359,999	2	–
$370,000 and $379,999	–	1
$420,000 and $429,999	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	
	2003 $	2002 $	2003 $	2002 $
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	1,317,267	1,053,378	1,317,267	1,053,378

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FOR THE YEAR ENDED 30 JUNE 2003

30. EXECUTIVES' REMUNERATION

	CONSOLIDATED		THE COMPANY	
	2003	2002	2003	2002
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:				
$120,000 and $129,999	1	2	1	2
$130,000 and $139,999	2	–	2	–
$160,000 and $169,999	1	1	1	1
$260,000 and $269,999	–	1	–	1
$270,000 and $279,999	–	1	–	1
$350,000 and $359,999	2	–	2	–
$370,000 and $379,999	–	1	–	1
$420,000 and $429,999	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	1,710,926	1,321,562	1,710,926	1,321,562

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.

31. 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
Mark Evans	Peter Robinson
Greg Tremewen	Allister Tomkins

Details of directors' remuneration are set out in Note 29.

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	
	2003 number held	2002 number held
Symex Holdings Limited:		
Ordinary shares	11,222,022	22,047,503
Options	1,200,000	1,800,000

DIRECTORS' TRANSACTIONS IN SHARES AND SHARE OPTIONS

During the year 300,000 of the options granted to former Directors of the Company were exercised.

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 $655,856 during the year primarily in relation to Pental Personal Wash business acquisition, with an additional $7,333 due and payable at the end of the year.

Weston Insurance Services Pty Ltd is a wholly owned entity of Terrain Australia Limited, a company that was related to Mr Mark Evans. Weston Insurance Services Pty Ltd was paid brokerage fees of $22,000 in relation to the Company's insurance cover.

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 2003

31. RELATED PARTY DISCLOSURES (continued)

WHOLLY–OWNED GROUP

Details of interests in wholly-owned controlled entities are set out in Note 32. 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. The Company purchases goods from, and sells goods to, its controlled entity Pental Products Pty Ltd, 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	
	2003 $'000	2002 $'000
Receivables – non–current		
Other loans	22,960	1,324
Payables – current		
Trade creditors	1,369	1,144

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

32. CONTROLLED ENTITIES

		ORDINARY SHARE CONSOLIDATED ENTITY INTEREST	
	Note	2003	2002
(a) Particulars in relation to controlled entities			
Name			
Parent entity			
Symex Holdings Limited			
Controlled entities			
Co–Generation Australia Limited	(i)	100%	100%
Pental Products Pty Ltd	(i)	100%	–

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

32. CONTROLLED ENTITIES (continued)

(b) Acquisition of controlled entity/business

During the financial year the Company acquired 100% of the Pental Personal Wash business via a newly established entity, Pental Products Pty Ltd. Details of the acquisition are as follows:

	CONSOLIDATED		THE COMPANY	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Consideration	21,828	–	–	–
Cash acquired	–	–	–	–
Outflow of cash	**21,828**	**–**	**–**	**–**
Fair value of net assets of business acquired:				
Land and buildings	1,476	–	–	–
Plant and equipment	4,500	–	–	–
Deferred tax asset	118	–	–	–
Inventories	2,107	–	–	–
Prepayments	52	–	–	–
Brand names	6,000	–	–	–
Provisions	(393)	–	–	–
Accruals	(44)	–	–	–
	13,816	–	–	–
Goodwill on acquisition	8,012	–	–	–
Consideration (cash)	**21,828**	**–**	**–**	**–**

The Pental Personal Wash business was acquired on 28 March 2003 and the operating results of the business from that date have been included in the consolidated operating profit. The acquired business sells soap products.

33. EVENTS SUBSEQUENT TO BALANCE DATE

Land purchase

Since the end of the financial year the consolidated entity acquired land adjoining the Pental Products Pty Ltd site in Shepparton for consideration of $675,000.

The financial effects of the above transaction has not been brought to account in the financial statements for the year ended 30 June 2003.

DIRECTORS' 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 61, 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 2003 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

19-8-2003.

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 2003, 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 15 to 78. 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 2003 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

KPMG

Richard Garvey

Richard J Garvey
Partner
Melbourne, 19 August 2003

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 31 JULY 2003)

Substantial shareholders

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

Shareholder	Ordinary
Western Park Holdings Pty Ltd	9,865,665
Michael Newton	7,440,001
Equity Trustees Limited	5,372,869

Class of shares and voting rights

At 31 July 2003, there were 3,786 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 28 for further details.

On–market buy–back

There is no current on-market buy-back.

Distribution of equity security holders (as at 31 July 2003)

	NUMBER OF SHAREHOLDERS	
Category	Ordinary	Options
1–1,000	353	–
1,001–5,000	1,529	–
5,001 – 10,000	947	–
10,001 – 100,000	882	9
100,001 and over	75	4
	3,786	**13**

The number of shareholders holding less than a marketable parcel is 34.

TWENTY LARGEST SHAREHOLDERS

Name	Number of quoted ordinary shares held	Percentage of capital held
Western Park Holdings Pty Ltd	9,865,665	10.44%
Mr Michael Newton	7,440,001	7.88%
Equity Trustees Limited	5,372,869	5.69%
Mr Greg Tremewen	4,515,001	4.78%
Mr Allister Tomkins	4,483,784	4.75%
National Nominees Limited	2,525,234	2.67%
Stebur Investments Pty Ltd	2,000,000	2.12%
Mr Alan Stockdale	2,000,000	2.12%
Invia Custodian Pty Ltd	1,342,137	1.42%
Evadon Pty Ltd	1,077,500	1.14%
Lismeen Pty Ltd	877,500	0.93%
Mr Michael Wilmot Pearl	830,000	0.88%
Deveray Pty Ltd	810,000	0.86%
Mr William Graham	800,000	0.85%
Mr Ross Geoffrey MacDowell	609,565	0.65%
Benefund Limited	600,000	0.64%
Commonwealth Custodial	591,864	0.63%
Westpac Custodian Nominees	527,053	0.56%
Mr Robert Michael Dolan	510,000	0.54%
J T Condon	500,000	0.53%
	47,278,173	**50.08%**

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