ANNUAL REPORT 2000

SYMEX

SYMEX HOLDINGS LIMITED

ABN 29 091 035 353

CORPORATE DIRECTORY

DIRECTORS

Alan Stockdale
Chairman

Michael Newton
Managing Director

Greg Tremewen
Finance Director

Allister Tomkins
Sales Director

Mark Evans
Non-Executive Director

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 Limited
Level 4
333 Collins Street
Melbourne VIC 3000

AUDITORS
KPMG
161 Collins Street
Melbourne VIC 3000

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

ANNUAL GENERAL MEETING

The Annual General Meeting of Symex Holdings Limited will be held at 2.00pm on Tuesday 15th May 2001 at Novotel Bayside, 16 The Esplanade, St.Kilda VIC 3182.

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CHAIRMAN'S REVIEW

CHAIRMAN'S LETTER TO SHAREHOLDERS – 2000 YEAR

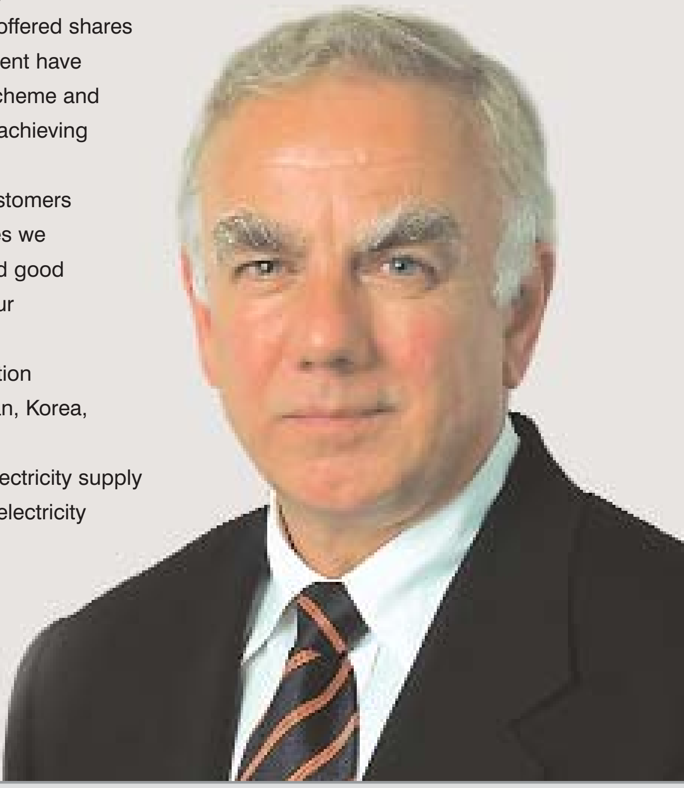
The first year of operation of your company, Symex Holdings Ltd., and the company's first year as an ASX listed corporation has been a very good one. Of course, Symex was established as a result of a management buy-out of the Uniqema business from its former parent, ICI Plc in December, 1999 followed by the listing of the company in August, 2000.

In various manifestations, what is now the Symex business has been operating successfully for more than 140 years but the company is now a world competitive manufacturer of oleo products, exporting over 65% of its output with sales to more than 35 countries. The future for Symex is very bright: we are the low-cost producer in our market with a competitive edge based on domestic Australian tallow as our raw material, a strong and united Board, world-leading management and a committed, highly-motivated and dedicated workforce.

Our outputs have an enormous range of applications. For example; oleine comprises up to 30% of textile lubricants, 2% of plastic drainage pipes, 1% of all cling wrap and 20 % of liquid soaps. Stearine constitutes up to 2% of all rubber, 100% of candles, 2% of plastics, 2% of anti-foam products, 30% of crayons and 30% of lipsticks. Glycerine constitutes up to 25% of toothpastes, 25% of cough mixtures, 7% of chewing gum, 7% of marshmallows, 20% of skin moisturisers and 5% of water-based paints. Distilled fatty acids (DFA) constitute up to 30% of some steel rolling oils, 20% of engine lubricants, 80% of bar soaps, 60% of oil-based paints and 70% of grape drying oils. Our products also have an enormous range of other industrial and consumer applications. Whilst few manufacturers are exempt from the adverse consequences of any general economic downturn, the very diversity and breadth of application of Symex products and our strong position in international markets tend to cushion Symex from localised or short-term economic difficulties.

Highlights from your company's 2000 year include the following;

- The successful management buy-out from ICI Plc, the ASX listing and, despite volatile markets, the maintenance of satisfactory share prices since August, 2000.
- The establishment of the company in its new form standing alone from ICI Plc and Uniqema.
- Negotiation of new agreements with staff which saw most staff take up shares in the company and adopt new employment conditions which further enhance the incentive for ongoing world-class performance. Company incentive arrangements include the following: all employees were offered shares in the IPO at a 10% discount to the float price; management have been given additional incentives through a new option scheme and employees can earn up to an additional $2,400 each by achieving targets set by the leadership group.
- A program of visits and other contacts with our major customers was undertaken to explain the significance of the changes we were going through, to ensure continuing confidence and good relationships and to preserve and enhance the level of our business with our key clients.
- Establishment of new and improved agency and distribution agreements in our key markets in Australia, Japan, Taiwan, Korea, Indonesia, South Africa and the Philippines.
- New and more satisfactory arrangements in relation to electricity supply capturing the benefits of the new competitive market for electricity – this involved removing Symex from a non-core activity, reducing debt and reducing risk through the forward sale of our electricity supply contract.



- A continuing and successful focus on cost-control in which company employees and management contributed ideas to continually improve performance – ideas adopted included improved efficiency, for example, in energy use, packaging, water usage and effluent management.
- In the past, Uniqema (now Symex) has been inhibited in realising its potential as a world-class producer by its being "locked out" of certain potentially lucrative markets by virtue of restrictions imposed by its parent and by the level of production capability. Both of these restrictions are being overcome. The management buy-out and listing as a public company have freed Symex to compete on its merits in international markets and to engage in strategic trading to maintain good margins. In addition, a $4.5 million upgrade of the Port Melbourne plant is removing bottlenecks and increasing production capacity by 25%. This upgrade will be completed in the second quarter of 2001 and will facilitate Symex's taking up of opportunities to trade new production into old and new markets during the current year. The company is currently preparing to put this new capacity to good use when it comes on stream.
- Management and the company's staff have jointly developed a three year strategy to further strengthen performance.

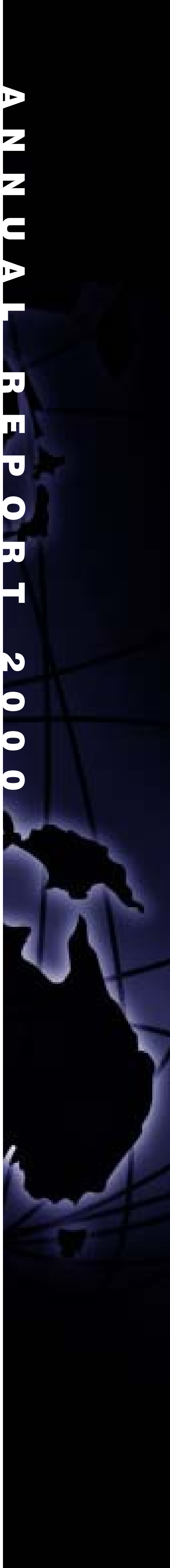
To an extent never applicable before Symex is now a world-class producer of oleo products with the whole world as its potential market place.

The company sees opportunities to add to shareholder value through strategic acquisitions. Whilst no acquisition has been undertaken to date, the management and Board continue to evaluate opportunities and the company has retained Terrain Capital as business adviser to evaluate prospects.

The company has achieved very good financial outcomes in its first year and is optimistic about future prospects. Market conditions have been favourable, the company has taken the opportunity to lock in some of the external parameters producing the good results, capacity is being increased and the company is taking steps to cement its relationship with its traditional customers and to take advantage of value-adding opportunities in markets newly opened to Symex.

As Chairman, I would like to thank all members of the Board for their contribution to this successful year; congratulate Mike Newton and his management team; thank our advisers and the float underwriters and express the Board's appreciation of the dedication and expertise of our staff. We hope that all shareholders and employees share the Board's satisfaction with the company's past performance and share our excitement about the future outlook.

Alan R. Stockdale
Chairman



MANAGING DIRECTOR'S REVIEW

Symex Holdings Limited was formed in late December 1999 by its management team to purchase certain assets of Uniqema Pty Ltd, a wholly owned subsidiary of ICI Plc.

The Management Buyout (MBO) of the Uniqema Port Melbourne business was carried out on 1 January 2000. Since that time, the basis of a highly successful business has been established with highlights as follows:

Board and management initiatives

A well balanced, competency based, young, active board has been formed with Alan Stockdale as our Chairman.

Our electricity supply contract to Citipower which had 38 months left was sold forward for $5.8 million in May 2000. This allowed us to reduce debt and remove ourselves from a non-core activity (producing electricity).

Our Company, Symex Holdings Limited, was listed on the stock exchange in late August, 2000. I would like to take this opportunity to thank our employee teams, public relations company, legal advisors, financial and business advisors together with our underwriters for making the process so smooth and successful.

Cost control is a key success factor for Symex. Currently we are the lowest cost producer of our products in the world.

Customers and suppliers

All key customers have been visited by Directors to maintain and strengthen our relationship following the hand over from ICI Plc.

Agency and distribution agreements in our key traditional markets such as Australia, Japan, Taiwan, Korea, Indonesia, South Africa and the Philippines were concluded with Symex. All of the above companies in these countries have given Symex great support in its first year.

Employees

Our method of rewarding our people has developed to be more incentive based than the previous owner. Our management have been granted options over company shares and at the time of the float all employees were offered shares at a 10% discount to the IPO price. 60 out of our 85 employees accepted this offer.

Together with the above two incentives, all enjoy the ability to partake in our gain-sharing program. Under the progrm, 10 targets are selected by the leadership group and every employee can earn up to $2,400 if all targets are achieved. This program is self-funding and creates a real focus for us all.

Our future

Symex is operating in a highly competitive race. We must constantly monitor the environment, be highly sensitive and respond tactfully and strategically to shifts in our competitors' behaviour and capabilities, market conditions and future trends.

Three year strategy

Together, the employees of Symex have developed a balanced three year strategy, which is more than just a measurement system. It will be used by our leaders to;

- clarify and gain consensus about strategy;
- communicate our strategy throughout our organisation;
- align our team and personal goals to the strategy;
- link strategic objectives to long term targets and annual budgets;
- perform periodic and systematic strategic reviews, and
- obtain feedback so we can learn and improve.

Growth – organic and acquisition

Together with the three year plan we are working hard to maximise the return to our shareholders by maintaining a tight control over costs and a focus on growing our business organically with sensible strategic acquisitions.

To maintain and improve our position as the lowest cost producer of our products worldwide, we will invest $4.5 million on upgrading our plant. This new investment will also allow us to increase our production capacity by 25%. Over the past year there have been many other initiatives bought forward by our employees to lower costs by improving efficiency in energy, packaging, water usage and effluent quality. All our people sincerely believe that our cost of doing business can be continually lowered.

Our opportunities for sales growth into new markets and new application areas have been limited only by our production capacity. This bottleneck is currently being addressed with the above-mentioned investment. Market development is currently being undertaken to establish a broader customer base to penetrate new materials when the plant upgrade is achieved.

Terrain Capital has been appointed as our business advisors for any future acquisitions. Over the past 8 months many local and overseas companies have been investigated as possible strategic fits with our business. To date, there have been no acquisitions, however we will remain patient and focused in our search to grow our business through acquisition.

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 the Company 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 (established on 4 July 2000).

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

Composition of the Board

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

Audit Committee

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

The members of the Audit Committee during the year were:

A Stockdale (Chair)
M Evans
M Newton

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

Remuneration and nomination

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

Director dealings in Company shares

The Constitution permits directors to acquire shares in the Company. The Company has adopted a written policy (adopted 24 August 2000) 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;
- requires the Chairman and Managing Director to be informed before trading of any sort occurs.

INTERNAL CONTROL FRAMEWORK

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

Financial reporting

- monthly actual results are reported against budget and revised forecasts for the year are prepared regularly; and
- 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.

Quality and integrity of personnel

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

Investment appraisal

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

CORPORATE GOVERNANCE STATEMENT

ETHICAL STANDARDS

The consolidated entity has a Code of Conduct Manual which sets out how 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 aim to ensure that the shareholders are informed of all major developments affecting the consolidated entity's state of affairs. Information is communicated to shareholders as follows:

- The annual report contains a review of the operations of the consolidated entity during the period. The audited financial report is prepared in accordance with the requirements of applicable Accounting Standards and the Corporations Law and is lodged with the Australian Securities and Investments Commission and the Australian Stock Exchange. The financial report is sent to any shareholder who requests it.
- 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.
- 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.

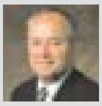
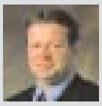
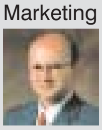
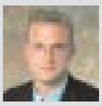
ANNUAL REPORT 2000

DIRECTORS' REPORT

The directors present their report together with the financial report of Symex Holdings Limited ('the Company') and the consolidated financial report of the consolidated entity, being the Company and its controlled entity, for the year ended 31 December 2000 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 	55	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 and Director of several other companies. Appointed Chairman effective on 18 February 2000.
Mike Newton B. App Sc		
Managing Director 	47	Comprehensive knowledge of all manufacturing and technical aspects of the business with over 25 years experience in both Australia and overseas. Extensive knowledge of global markets, customers, sales agents and distributors. Appointed Managing Director on 23 December 1999.
Gregory Tremewen B.Bus (Acc)		
Finance Director 	37	Over 14 years service with Symex and former owners Unilever and ICI Plc. Appointed Commercial Manager of Uniqema in 1995. Prior to joining the Company, Mr Tremewen developed considerable computing experience as a systems analyst with International Harvester. Appointed Finance Director on 23 December 1999
Allister Tomkins B. Bus (Eco & Bus Adm)		
Marketing & Sales Director 	33	Extensive sales, marketing and operations experience. Over 12 years service in the business, maintaining strong relationships with customers, sales agents and distributors. Appointed Marketing & Sales Director on 8 March 2000.
Mark Evans B.Bus (Acc), ASIA		
Non-Executive Director 	35	Director of Bambuu Ltd, Terrain Capital Limited and Symex Holdings Limited. Wide experience in the corporate advisory field including IPO's, mergers, acquisitions and all aspects of capital raising. Appointed Director on 23 December 1999.

DIRECTORS' MEETINGS

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

Director	Board Meetings	
	A	B
A Stockdale	11	20
M Newton	21	21
G Tremewen	21	21
A Tomkins	11	20
M Evans	21	21
W Bos	3	10

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 including oleine, stearine, glycerine and distilled fatty acids.

There were no significant changes in the nature of the activities of the consolidated entity during the year.

REVIEW AND RESULTS OF OPERATIONS

The consolidated operating profit after income tax amounted to $15,289,208. A profit of $4,912,531 on abnormal items arose during the year, which have been described in Note 5 to the financial statements. These include an additional abnormal item that arose in the second half of the financial year, which was a $2 million provision for writedown in the value of Co-Generation Australia Limited's (CGAL) gas turbines in order to reflect what the directors believe is the recoverable amount of these assets.

In our first year trading as Symex Holdings Limited our experienced leadership team and employees have worked hard and enthusiastically to ensure we had a very successful year.

There has been a strong demand for our products in our traditional markets and our production outputs have been at record highs, with good control over our costs.

In December 2000 we formulated a three year strategy for the Port Melbourne site and are now working very hard to see that this plan is met.

DIVIDENDS

Dividends paid or declared by the Company in respect of the current financial year were:

Type	Cents per share	Total amount $'000	Date of payment	Tax rate for franking credit
Interim-ordinary shares	2.0	1,830	21 Nov 2000	34% (Class C)

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

DIRECTORS' REPORT

STATE OF AFFAIRS

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

- On 1 January 2000 the Company acquired the Oleo Products business and assets of Uniqema Pty Ltd, a subsidiary of ICI Plc.
- Since the commencement of the financial year and prior to the offers made pursuant to the prospectus dated 4 July 2000 ('the Prospectus'), the Company issued 69,500,003 ordinary shares raising a total of $5,329,003.
- On 1 March 2000 Symex Holdings Limited acquired CGAL, a company producing energy at the Symex site.
- On 12 May 2000 CGAL ceased producing electricity for its major customer Citipower. Citipower bought out the contract with CGAL for $5.83m. CGAL currently produces steam and a small amount of electricity.
- A total of 22,000,000 ordinary shares were issued pursuant to the Prospectus raising $10,900,000.
- On 29 August 2000, trading of the Company's ordinary shares commenced on the Australian Stock Exchange.

ENVIRONMENTAL REGULATION

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

Environmental management

The consolidated entity is committed to achieving a high standard of environmental performance. It has established an Environmental Improvement Plan Committee (EIP) in conjunction with the Environment Protection Authority (EPA) and local residential and industrial communities, which has been operational for the past five (5) years. This committee is responsible for the regular monitoring of environmental compliance with environmental regulations and internal business targets.

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

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

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 Working 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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

LIKELY DEVELOPMENTS

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

DIRECTORS' 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 are also 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 benefit $	Super contributions $	Retirement benefits $	Total $
Directors						
Non-executive						
Alan Stockdale	108,333	–	840	8,083	–	117,256
Mark Evans	30,000	–	991	–	–	30,991
Executive						
Mike Newton	273,635	100,000	23,167	36,210	–	433,012
Greg Tremewen	177,356	100,000	20,989	22,950	–	321,295
Allister Tomkins	177,356	100,000	16,684	22,950	–	316,990
Executive officers (excluding directors)						
The Company						
Peter Bonadonna	87,006	43,296	19,082	11,052	–	160,436
Chris Lovejoy	87,489	43,296	18,520	11,046	–	160,351

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

DIRECTORS' REPORT

DIRECTORS' OPTIONS

	Number of options	Date of grant	Exercise price	Value per option	Expiry date
Directors					
Alan Stockdale	2,000,000	4 July 2000	$0.50	$0.2021	31 Dec 2005
Mike Newton	200,000	4 July 2000	$0.75	$0.1790	31 Dec 2005
(Executive Director)	200,000	4 July 2000	$1.00	$0.1625	31 Dec 2005
Greg Tremewen	150,000	4 July 2000	$0.75	$0.1790	31 Dec 2005
(Executive Director)	150,000	4 July 2000	$1.00	$0.1625	31 Dec 2005
Allister Tomkins	150,000	4 July 2000	$0.75	$0.1790	31 Dec 2005
(Executive Director)	150,000	4 July 2000	$1.00	$0.1625	31 Dec 2005
Mark Evans	150,000	4 July 2000	$0.75	$0.1790	31 Dec 2005
	150,000	4 July 2000	$1.00	$0.1625	31 Dec 2005

All options expire on 31 December 2005 and each option entitles the holder to purchase one ordinary share in the Company. The estimated value disclosed above is calculated as at 29 August 2000 using a binomial model. Further details of options granted are set out under 'Options' below.

OPTIONS

During the financial year, the Company also granted options over unissued ordinary shares to the following executive officers of the Company as part of their remuneration:

	Number of options	Date of grant	Exercise price	Value per option	Expiry date
Officers					
Peter Bonadonna	150,000	4 July 2000	$0.50	$0.2021	31 Dec 2005
	25,000	28 Aug 2000	$0.75	$0.1790	31 Dec 2005
Chris Lovejoy	150,000	4 July 2000	$0.50	$0.2021	31 Dec 2005
	25,000	28 Aug 2000	$0.75	$0.1790	31 Dec 2005

No options have been granted since the end of the financial year.

Options are exercisable in tranches with the first tranche exercisable immediately after the date of issue, the second after 31 December 2000 and the third after 31 December 2001. The options may only be exercised within the limitations imposed by the Corporations Law and the Listing Rules.

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

Expiry date	Exercise price	Number of shares
31 December 2005	$0.50	2,400,000
31 December 2005	$0.75	1,250,000
31 December 2005	$1.00	650,000

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.

DIRECTORS' INTERESTS

The relevant interest of each director in the share capital of the Company as notified by the directors to the Australian Stock Exchange in accordance with S205G (1) of the Corporations Law, at the date of this report is as follows:

	Ordinary shares	Options over ordinary shares
Alan Stockdale	–	2,000,000
Mike Newton	7,440,001	400,000
Greg Tremewen	7,440,001	300,000
Allister Tomkins	7,440,000	300,000
Mark Evans	1,357,501	300,000

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

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

Since the beginning of the financial year, the Company has paid insurance premiums of $6,240 in respect of Directors' and Officers' liability insurance contracts for current and former officers. The insurance premiums relate to:

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

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

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

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

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

ROUNDING OFF

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

Signed in accordance with a resolution of the directors:

Director
16/2/2001.
Dated

Director
16-2-2001.
Dated

PROFIT & LOSS STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000

		CONSOLIDATED	THE COMPANY
	Note	2000 $'000	2000 $'000
REVENUE	**2**	**76,031**	**75,285**
Operating profit before abnormal items and income tax	3	14,634	12,270
Abnormal items	5	4,912	4,101
Operating profit/(loss) before income tax		19,546	16,371
Income tax attributable to operating profit or loss	6	4,257	4,257
Operating profit after income tax		**15,289**	**12,114**
Retained profits at the beginning of the financial year		–	–
Total available for appropriation		15,289	12,114
Dividends provided for or paid	7	1,830	1,830
RETAINED PROFITS AT THE END OF THE FINANCIAL YEAR		**13,459**	**10,284**
Basic earnings per share	8	$0.229	

The profit and loss statements are to be read in conjunction with the notes to the financial statements set out on pages 22 to 46.

BALANCE SHEETS
AS AT 31 DECEMBER 2000

		CONSOLIDATED	THE COMPANY
	Note	2000 $'000	2000 $'000
CURRENT ASSETS			
Cash	10	5,283	4,575
Receivables	11	11,971	11,971
Inventories	12	6,104	6,104
Other	13	239	239
Total current assets		**23,597**	**22,889**
NON-CURRENT ASSETS			
Receivables	11	–	6,473
Other	13	931	931
Property, plant and equipment	14	24,173	15,658
Total non-current assets		**25,104**	**23,062**
Total assets		**48,701**	**45,951**
CURRENT LIABILITIES			
Accounts payable	15	7,032	7,633
Provisions	18	4,497	4,497
Other	20	289	113
Total current liabilities		**11,818**	**12,243**
NON-CURRENT LIABILITIES			
Provisions	18	198	198
Borrowings	21	8,110	8,110
Total non-current liabilities		**8,308**	**8,308**
Total liabilities		**20,126**	**20,551**
NET ASSETS		**28,575**	**25,400**
SHAREHOLDERS' EQUITY			
Share capital	22	15,116	15,116
Retained profits		13,459	10,284
Total shareholders' equity		**28,575**	**25,400**

The balance sheets are to be read in conjunction with the notes to the financial statements set out on pages 22 to 46.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2000

		CONSOLIDATED	THE COMPANY
	Note	2000 $'000	2000 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		81,338	74,273
Cash payments in the course of operations		(59,504)	(61,398)
Interest received		316	271
Borrowing costs paid		(1,468)	(1,468)
Income tax paid	6	(2,254)	(2,254)
Net cash provided by operating activities	27	**18,428**	**9,424**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(1,180)	(1,180)
Payments for business acquisition (net of cash acquired)		(20,157)	(20,157)
Net cash provided by/(used in) investing activities		**(21,337)**	**(21,337)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments from controlled entity		–	8,296
Loan to controlled entity		–	(14,769)
Proceeds from borrowings		28,000	28,000
Dividends paid		(1,830)	(1,830)
Repayment of borrowings		(33,094)	(18,325)
Proceeds from the issue of shares		15,116	15,116
Net cash provided by/(used in) financing activities		**8,192**	**16,488**
Net increase/(decrease) in cash held		**5,283**	**4,575**
Cash at the beginning of the financial year	27	**–**	**–**
CASH AT THE END OF THE FINANCIAL YEAR	27	**5,283**	**4,575**

The statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 22 to 46.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

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 Law.

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

These accounting policies have been consistently applied by each entity in the consolidated entity.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements of the economic entity include the financial statements of the Company, being the parent entity, and its controlled entity ('the consolidated entity').

Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased.

The balances, and effects of transactions, between controlled entities included in the consolidated financial statements have been eliminated.

REVENUE RECOGNITION – NOTE 2

Sales of goods

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

Interest income

Interest income is recognised as it accrues.

Rental income

Rental income is recognised as it accrues.

FOREIGN CURRENCY

Transactions

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

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

The accounting for hedges is set out below.

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 this risk. Derivative financial instruments are not held for speculative purposes.

Hedges

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

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

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

BORROWING COSTS

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and lease finance charges. Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which generally 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 weighted average capitalisation rates.

TAXATION - NOTE 6

Income tax

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 balance sheet as a future income tax benefit or a provision for deferred income tax.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000

NON-CURRENT ASSETS

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

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

INVENTORIES – NOTE 12

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

Manufacturing activities

Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of both variable and fixed costs. Fixed costs have been allocated on the basis of normal operating capacity.

Net realisable value

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

PROPERTY, PLANT AND EQUIPMENT – NOTE 14

Acquisition

Items of property, plant and equipment are initially recorded at cost and depreciated as outlined below.

The cost of property, plant and equipment constructed by the consolidated entity includes the cost of materials and direct labour. The proportion of overheads and other incidental costs directly attributable to its construction are also capitalised to the cost of the property, plant and equipment.

Complex assets

Major items of plant and equipment comprising a number of components that have different useful lives, are accounted for as separate assets. The components may be replaced during the useful life of the complex asset.

Subsequent additional costs

Costs incurred on property, plant and equipment 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. Where these costs represent separate components of a complex asset, they are accounted for as separate assets and are separately depreciated over their useful lives.

Costs incurred on property, plant and equipment which do not meet the criteria for capitalisation are expensed as incurred.

Depreciation

Items of property, plant and equipment, including buildings and leasehold property but excluding freehold land, are depreciated using the straight line method over their estimated useful lives.

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

	Depreciation rate
Plant and machinery (excluding turbines)	5%
Tanks	2.5%
Turbines	3.33%

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

Revaluations

Land and buildings are independently valued every three years on an existing use basis of valuation and included in the financial statements at cost.

EMPLOYEE ENTITLEMENTS – NOTE 19

Wages, salaries and annual leave

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

Long service leave

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

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

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

Superannuation plan

The Company contributes to defined benefit and defined contribution superannuation plans. Contributions are charged against income as they are made. Further information is set out in note 19.

ACCOUNTS PAYABLE

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Company or consolidated entity. Trade accounts payable are normally settled within 60 days.

RECEIVABLES – NOTE 11

Trade debtors

Trade debtors to be settled within 60 days are carried at amounts due. The collectibility of debts is assessed at balance date and specific provision is made for any doubtful accounts.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000

GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

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

Cash flows are included in the statements 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.

COMPARATIVES

At 31 December 1999 the Company was a shelf company and had yet to commence its operations. Total assets, total liabilities and total shareholders' equity were immaterial for comparative disclosure purposes.

2. REVENUE

	CONSOLIDATED	THE COMPANY
	2000 $'000	**2000 $'000**
Revenue from operating activities		
Sale of goods	75,574	74,873
Other income:		
Rental income	141	141
Interest:		
Other parties	316	271
	76,031	**75,285**

3. OPERATING PROFIT

	CONSOLIDATED	THE COMPANY
	2000 $'000	**2000 $'000**
Operating profit before abnormal items and income tax has been arrived at after charging/(crediting) the following items:		
Borrowing costs:		
Other parties	1,512	1,468
Depreciation of:		
Tanks and buildings	45	45
Plant and equipment	924	416
Net expense from movements in provision for:		
Employee entitlements	(127)	(127)
Doubtful debts	(53)	(53)
Operating lease rental expenses:		
Minimum lease payments	156	156

4. AUDITORS' REMUNERATION

	CONSOLIDATED	THE COMPANY
	2000 $'000	2000 $'000
Audit services		
Auditors of the company – KPMG	44	44
Other services:		
Auditors of the company – KPMG	40	40

5. ABNORMAL ITEMS

	CONSOLIDATED	THE COMPANY
	2000 $'000	2000 $'000
Discount on acquisition of Uniqema business relating to inventory	4,101	4,101
Income tax effect	–	–
	4,101	**4,101**
Gain arising from termination of CGAL contract	5,833	–
Income tax effect	(2,100)	–
	3,733	**–**
Write-off of goodwill on acquisition of controlled entity	(3,022)	–
Income tax effect	–	–
	(3,022)	**–**
Provision for write down of gas turbine	(2,000)	–
Income tax effect	680	–
	(1,320)	**–**
Tax benefit on losses recouped		
Income tax effect	1,420	–
	1,420	**–**
Aggregate abnormal items before tax	4,912	4,101
Aggregate income tax effect	–	–
Aggregate abnormal items after income tax	**4,912**	**4,101**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000

6. INCOME TAX

	CONSOLIDATED	THE COMPANY
	2000 $'000	2000 $'000
Income Tax Expense		
Prima facie income tax expense/(benefit)		
calculated at 34% on the operating profit	6,646	5,566
Decrease in income tax expense due to:		
Sundry	(41)	(18)
Tax benefit on tax losses in subsidiary	(664)	–
Income tax expense/(benefit) on operating profit		
before abnormal income tax items	5,941	5,548
Abnormal income tax items:		
Adjustment for change in tax rate	103	103
Adjustment for goodwill written-off	1,027	–
Adjustment for discount on		
acquisition relating to inventory	(1,394)	(1,394)
Adjustment for tax benefit on		
tax losses in subsidiary	(1,420)	–
Total income tax expense	**4,257**	**4,257**
Total income tax expense/(benefit)		
attributable to operating profit is made up of:		
Current income tax provision	4,851	4,851
Future income tax benefit	(453)	(453)
Adjustment for change in tax rate	(141)	(141)
	4,257	**4,257**
Provision for Current Income Tax		
Movements during the year were as follows:		
Balance at beginning of year	–	–
Income tax (paid)/refunded	(2,254)	(2,254)
Current year's income tax expense on operating profit	4,717	4,717
Balance at end of year	**2,463**	**2,463**
Future Income Tax Benefit		
Future income tax benefit comprises the estimated		
future benefit at the applicable rate of 34% or 30%,		
depending on when the benefit of the component		
is expected to be realised, on the following items:		
Timing differences	931	931
	931	**931**

6. INCOME TAX (continued)

	CONSOLIDATED	THE COMPANY
	2000 $'000	2000 $'000
Future Income Tax Benefit		
Not Brought To Account		
The potential future income tax benefit in a controlled entity, which is a company, arising from tax losses has not been recognised as an asset because recovery of tax losses is not virtually certain:		
Tax losses carried forward	1,126	–
Timing differences	680	–
	1,806	**–**

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

(i) the relevant company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised, or the benefit can be utilised by another company in the consolidated entity in accordance with Division 170 of the Income Tax Assessment Act 1997;

(ii) the relevant company and/or the controlled entity continues to comply with the conditions for deductibility imposed by the law; and

(iii) no changes in tax legislation adversely affect the relevant company and/or the consolidated entity in realising the benefit.

7. DIVIDENDS

Dividends proposed or paid by the Company are:

Type	Cents per share	Total amount $'000	Date of payment	Tax rate for franking credit
Interim-ordinary shares	2.0	1,830	21 Nov 2000	34% (Class C)

	CONSOLIDATED	THE COMPANY
	2000 $'000	2000 $'000
Dividend franking account		
Balance of franking account adjusted for franking credits which will arise from the payment of income tax provided for in the financial statements, and after deducting franking credits to be used in payment of dividends:		
Class C (34%) franking credits	6,496	6,496

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000

8. EARNINGS PER SHARE

	CONSOLIDATED
	2000 $
Basic earnings per share	0.229
	Number
Weighted average number of ordinary shares used in the calculation of basic earnings per share	66,636,615

CLASSIFICATION OF SECURITIES AS POTENTIAL ORDINARY SHARES

Options

Options to purchase ordinary shares not exercised at 31 December 2000 have not been included in the determination of basic earnings per share, but have been included in the determination of diluted earnings per share.

Diluted earnings per share

The diluted earnings per share is not materially different from the basic earnings per share.

9. SEGMENT INFORMATION

	Specialty Chemicals 2000 $'000	Energy 2000 $'000	Eliminations 2000 $'000	Consolidated 2000 $'000
Industry segments				
Revenue outside the consolidated entity	75,285	746	–	76,031
Inter-segment revenue	–	5,002	(5,002)	–
Total Revenue	**75,285**	**5,748**	**(5,002)**	**76,031**
Segment operating profit	12,270	2,364	-	14,634
Abnormal items	4,101	3,833	(3,022)	4,912
Subtotal	**16,371**	**6,197**	**(3,022)**	**19,546**
Unallocated expenses				(4,257)
Operating profit after income tax				**15,289**
Segment assets	45,951	10,215	(7,465)	48,701
Total assets				**48,701**

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

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

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

GEOGRAPHICAL SEGMENTS

The consolidated entity operates predominantly in Australia. More than 90% of revenue, operating profit and segment assets relate to operations in Australia.

10. CASH

	CONSOLIDATED	THE COMPANY
	2000 $'000	**2000 $'000**
Cash at bank	5,278	4,570
Cash on hand	5	5
	5,283	**4,575**

11. RECEIVABLES

	CONSOLIDATED	THE COMPANY
	2000 $'000	**2000 $'000**
Current		
Trade debtors	11,858	11,858
Less: Provision for doubtful debts	(250)	(250)
	11,608	11,608
Other debtors	363	363
	11,971	**11,971**
Non-current		
Loans to controlled entity	–	6,473
	–	**6,473**

Details of loans to controlled entity are set out in Note 30.

Other debtors

These amounts generally arise from transactions outside the usual operating activities of the consolidated entity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000

12. INVENTORIES

	CONSOLIDATED	THE COMPANY
	2000 $'000	**2000 $'000**
Current		
Raw materials, at cost	830	830
Work in progress, at cost	966	966
Finished goods, at cost	4,308	4,308
	6,104	6,104

13. OTHER ASSETS

	CONSOLIDATED	THE COMPANY
	2000 $'000	**2000 $'000**
Current		
Prepayments	239	239
	239	**239**
Non-Current		
Future income tax benefit	931	931
	931	**931**

14. PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED	THE COMPANY
	2000 $'000	**2000 $'000**
Freehold land		
At cost	4,673	4,673
Tanks and buildings		
At cost	1,916	1,916
Accumulated depreciation	(45)	(45)
	1,871	1,871
Plant and machinery		
At cost	23,074	8,672
Accumulated depreciation	(4,303)	(416)
Provision for writedown	(2,000)	–
	16,771	8,256
Capital works in progress, at cost	858	858
Total property, plant and equipment, at net book value	**24,173**	**15,658**

15. ACCOUNTS PAYABLE

	CONSOLIDATED	THE COMPANY
	2000 $'000	**2000 $'000**
Current		
Trade creditors-controlled entity	–	992
Trade creditors	7,032	6,641
	7,032	**7,633**

16. FINANCING ARRANGEMENTS

		CONSOLIDATED	THE COMPANY
	Note	**2000 $'000**	**2000 $'000**
The consolidated entity has access to the following lines of credit:			
Total facilities available:			
Standby letters of credit		200	200
Bill acceptance facility	21	12,110	12,110
		12,310	**12,310**
Facilities utilised at balance date:			
Standby letters of credit		–	–
Bill acceptance facility	21	8,110	8,110
		8,110	**8,110**
Facilities not utilised at balance date:			
Standby letters of credit		200	200
Bill acceptance facility	21	4,000	4,000
		4,200	**4,200**

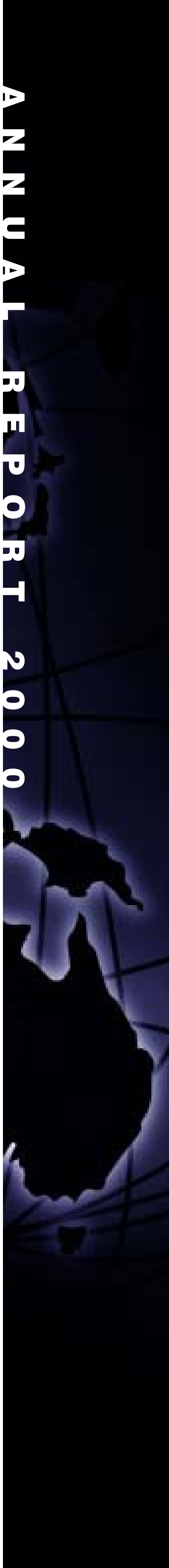
BILL ACCEPTANCE FACILITY

The bill acceptance facility is available for the next four years. The weighted average interest rate of the facilities is 8.57%.

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

STANDBY LETTER OF CREDIT

The standby letter of credit facility is a committed facility, available to be drawn down. No drawdowns against this facility had been made as at the 2000 balance date.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000

17. AMOUNT PAYABLE/RECEIVABLE IN FOREIGN CURRENCIES

	CONSOLIDATED	THE COMPANY
	2000 $'000	2000 $'000
The Australian dollar equivalents of unhedged amounts payable or receivable in foreign currencies, calculated at year end exchange rates, are as follows:		
United States Dollars		
Amounts payable		
Current	252	252
Amounts receivable		
Current	1,947	1,947
Japanese Yen		
Amounts payable		
Current	134	134
Amounts receivable		
Current	143	143
South African Rand		
Amounts payable		
Current	33	33
Amounts receivable		
Current	210	210

18. PROVISIONS

	CONSOLIDATED	THE COMPANY
	2000 $'000	2000 $'000
Current		
Income tax payable	2,463	2,463
Provision for employee entitlements	1,237	1,237
Other	797	797
	4,497	**4,497**
Non-Current		
Provision for employee entitlements	198	198
	198	**198**

19. EMPLOYEE ENTITLEMENTS

	CONSOLIDATED	THE COMPANY
	2000 $'000	2000 $'000
Aggregate employee entitlements including on-costs:		
Current	1,237	1,237
Non-Current	198	198
	1,435	**1,435**

EXECUTIVE SHARE OPTION PLAN

On 4 July 2000 and 28 August 2000, the Company granted options over a total of 1,000,000 unissued ordinary shares to 12 executives under an Executive Incentive Option Plan. The options are exercisable at any time up to the expiry date at a $0.50, $0.75 and $1.00 per share and expire on the earlier of 31 December 2005 or the termination of the employee's employment.

No options have been exercised during the financial year.

Unissued ordinary shares of the Company under option, including both options issued to the directors and under an Executive Option Incentive Plan, are:

Expiry date	Exercise price	Number of shares
31 December 2005	$0.50	2,400,000
31 December 2005	$0.75	1,250,000
31 December 2005	$1.00	650,000

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

SUPERANNUATION PLANS

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

In the case of the defined benefit employee superannuation plans, employer contributions are based on the advice of the plans' 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 plans provide defined benefits based on years of service and final average salary. In accordance with the various Trust Deeds, the consolidated entity is under no legal obligation to make up any shortfall in the plan's assets to meet payments due to employees.

An actuarial assessment of the plans 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 plans were sufficient to meet all benefits payable in the event of the plans' termination, or the voluntary or compulsory termination of employment of each employee of the consolidated entity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000

19. EMPLOYEE ENTITLEMENTS (CONTINUED)

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

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

Details of contributions to the defined contribution and defined benefit plans during the year and contributions payable at 31 December 2000 are as follows:

	CONSOLIDATED	THE COMPANY
	2000 $'000	2000 $'000
Employer contributions to the plans	204	204
Employer contributions payable to the plans	19	19

Defined benefits plans

	2000 $'000			
	Plan Assets at Net Market Value (i)	Total Accrued Benefits (i)	Excess/ (Deficit)	Total Vested Benefits (i)
Symex Holdings Limited Superannuation Plan	6,499	6,432	67	6,227

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

20. OTHER LIABILITIES

	CONSOLIDATED	THE COMPANY
	2000 $'000	**2000 $'000**
Current		
Sundry accruals	289	113

21. BORROWINGS

	CONSOLIDATED	THE COMPANY
	2000 $'000	**2000 $'000**
Non-Current		
Loans, secured	8,110	8,110

22. SHARE CAPITAL

		CONSOLIDATED	THE COMPANY
		2000 $'000	**2000 $'000**
Issued and Paid-up Capital			
91,500,003 ordinary shares fully paid		15,116	15,116
Movements in ordinary share capital			
Balance at the beginning of the financial year		–	–
Shares issued			
91,500,003 shares issued for cash	(i)	15,116	15,116

(i) Ordinary shares issued:

- 45,000,000 issued at $0.0001 on 23 February 2000
- 15,000,000 issued at $0.13333 on 24 February 2000
- 9,500,000 issued at $0.35 on 1 March 2000
- 3 issued at $1.00 on 23 December 1999

Ordinary shares were issued pursuant to a prospectus:

- 20,000,000 issued at $0.50 - public offer on 29 August 2000
- 2,000,000 issued at $0.45 - employee offer on 29 August 2000

Transaction costs of $1,113,350 were recognised as a reduction of the proceeds of issue.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000

23. COMMITMENTS

	CONSOLIDATED	THE COMPANY
	2000 $'000	2000 $'000
Operating Lease Commitments		
Future operating lease rentals not provided for in the financial statements and payable:		
Not later than one year	41	41
Later than one year but not later than five years	46	46
	87	**87**

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

24. CONTINGENT LIABILITIES

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

As at 31 December 2000, there were no amounts payable in relation to this agreement.

25. PARTICULARS IN RELATION TO CONTROLLED ENTITIES

	Note	2000
Name		
Symex Holdings Limited		
Controlled entities		
Co-Generation Australia Limited	(i)	100%

Notes

(i) The Company owns 100% of Co-Generation Australia Limited, which is incorporated in Australia.

26. ACQUISITION OF CONTROLLED ENTITIES

	CONSIDERATION	THE CONSOLIDATED ENTITY'S INTEREST
	$	%
The following controlled entity was acquired during the financial year:		
2000		
Co-Generation Australia Limited	15	100
The entity was acquired for cash on 1 March 2000 and the operating results of the entity from that date have been included in consolidated operating profit.		

27. NOTES TO THE STATEMENTS OF CASH FLOWS

	CONSOLIDATED	THE COMPANY
	2000 $'000	2000 $'000
(i) Reconciliation of Cash		
For the purposes of the Statement 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 balance sheet as follows:		
Cash at bank	5,278	4,570
Cash on hand	5	5
	5,283	**4,575**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000

27. NOTES TO THE STATEMENTS OF CASH FLOWS (Continued)

	CONSOLIDATED	THE COMPANY
	2000 $'000	2000 $'000
(ii) Reconciliation of Operating Profit After Income Tax To Net Cash Provided by Operating Activities		
Operating profit after income tax	15,289	12,114
Add/(less) non-cash items:		
Discount on acquisition of business allocated to inventory	(4,101)	(4,101)
Depreciation	969	461
Goodwill written off on consolidation	3,022	–
Net cash provided by operating activities before change in assets and liabilities	**15,179**	**8,474**
Change in assets and liabilities during the financial year:		
(Increase)/decrease in debtors	260	(378)
(Increase)/decrease in inventory	298	298
(Increase)/decrease in other receivables	(309)	(309)
(Increase)/decrease in other assets	15	13
(Decrease)/increase in creditors	(2,266)	(1,715)
(Decrease)/increase in income tax payable	2,463	2,463
(Decrease)/increase in provisions	3,248	1,038
(Decrease)/increase in deferred taxes payable	(460)	(460)
Net cash provided by operating activities	**18,428**	**9,424**

(iii) Acquisitions of Entities

During the financial year the Company purchased 100% of the ordinary shares of Co-Generation Australia Limited. Details of the acquisition are as follows:

	CONSOLIDATED 2000 $'000	THE COMPANY 2000 $'000
Consideration	–	–
Cash acquired	(35)	(35)
Inflow of cash	(35)	(35)
Fair value of net assets of entity acquired		
Property, plant and equipment	11,160	11,160
Cash	(35)	(35)
Inventories	637	637
Trade creditors	(56)	(56)
Borrowings	(14,728)	(14,728)
	(3,022)	(3,022)
Goodwill on acquisition	3,022	3,022
Consideration (cash)	–	–

28. DIRECTORS' REMUNERATION

	THE COMPANY
	2000
Directors' income	
The number of directors of the Company whose income from the Company or any related party falls within the following bands:	
$30,000 and $39,999	1
$110,000 and $119,999	1
$310,000 and $319,999	1
$320,000 and $329,999	1
$430,000 and $439,999	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 Law and the Accounting Standards.	

	CONSOLIDATED	THE COMPANY
	2000 $	2000 $
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.	1,219,544	1,219,544

29. EXECUTIVES' REMUNERATION

	THE COMPANY
	2000
Executive officers are those officers involved in the strategic direction, general management or control of business at a company or operating division level.	
The number of executive officers of the Company and of controlled entities, whose remuneration from the Company or related parties falls within the following bands:	
$100,000 and $109,999	1
$110,000 and $119,999	1
$120,000 and $129,999	1
$130,000 and $139,999	1
$160,000 and $169,999	2
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 Law and the Accounting Standards.	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000

	CONSOLIDATED	THE COMPANY
	2000 $	2000 $
Total income 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.	796,202	796,202

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.

30. RELATED PARTY DISCLOSURES

Directors

The names of each person holding the position of Director of the company during the financial year are:

Alan Stockdale	Michael Newton
Greg Tremewen	Allister Tomkins
Mark Evans	Wayne Bos

Wayne Bos resigned as director during the year.

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

Apart from the details disclosed in this note, no director has entered into a material contract with the Company or the consolidated entity since the beginning of the 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 2000
	Number held
Symex Holdings Limited:	
Ordinary shares	31,686,503
Options	3,300,000

DIRECTORS' TRANSACTIONS IN SHARES AND SHARE OPTIONS

During the year, 34,800,000 shares were acquired by directors and their director-related entities for consideration of $0.0001 per share in accordance with the management buy-out agreement.

On 1 March 2000, Daviston Pty Ltd, a director-related entity of Mark Evans, acquired 300,000 shares for consideration of $0.35 per share.

On 1 March 2000, Daviston Pty Ltd transferred 3,500,000 shares to a non-director related entity.

On 1 March 2000, $2,000,000 was paid to Amad Holdings Pty Limited, a director-related entity of Wayne Bos, to acquire its remaining interest in the acquisition of the Uniqema business as determined by the management buyout agreement.

During the year, Symex Holdings Limited granted options over 4,300,000 unissued shares. Directors were granted 3,300,000 options on the same terms and conditions as those granted to other employees. No options were exercised by directors during the year.

OTHER TRANSACTIONS WITH THE COMPANY

Terrain Investments Limited, a director-related entity of Mark Evans, was paid $865,815 for services in relation to the acquisition of the Uniqema business.

Terrain Capital Limited provided corporate advisory services to Symex Holdings Limited and was paid $30,000, with an additional $10,000 due and payable.

Other than outlined above, 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.

WHOLLY-OWNED GROUP

Details of interests in wholly-owned controlled entities are set out in Note 25.
Details of dealings with these entities are set out below:

Other transactions

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

Balances with wholly-owned group entities

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

	THE COMPANY
	2000 $'000
Receivables - non-current	
Other loans	6,473
Payables - current	
Trade creditors	992

31. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE

(A) INTEREST RATE RISK

Interest rate risk exposures

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

2000	Note	Weighted average interest rate	Floating interest rate $'000	Fixed interest maturing in 1 year or less $'000	Non-interest bearing $'000	Total $'000
Financial Assets						
Cash	10	4.9%	5,283	–	–	5,283
Receivables	11	–	–	–	11,971	11,971
			5,283	**–**	**11,971**	**17,254**
Financial Liabilities						
Accounts payable	15	–	–	–	7,032	7,032
Other provisions	18	–	–	–	797	797
Employee entitlements	19	–	–	–	1,435	1,435
Loans	21	8.6%	1,365	6,745	–	8,110
			1,365	**6,745**	**9,264**	**17,374**

(B) FOREIGN EXCHANGE RISK

The consolidated entity's policy is to enter into forward foreign exchange contracts to hedge a proportion of foreign currency sales expected in each month within the following two years within Board approved limits. The amount of anticipated future sales is forecast in light of current conditions in foreign markets, commitments from customers and experience.

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.

	2000 weighted average rate	2000 $'000
Sell US dollars		
No later than one year	0.5402-0.5824	19,958
Later than one year but not later than two years	0.5205	23,057
		43,015
Sell Japanese yen		
No later than one year	54.77	10,042
Later than one year but not later than two years	51.15	11,730
		21,772

31. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

As these contracts are hedging anticipated sales, any unrealised gains on the contracts, together with the costs of the contracts, will be recognised in the financial statements at the time the underlying transaction occurs. The gross unrecognised gains on hedges of anticipated foreign currency sales are:

	CONSOLIDATED GAINS $'000
Not later than one year	1,337
Later than one year but not later than two years	1,550
	2,887

Where the underlying transaction has occurred, the effect of the hedge has been recognised in the financial statements.

(C) CREDIT RISK EXPOSURES

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

On-balance sheet financial instruments

The credit risk on financial assets, excluding investments, of the consolidated entity which have been recognised on the balance sheet, 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.

The consolidated entity is not materially exposed to any individual overseas country, individual customers or any particular industry.

Off-balance sheet financial instruments

Credit risk on off-balance sheet derivative contracts is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency.

Foreign exchange contracts are subject to credit risk in relation to the relevant counterparties, which are principally large banks. The maximum credit risk exposure on foreign currency contracts is the full amount of the foreign currency the consolidated entity pays when settlement occurs, should the counterparty fail to pay the amount which it is committed to pay the consolidated entity. The full amount of the exposure is disclosed at Note 31(b) above.

(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:

On-balance sheet financial instruments

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 and employee entitlements approximate net fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000

Off-balance sheet financial instruments

The valuation of off-balance sheet financial instruments detailed in this note reflects the estimated amounts which the consolidated entity expects to pay or receive to terminate the contracts (net of transaction costs) or replace the contracts at their current market rates as at reporting date. This is based on independent market quotations and determined using standard valuation techniques.

Net fair values

On-balance sheet financial instruments

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

	CONSOLIDATED 2000	
	Carrying amount $'000	Net fair value $'000
Financial assets		
Cash	5,283	5,283
Receivables	11,608	11,608
Financial liabilities		
Bank overdrafts and loans	8,110	8,110
Accounts payable	7,032	7,032
Employee entitlements	1,435	1,435

Off-balance sheet financial instruments

The net fair value of off-balance sheet financial instruments held as at the reporting date are:

	CONSOLIDATED
	2000 $'000
Forward foreign exchange contracts	**2,887**

DIRECTORS' DECLARATION

1. In the opinion of the directors of Symex Holdings Limited:
   (a) the financial statements and notes, set out on pages 18 to 46, are in accordance with the Corporations Law, including:
      (i) giving a true and fair view of the financial position of the Company and consolidated entity as at 31 December 2000 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 and the Corporations Regulations; 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
16/2/2001.
Dated

Director
16-2-2001.
Dated

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF SYMEX HOLDINGS LIMITED

SCOPE

We have audited the financial report of Symex Holdings Limited for the financial year ended 31 December 2000, consisting of the profit and loss statements, balance sheets, statements of cash flows, accompanying notes and the directors' declaration, set out on pages 18 to 46. The financial report includes the consolidated financial statements of the consolidated entity, comprising the Company and the entities it controlled at the year's end or from time to time during the financial year. The Company's directors are responsible for the financial report. We have conducted an independent audit of 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 and statutory requirements in Australia 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 Law including:

(i) giving a true and fair view of the Company's and consolidated entity's financial position as at 31 December 2000 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and the Corporations Regulations; and

(b) other mandatory professional reporting requirements.

KPMG

KPMG

Richard Garvey

Richard J Garvey
Partner
Melbourne, 16 February 2001

ASX ADDITIONAL INFORMATION

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

SHAREHOLDINGS

Substantial shareholders

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

Shareholder	Ordinary
Western Park Holdings Pty Ltd	7,750,000
Michael Newton	7,440,000
Greg Tremewen	7,440,000
Allister Tomkins	7,440,000
National Nominees Limited	6,971,894

Class of shares and voting rights

At 31 January 2001, there were 1,885 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

At 31 January 2001 there were options over 4,300,000 unissued ordinary shares granted to directors and employees under an Option Incentive Plan. 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.

On-market buy-back

There is no current on-market buy-back.

Distribution of shareholders (as at 31 January 2001)

	NUMBER OF SHAREHOLDERS	
Category	Ordinary	Options
1 – 1,000	91	–
1,001 – 5,000	545	–
5,001 – 10,000	539	–
10,001 – 100,000	642	2
100,001 and over	68	12
	1,885	**14**

TWENTY LARGEST SHAREHOLDERS (AS AT 31 JANUARY, 2001)

Name	Number of quoted ordinary shares held	Percentage of capital held
National Nominees Limited	6,971,894	7.62
Western Park Holdings Pty Ltd	4,250,000	4.64
Stebur Investments Pty Ltd	3,005,000	3.28
Mr Michael Wilmot Pearl	1,050,000	1.15
Permanent Trustee Australia Limited	900,000	0.98
Ms Jo Sestan	857,000	0.94
Ms Anne Catherine Macknight	842,300	0.92
Mr William Graham	800,000	0.87
J T Condon	750,000	0.82
Mr Anthony Leonard Smith	591,735	0.65
Mr Ross Macdowell	587,715	0.64
Ms Petra Michel	571,429	0.62
Mr John Poulakis	528,000	0.58
Mr Peter Laurence Smith	510,000	0.56
Mr Robert Michael Dolan & Mrs Judith Dolan	500,000	0.55
Mrs Deborah Lyn Smith	477,850	0.52
Mr Darren Tremewen	444,300	0.49
Invia Custodian Pty Ltd	413,524	0.45
Melissa Carol Smith	403,125	0.44
Parklea Pty Ltd	350,000	0.38
	24,803,872	**27.1**

Name	Number of unquoted ordinary shares held	Percentage of capital held
Mr Michael Newton	7,440,000	8.13
Mr Allister Tomkins	7,440,000	8.13
Mr Greg Tremewen	7,440,000	8.13
Daviston Pty Ltd	3,580,000	3.91
Western Park Holdings Pty Ltd	3,500,000	3.83
Terrain Investments Limited	2,310,000	2.52
D & D Tolhurst Ltd	1,590,000	1.74
	33,300,000	**36.39**

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

Locations 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.

SYMEX

SYMEX HOLDINGS LIMITED