

# **GARRATT'S LIMITED**

ACN 000 003 725

**ANNUAL REPORT**  
**2002**

## CHAIRMAN'S REPORT

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During the past year, your Board of Directors focused on developing and implementing a strategy of expansion of the Company's educational business. It is the Directors' belief that the employment of shareholder capital in this segment of the market represents the best opportunity for Garratt's to improve its earnings and return to a dividend paying position.

The Board was therefore pleased to announce the recent acquisitions of the business and assets of Excelsior College and Australian College of Technology. The courses now available to students under the Academies Australasia banner are contained in the Managing Director's review.

There is expected to be a substantial increase in gross student fees flowing from the increase in student numbers and additionally, there is likely to be savings in "per head" student costs following a rationalisation of the individual college costs bases.

The nominal net operating profit of the Group for the year ended 30 June 2002 was a disappointment. Although the contribution from Premier Fasteners was pleasing with record sales and profits, the overall result was adversely impacted by a decline in contribution from Academies Australasia due to a tightening of Federal Government regulations on the issuance of student visas which affected the level of student enrolments. The net operating profit was then further impacted by a translation loss on the US dollar denominated receivable that is presently the subject of action in the Supreme Court of New South Wales.

On this latter point the Directors remain confident that the Company will be successful in obtaining judgment from the Court in this matter and that full recovery will be obtained. A hearing date for the matter has been set for 28 October 2002.

It is pertinent to mention that, although the operating profit for the year was nominal, the result was struck after the payment of \$615,905 to Noteholders in respect of interest at the rate of 12% per annum. This rate of interest is very expensive in today's terms and for this reason, the Company has been selectively purchasing Notes in the market for cancellation. To date we have repurchased approximately 6% of the Notes on issue at an average discount of 7% to face value. We will continue to review this process during the current period. It is also pertinent to mention that, although the rate of interest is high, the majority of Noteholders are also Shareholders of Garratt's.

The year in review was a taxing one for the Company and its management. It should be mentioned that the demands on the Company's management team were extensive, particularly during the periods of negotiations for the purchase of the two colleges. The Board of Directors therefore acknowledge with thanks the efforts of the Managing Director and his senior staff. I would also like to thank my fellow Directors for their support during the year.

Neville Cleary  
Chairman  
12 September 2002

## GROUP MANAGING DIRECTOR'S REVIEW

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The year ended 30 June 2002 was another challenging year.

The steps taken to diversify the Group's operations in 1998 and 1999 have again paid off. In 2001 the substantial drop in performance by the fastening business was to a large extent offset by the strong performance by the Education Group. For the year under review the reverse occurred: while the contribution by the education business declined substantially, Premier Fasteners had record sales and profits.

The difficulties in the education business were intimated in my review in the 2001 Annual Report. The changes to the immigration regulations relating to overseas students announced in 2001 have impacted adversely on the recruitment of international students, especially from the more traditional sources. These regulations are being reviewed.

We are still confident about the potential for the education business and have taken the opportunity to expand our course offerings and student size by acquiring the businesses and assets of Excelsior College and Australian College of Technology in August. Now we offer High School, English, Vocational and Graduate Certificate courses through six institutions, all under the "Academies Australasia" banner:

Australian International High School Pty Limited	-	High School
Academy of English Pty Limited	-	English / ELICOS College
Clarendon Business College Pty Limited	-	Vocational College
Supreme Business College Pty Limited	-	Vocational College
Academy of Social Sciences Pty Limited	-	Vocational College
Australian College of Technology Pty Limited	-	Vocational College

The acquisition of the business and assets of Australian College of Technology also provides the opportunity to participate in the education business in the People's Republic of China and in South Korea.

The action in the Supreme Court of New South Wales to pursue payment of the US dollar amount owed to us continues to take up a substantial amount of resources. The resolution of this matter will release our resources to better use for the growth of our business.

My colleagues on the management team have shouldered additional responsibilities during the year. I would like to thank them, and my fellow directors, for their support.

I would also like to welcome to the Garratt's Group all the staff and students of Excelsior College and Australian College of Technology who have joined us.

Christopher Campbell  
Group Managing Director  
12 September 2002

## 94<sup>th</sup> ANNUAL REPORT OF THE DIRECTORS

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Your directors present their report together with the financial report of Garratt's Limited ("the Company") and the consolidated financial report of the economic entity, being the Company and its controlled entities, for the financial year ended 30 June 2002 and the auditors' report thereon.

### PRINCIPAL ACTIVITIES

The principal activities of the economic entity during the course of the financial year were the provision of training and education services and the manufacture, import and sale of fasteners.

### CONSOLIDATED RESULT

The consolidated profit/(loss) before income tax for the year was (\$238,434), equal to (2.1 cents) per share (2001: Profit of \$340,789; 3 cents). The result is after payment of \$615,905 as interest on the Convertible Notes on issue (2001: \$627,712).

The consolidated profit/(loss) after tax was (\$211,282) (2001: Profit of \$163,557), equal to (1.9 cents) per share (2001: 1.4 cents per share). The tax benefit for the year was \$27,152 whereas for the previous year it was a charge of \$177,232.

The before and after tax results are after recording an expense of \$304,888 arising from the restatement of foreign currency amounts receivable (2001: Gain of \$256,589).

Consolidated profit before tax and restatement of foreign currency amounts receivable was \$66,454 (2001: \$84,200).

The consolidated net asset backing per share at balance date was 63.8 cents (2001: 65.7 cents). The consolidated net tangible asset backing per share at balance date was 41.5 cents (2001: 42.2 cents).

### REVIEW AND RESULTS OF OPERATIONS

The Company made the final payments, totalling \$450,000, in regard to the acquisition of Premier Fasteners Pty Limited in 1998.

In September 2000 shareholders approved the sale of Electrodata Pty Limited to Syman Pty Limited. In June 2002, Garratt's received A\$1 million in cash as full and final settlement of amounts outstanding in respect of the sale. That amount was not due to be received until 31 December 2002.

We continue to pursue recovery of the US dollar debt in respect of the sale of the Company's interest in IC & Count Technologies Limited. The matter is still before the Supreme Court of New South Wales. The hearing date has been set for 28 October 2002.

### Education

The drop in the Education Group's contribution to profitability is due to the decrease in student numbers which resulted from more stringent requirements for the granting of study visas to international students, who are our main market, following changes to immigration regulations in 2001. These changes have affected the international education industry. The new regulations require a longer lead time for intending students to comply with visa requirements.

Steps have been taken to expand student numbers.

## **Fasteners**

The contribution to profitability by Premier Fasteners Pty Limited was substantially higher than that for the same period in the previous year, following record sales. Measures initiated following the previous year's downturn have produced the desired results.

## **Dividend**

No dividend has been declared for the financial year ended 30 June 2002.

## **Convertible Notes**

On 26 October 2001 the Company announced that it was commencing an on market buy-back of its Convertible Notes. By 30 June 2002, 159,278 Notes were bought back and cancelled. At the date of this report the number of Convertible Notes bought back and cancelled is 307,521, representing 5.9% of the total Notes issued in 1999. The principal monies outstanding at 30 June 2002 was therefore reduced to \$5,071,656 (ie. 5,071,656 Convertible Notes @ \$1.00 each). At the date of this report, the principal monies outstanding is \$4,923,413.

Noteholders were paid the seventh interest payment of 6 cents in June 2002. The next payment, also for 6 cents per Convertible Note, is due in December 2002.

## **Options**

None of the 350,000 Options issued under the Employee Share Option Plan to Mr. C. Campbell were exercised during the reporting period.

The Options expired on 30 June 2002. Therefore, there are no longer any Options on issue.

## **Share Issues**

No new shares were issued during the reporting period.

## **STATE OF AFFAIRS**

No significant changes in the state of affairs of the economic entity occurred during the reporting period.

## **LIKELY DEVELOPMENTS**

The Company will, wherever appropriate, continue to grow the operations of its subsidiary companies and to explore opportunities for other long-term investments.

## **EVENTS SUBSEQUENT TO BALANCE DATE**

Matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in subsequent financial years are as follows:

- The acquisition of the business and assets of Excelsior College Pty Limited on 16 August 2002 for \$150,000 in cash and the issue of 500,000 (new) shares in the Company (to be held in voluntary escrow for 12 months).
- The acquisition of the business and assets of Australian College of Technology Pty Limited on 23 August 2002 for \$145,000 in cash.

## DIRECTORS

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

**Mr. Neville Thomas Cleary** - Chairman (Non-Executive). Fellow of the Finance and Treasury Association Limited and a Fellow of the Australian Institute of Banking and Finance. Retired as a senior banker in 1992 after 43 years with the Commonwealth Bank of Australia. Non-Executive Director & Deputy Chairman of Ipoh Limited and sits on the boards of a number of other companies. Mr. Cleary was appointed a Non-Executive Director and then Chairman of Garratt's Limited in April 2001. Also Chairman of the Audit and Remuneration Committees.

**Mr. Christopher Elmore Campbell**, B.Soc.Sci. (Hons), FAIBF, FAICD, FCIS - Group Managing Director. Previous positions include senior appointments with the Monetary Authority of Singapore and an international bank in Australia. Appointed Group Managing Director and Chief Executive Officer of Garratt's Limited in July 1996. Chairman and Director of each of the subsidiary companies in the Garratt's Group, including Academies Australasia Pty Limited and Premier Fasteners Pty Limited. Member of Audit and Remuneration Committees.

**Mr. Chiang Meng Heng** - Director (Non-Executive). Executive Director of LKN-Primefield Limited, a company listed on the Singapore Exchange. Also on the Board of three other companies listed in Singapore. Mr. Heng was appointed Director of Garratt's and a member of the Audit and Remuneration Committees in February 2000.

**Ms. Petah Anne Fitzsimmons** – Alternate Director for Mr. Neville Cleary & Group Company Secretary. Joined Garratt's in 1996. Also an Executive Director of the Academies Australasia Group (including Clarendon Business College Pty Limited, Supreme Business College Pty Limited, Academy of English Pty Limited, Australian International High School Pty Limited and Academy of Social Sciences Pty Limited). Also a director of a number of other subsidiary companies in the Garratt's Group.

## DIRECTORS' MEETINGS

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

Director	Directors' Meetings		Audit Committee		Remuneration Committee	
	A	B	A	B	A	B
Mr. N. Cleary	6	6	2	2	1	1
Mr. C. Campbell	6	6	2	2	1	1
Mr. C. M. Heng	6	6	2	2	1	1

A - Number of meetings held during the time the director held office during the period

B - Number of meetings attended

## 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 listing rule 3.19A for the purposes of section 205G of the Corporations Law, at the date of this report, is as follows:

Director	Relevant Interest - Direct		Relevant Interest – Indirect	
	Ordinary Shares	Convertible Notes	Ordinary Shares	Convertible Notes
Mr. N. Cleary	30,000	-	-	-
Mr. C. Campbell	4,000	-	775,065	332,000
Mr. C.M. Heng	1,162,760	20,000	84,364	581,380
Ms. P. Fitzsimmons <sup>a</sup>	3,000	12,000	-	3,750

<sup>a</sup> Alternate director

## DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

	<u>Base Emolument</u>	<u>Bonus/ Allowance/ Commission</u>	<u>Super Contribution</u>	<u>Non-Cash Benefit</u>	<u>Total</u>
<b>Directors</b>					
Mr. N. Cleary	\$5,072	-	\$406	\$29,928	\$35,406
Mr. C. Campbell	\$235,000	-	\$65,000	-	\$300,000
Mr. C.M. Heng	\$20,000	-	\$1,600	-	\$21,600
Ms. P. Fitzsimmons <sup>a</sup>	\$61,333	\$13,999	\$6,026	-	\$81,358
<b>Highest Paid Officers (Economic Entity)</b>					
Mr. I. Mikkelsen	\$120,000	\$34,720	-	-	\$154,720
Mr. I. Bloodworth	\$89,506	-	\$7,160	-	\$96,666
Ms. S. Crisp	\$52,000	\$8,300	\$4,368	\$8,678	\$73,346
Mr. F. Pobje <sup>b</sup>	\$66,668	-	\$5,333	\$5,115	\$77,116

<sup>a</sup> Alternate director

<sup>b</sup> No longer an officer

## INDEMNIFICATION AND INSURANCE OF OFFICERS

The Company's Articles of Association provides an indemnity to officers of the Company. The Company is required to pay all costs, losses and expenses that an officer may incur by reason of any contract entered into or act or thing done by them in the discharge of their duties except where they act dishonestly.

The Company has also paid an insurance premium in respect of a directors and officers liability insurance policy covering the directors and officers liabilities as officers of the Company and taken out "key man" insurance policies. The premium and nature of the liabilities covered by the policies are not to be disclosed under the terms of the policies.

## CORPORATE GOVERNANCE STATEMENT

The Board is responsible for the overall corporate governance of the economic entity including its strategic direction, establishing goals for management and monitoring the achievement of these goals. At the date of this report the Board comprised three directors, namely, the Chairman (Non-Executive), the Group Managing Director (Executive) and the Non-Executive Director. (See "Directors" for details of the Directors)

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

### Audit Committee

The role of the Audit Committee is documented in a Charter which is approved by the Board of Directors. The role of the Committee is to advise on the establishment and maintenance of a framework of internal controls and appropriate ethical standards for the management of the economic entity. 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. During the year all the Directors were members of the Audit Committee.

The Audit Committee reviews the performance of the external auditors on an annual basis and meets with them during the year to discuss the audit plan, to review any significant issues that have arisen during the period and to review the nature and impact of changes in accounting policies. Prior to the announcement of results, the Audit Committee meets with the external auditors to review the draft financial report and the audit and make the necessary recommendation to the Board for the approval of the financial report.

## **Remuneration Committee**

The role of the Remuneration Committee is to review and make recommendations to the Board on remuneration packages and policies applicable to the Chief Executive Officer, senior executives and directors themselves. This role also includes responsibility for share option schemes, incentive performance packages, superannuation entitlements, retirement and termination entitlements, fringe benefit policies and professional indemnity and liability insurance policies. Remuneration levels are competitively set to attract the most qualified and experienced directors and senior executives. All the members of the Board constitute the Remuneration Committee.

## **Independent Professional Advice**

Each director has the right to seek independent professional advice at the economic entity's expense. However, prior approval of the Chairman is required, which will not be unreasonably withheld. A copy of the advice received by the director is made available to all other members of the Board.

## **Internal Control Framework**

The Board acknowledges that it is responsible for the overall internal control framework but recognises that no cost effective internal control system will preclude all errors and irregularities. The economic entity's system of internal control is based upon procedures, policies and guidelines, division of responsibility and the careful selection and training of qualified personnel.

## **Ethical Standards**

All directors, managers, employees and consultants are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the economic entity.

## **Shareholder Communication & Participation**

The Board also aims to ensure that the shareholders are informed of all major developments affecting the economic entity's state of affairs. Information is communicated to shareholders on a regular basis by means of continuous reporting and half yearly and annual reports. The Board ensures that these reports include all relevant information about the operations of the economic entity, changes in the state of affairs of the economic entity and details of future developments. All documents that are released publicly are made available on the economic entity's Internet web site ([www.garratts.com.au](http://www.garratts.com.au)).

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the economic entity's strategy and goals. Important issues are presented to the shareholders as single resolutions.

Signed in accordance with a resolution of the Board of Directors.

Neville Cleary  
Director

Christopher Campbell  
Director

Sydney  
12 September 2002



**GARRATT'S LIMITED  
AND CONTROLLED ENTITIES  
STATEMENT OF FINANCIAL PERFORMANCE**

For the year ended 30 June 2002

	Note	ECONOMIC ENTITY		PARENT ENTITY	
		2002 \$	2001 \$	2002 \$	2001 \$
Revenues from ordinary activities	2	<b>9,344,826</b>	12,282,975	<b>1,961,776</b>	2,511,177
Borrowing costs expense	3	<b>(696,086)</b>	(698,694)	<b>(691,493)</b>	(692,613)
Depreciation and amortisation expense	3	<b>(469,782)</b>	(429,527)	<b>(17,245)</b>	(5,831)
Cost of sales	3	<b>(4,085,207)</b>	(3,724,091)	-	-
Cost of services		<b>(350,964)</b>	(351,827)	-	-
Employee benefit expense		<b>(1,963,272)</b>	(2,120,602)	<b>(519,541)</b>	(466,717)
Insurance		<b>(159,637)</b>	(166,827)	<b>(42,316)</b>	(35,454)
Lease rental expense – operating leases	3	<b>(549,876)</b>	(533,988)	<b>(22,939)</b>	(23,782)
Loss on foreign exchange	3	<b>(304,888)</b>	-	<b>(304,888)</b>	-
Carrying amount of investment sold	3	-	(2,621,866)	-	-
Diminution in investment in subsidiary		-	-	-	(200,000)
Provision for loan to subsidiary		-	-	<b>(20,697)</b>	(53,168)
Non-executive directors fees		<b>(57,006)</b>	(59,400)	<b>(57,006)</b>	(59,400)
Other expenses from ordinary activities		<b>(946,542)</b>	(1,235,364)	<b>(70,891)</b>	(165,864)
Profit/(loss) from ordinary activities before income tax expense		<b>(238,434)</b>	340,789	<b>214,760</b>	808,348
Income tax (expense)/benefit relating to ordinary activities	4	<b>27,152</b>	(177,232)	<b>126,451</b>	(113,072)
Profit/(loss) from ordinary activities after related income tax expense	32	<b>(211,282)</b>	163,557	<b>341,211</b>	695,276
Basic earnings per share (dollars)	8	<b>(0.019)</b>	0.014		

The accompanying notes form part of these financial statements.

**GARRATT'S LIMITED  
AND CONTROLLED ENTITIES  
STATEMENT OF FINANCIAL POSITION**

As at 30 June 2002

	Note	ECONOMIC ENTITY		PARENT ENTITY	
		2002 \$	2001 \$	2002 \$	2001 \$
<b>Current Assets</b>					
Cash assets	10	<b>1,651,414</b>	486,369	<b>1,186,480</b>	46,454
Receivables	11	<b>5,333,575</b>	5,146,265	<b>331,500</b>	161,251
Inventories	12	<b>3,050,053</b>	2,923,166	-	-
Other	13	<b>303,308</b>	165,839	<b>40,922</b>	32,629
<b>Total Current Assets</b>		<b>10,338,350</b>	8,721,639	<b>1,558,902</b>	240,334
<b>Non-Current Assets</b>					
Receivables	11	-	1,000,000	<b>9,820,207</b>	13,726,060
Other financial assets	14	<b>1,712</b>	1,712	<b>3,000,006</b>	6
Plant and equipment	15	<b>1,785,283</b>	1,703,985	<b>59,479</b>	15,814
Deferred tax assets	4	<b>421,461</b>	446,891	<b>65,282</b>	30,270
Intangible assets	16	<b>2,548,368</b>	2,676,132	<b>75,060</b>	124,950
<b>Total Non-Current Assets</b>		<b>4,756,824</b>	5,828,720	<b>13,020,034</b>	13,897,100
<b>Total Assets</b>		<b>15,095,174</b>	14,550,359	<b>14,578,936</b>	14,137,434
<b>Current Liabilities</b>					
Payables	17	<b>1,685,627</b>	1,344,270	<b>498,430</b>	598,764
Interest-bearing liabilities	18	<b>486,907</b>	-	<b>450,000</b>	-
Provisions	19	<b>116,156</b>	151,412	<b>89,455</b>	88,113
<b>Total Current Liabilities</b>		<b>2,288,690</b>	1,495,682	<b>1,037,885</b>	686,877
<b>Non-Current Liabilities</b>					
Interest-bearing liabilities	18	<b>5,244,349</b>	5,230,934	<b>5,071,656</b>	5,230,934
Deferred tax liabilities	20	<b>258,199</b>	310,781	<b>23,862</b>	115,301
Provisions	19	<b>28,220</b>	25,964	-	-
<b>Total Non-Current Liabilities</b>		<b>5,530,768</b>	5,567,679	<b>5,095,518</b>	5,346,235
<b>Total Liabilities</b>		<b>7,819,458</b>	7,063,361	<b>6,133,403</b>	6,033,112
<b>Net Assets</b>		<b>7,275,716</b>	7,486,998	<b>8,445,533</b>	8,104,322
<b>Equity</b>					
Contributed equity	21	<b>10,561,895</b>	10,561,895	<b>10,561,895</b>	10,561,895
Accumulated Losses	32	<b>(3,286,179)</b>	(3,074,897)	<b>(2,116,362)</b>	(2,457,573)
<b>Total Equity</b>		<b>7,275,716</b>	7,486,998	<b>8,445,533</b>	8,104,322

The accompanying notes form part of these financial statements.

**GARRATT'S LIMITED  
AND CONTROLLED ENTITIES  
STATEMENT OF CASH FLOWS**

For the year ended 30 June 2002

	Note	ECONOMIC ENTITY		PARENT ENTITY	
		2002 \$	2001 \$	2002 \$	2001 \$
<b>Cash Flows from Operating Activities</b>					
Cash receipts in the course of operations		<b>8,771,813</b>	8,448,134	<b>768,284</b>	828,088
Cash payments in the course of operations		<b>(7,849,257)</b>	(8,422,086)	<b>(687,493)</b>	(797,373)
Interest received		<b>11,041</b>	515,595	<b>174</b>	8,420
Interest paid		<b>(330,697)</b>	(950,936)	<b>(326,105)</b>	(944,855)
Net cash provided by/(used in) operating activities	31a	<b>602,900</b>	(409,293)	<b>(245,140)</b>	(905,720)
<b>Cash Flows from Investing Activities</b>					
Proceeds from sale of plant & equipment		<b>15,496</b>	-	-	-
Payment for plant & equipment		<b>(232,531)</b>	(185,506)	<b>(60,910)</b>	(21,645)
Loans to controlled entities – repaid/(advanced)		-	-	<b>592,085</b>	230,755
Loans advanced to other entities		-	(1,266,667)	-	-
Loans to other entities - repaid		<b>1,000,000</b>	936,843	<b>1,000,000</b>	936,843
Payments for businesses, assets and goodwill		<b>(78,667)</b>	(201,431)	-	-
Net cash provided by/(used in) investing activities		<b>704,298</b>	(716,761)	<b>1,531,175</b>	1,145,953
<b>Cash Flows from Financing Activities</b>					
Dividends paid		-	(341,865)	-	(341,865)
Proceeds from borrowings		<b>453,856</b>	-	<b>450,000</b>	-
Repayment of borrowings		<b>(596,009)</b>	(386,000)	<b>(596,009)</b>	(386,000)
Net cash provided by/(used in) financing activities		<b>(142,153)</b>	(727,865)	<b>(146,009)</b>	(727,865)
<b>Net increase/(decrease) in cash held</b>		<b>1,165,045</b>	(1,853,919)	<b>1,140,026</b>	(487,632)
<b>Cash at the beginning of the financial year</b>		<b>486,369</b>	2,340,288	<b>46,454</b>	534,086
<b>Cash at the end of the financial year</b>	10	<b>1,651,414</b>	486,369	<b>1,186,480</b>	46,454

The accompanying notes form part of these financial statements.

**GARRATT'S LIMITED  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2002

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The financial report is a general purpose financial report that has been prepared in accordance with applicable Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Law. The financial report 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 economic entity and, except where there is a change in accounting policy, are consistent with those of the previous year.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report.

**a. 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 entities ("the economic entity"). The balances, and effects of transactions, between controlled entities have been eliminated. Where controlled entities have entered or left the economic entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

**b. Revenue recognition – Note 2**

**Sales revenue:** Sales revenue comprises revenue earned (net of returns, discounts and allowances) from the provision of products or services to entities outside the economic entity. Sales revenue is recognised when the goods are provided, or when the fee in respect of services provided is receivable.

**Interest income:** Interest income is recognised as it accrues.

**Government grants:** Monies receivable under various government grants are recognised on an accrual basis.

**Asset sales:** The gross proceeds of assets sales are included as revenue of the economic entity. The profit or loss on disposal of assets is brought to account at the date a contract of sale is signed.

**c. Taxation – Note 4**

The economic entity adopts the income statement liability method of tax effect accounting. Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income.

The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the balance sheet as a future income tax benefit or a provision for deferred income tax. Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits relating to entities with tax losses are only brought to account when their realisation is virtually certain. The tax effect of capital losses is not recorded unless realisation is virtually certain.

**GARRATT'S LIMITED  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2002

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**d. Foreign currency**

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 currency at balance date are translated at the rates of exchange ruling on that date. Exchange differences relating to amounts payable and receivable in foreign currency 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.

**e. Receivables – Note 11**

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

**f. Inventories – Note 12**

Inventories are carried at the lower of cost and net realisable value. 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. The cost of manufactured products include direct materials, direct labour and an appropriate portion of variable and fixed overheads. Fixed costs have been allocated on the basis of normal operating capacity.

Where the book value of stock items exceeds the net realisable value, a provision for diminution in value is raised.

**g. Financial assets – Note 14**

**Controlled entities:** Investments in controlled entities are carried in the Company's financial statements at the lower of cost and recoverable amount. Dividends are brought to account in the profit and loss statement when they are provided for by the controlled entities.

**h. Plant and equipment – Note 15**

Plant and equipment are brought to account at cost. They are then depreciated using the straight line method over their useful lives commencing from the time the asset is held ready for use. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

- Plant & Equipment	5 – 40%
- Leasehold improvements	12.5 – 33.3%

**GARRATT'S LIMITED  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2002

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**i. Intangible assets – Note 16**

Goodwill, representing the excess of the purchase consideration plus incidental costs over the fair value of the identifiable net assets acquired on the acquisition of a controlled entity or business, is amortised over the period of time during which benefits are expected to arise. Goodwill is amortised on a straight line basis over 20 years. The unamortised balance of goodwill is reviewed at least at each reporting date. Where the balance exceeds the value of expected future benefits, the difference is charged to the profit and loss statement.

Business names are amortised on a straight line basis over 20 years. The unamortised balance is reviewed at least at each reporting date. Where the balance exceeds the value of expected future benefits, the difference is charged to the profit and loss statement.

Deferred finance charges arise from the discounting to present value of deferred settlement liabilities relating to the acquisition of a business. Deferred finance charges are amortised on a straight line basis over each repayment period.

**j. Non current assets**

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

**k. Payables – Note 17**

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Company or economic entity.

**l. Employee entitlements – Note 19**

Provision is made for the economic entity's liability for employee entitlements to wages, salaries, annual leave and long service leave. The provisions represent the amount which the economic entity has an obligation to pay resulting from employees' services provided up to the balance date and includes related on-costs. The liability for long service leave entitlements represents the present value of the estimated future cash outflows.

Contributions are made by the economic entity to employee superannuation funds and are charged as expenses when incurred.

**m. Convertible notes – Note 33**

Convertible notes are recognised when issued at the amount of net proceeds received, with the premium or discount on issuance amortised over the period to maturity. Interest on the notes is recognised in the statement of financial performance as an expense. Convertible notes are treated as compound financial instruments where there is an obligation to make scheduled payments of interest and principal as long as the instrument is not converted, and there is also an option, held by the holder, to convert the note into equity. The present value of the interest and principal payable discounted at the market rate is classified as debt. The difference, if any, between the net proceeds received and the value of the debt is assigned to the component

**GARRATT'S LIMITED  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2002

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

of the option to convert the liability into equity and is classified as equity.

Convertible notes bought back on the market are cancelled and the difference, if any, between the total cost of acquisition and the value of the debt cancelled is recognised in the statement of financial performance.

**n. 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 finance lease charges. Borrowing costs are expensed as incurred unless they relate to qualifying assets.

**o. Comparatives**

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

**GARRATT'S LIMITED  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2002

	Note	ECONOMIC ENTITY		PARENT ENTITY	
		2002 \$	2001 \$	2002 \$	2001 \$
<b>2. REVENUE</b>					
<b>Operating activities</b>					
- Sales of goods		7,769,279	6,947,595	-	-
- Services revenue	2a	1,206,938	1,724,059	768,284	774,300
- Dividends received	2b	-	-	20,697	-
- Interest received	2c	308,698	515,595	1,172,795	1,425,278
		<b>9,284,915</b>	<b>9,187,249</b>	<b>1,961,776</b>	<b>2,199,578</b>
<b>Non-operating activities</b>					
- Proceeds on disposal of investment		-	2,755,419	-	-
- Proceeds on disposal of plant and equipment		15,496	-	-	-
- Other		44,415	340,307	-	311,599
		<b>59,911</b>	<b>3,095,726</b>	<b>-</b>	<b>311,599</b>
<b>Total Revenue</b>		<b>9,344,826</b>	<b>12,282,975</b>	<b>1,961,776</b>	<b>2,511,177</b>
a. Services revenue					
- Wholly-owned controlled entities		-	-	768,284	774,300
- Other persons		1,206,938	1,724,059	-	-
		<b>1,206,938</b>	<b>1,724,059</b>	<b>768,284</b>	<b>774,300</b>
b. Dividends received					
- Wholly-owned controlled entities		-	-	20,697	-
c. Interest revenue					
- Wholly-owned controlled entities		-	-	1,172,621	1,416,858
- Other persons		308,698	255,523	174	8,420
- Other persons – research & development syndication	28	-	260,072	-	-
		<b>308,698</b>	<b>515,595</b>	<b>1,172,795</b>	<b>1,425,278</b>

**3. PROFIT FROM ORDINARY  
ACTIVITIES**

Profit from ordinary activities before tax has been determined after

a. Expenses:

Cost of sales	4,085,207	3,724,091	-	-
Borrowing costs – other parties	696,086	698,694	691,493	692,613
Depreciation of plant and equipment	310,088	292,659	15,343	3,072
Amortisation of leasehold improvements	17,562	18,085	1,902	2,759
Amortisation of goodwill	140,632	117,283	-	-
Amortisation of business names	1,500	1,500	-	-
Bad and doubtful debts	-	-	20,697	53,168
Lease rental expense – operating leases	549,876	533,988	22,939	23,782
Loss on disposal of plant and equipment	13,830	-	-	-



**GARRATT'S LIMITED  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2002

	Note	ECONOMIC ENTITY		PARENT ENTITY	
		2002 \$	2001 \$	2002 \$	2001 \$
<b>3. PROFIT FROM ORDINARY ACTIVITIES (continued)</b>					
b. Revenue and Net Gains:					
Net foreign exchange gains		-	256,589	-	257,971
c. Significant Revenues and Expenses					
The following significant revenue and expense items are relevant in explaining the financial performance:					
Net foreign exchange losses		<b>304,888</b>	-	<b>304,888</b>	-
Consideration on disposal of investment		-	2,755,419	-	-
Less: Costs of disposal		-	(17,366)	-	-
Carrying amount of net assets sold		-	(2,621,866)	-	-
Net gain on disposal of investment		-	116,187	-	-
Research and development syndication	28				
Interest income		-	260,072	-	-
Royalty & put option provision		-	(260,072)	-	-
		-	-	-	-

**GARRATT'S LIMITED  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2002

	ECONOMIC ENTITY		PARENT ENTITY	
	2002	2001	2002	2001
	\$	\$	\$	\$
<b>4. INCOME TAX EXPENSE</b>				
a. The prima facie tax on profit/(loss) from ordinary activities before tax is reconciled to the income tax as follows:				
Prima facie tax payable on profit from ordinary activities before tax at 30% (2001:34%)	<b>(71,530)</b>	115,868	<b>64,428</b>	274,838
Add:				
Goodwill written off/amortised	<b>42,640</b>	40,386	-	-
Provision for loss on loans to wholly owned controlled entities	-	-	<b>6,209</b>	18,077
Provision for loss on investment in wholly owned controlled entities	-	-	-	68,000
Under provision for tax prior year	-	14,100	-	8,969
Restatement of deferred tax balances due to change in company tax rate	-	18,147	-	-
Other items	<b>5,718</b>	20,060	<b>772</b>	556
	<b>(23,172)</b>	208,561	<b>71,409</b>	370,440
Less:				
Rebatable dividend income	-	-	<b>(6,209)</b>	-
Tax Benefit of losses transferred from controlled entities	-	-	<b>(191,651)</b>	(246,031)
Tax benefit due to recoupment of tax losses of previous years not previously brought to account	<b>(3,980)</b>	(31,329)	-	-
Restatement of deferred tax balances due to change in company tax rate	-	-	-	(11,337)
Income tax expense/(benefit) attributable to profit/(loss) from ordinary items.	<b>(27,152)</b>	177,232	<b>(126,451)</b>	113,072
b. Future income tax benefit not brought to account. The potential future income tax benefit arising from tax losses that have not been recognised as an asset because recovery is not assured beyond any reasonable doubt are:				
Capital losses	<b>1,364,970</b>	1,382,175	-	-

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

- (i) the relevant entities derive 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 entity in the economic entity in accordance with Division 17D of the Income Tax Assessment Act 1997;
- (ii) the relevant entities comply with the conditions for deductibility imposed by the law; and
- (iii) no changes in tax legislation adversely affect the entities in realising the benefit.

**GARRATT'S LIMITED  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2002

ECONOMIC ENTITY		PARENT ENTITY	
2002	2001	2002	2001
\$	\$	\$	\$

**5. REMUNERATION AND RETIREMENT BENEFITS**

**a. Directors**

The names of each person holding the position of director of Garratt's Limited during the financial year were Mr. C. Campbell, Mr. N. Cleary, Mr. C.M. Heng and Ms. P. Fitzsimmons (Alternate).

**b. Directors' Remuneration**

The number of parent entity directors whose income from the parent entity and any related parties was within the following bands:

	Number	Number
\$ 0 - 9,999	-	1
\$ 20,000 - 29,999	1	1
\$ 30,000 - 39,999	1	1 <sup>a</sup>
\$ 60,000 - 69,999	-	1
\$ 80,000 - 89,999	1	-
\$ 250,000 - 259,999	-	1
\$ 300,000 - 309,999	1	-

Income paid or payable to all directors of the parent entity and entities in the economic entity from the parent entity or any related party.

<b>612,146</b>	<b>744,277</b>	<b>438,364</b>	<b>382,720</b>
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<sup>a</sup> No longer a director

**c. Executives' Remuneration**

The number of executive officers whose remuneration was within the following bands:

	Number	Number	Number	Number
\$ 120,000 - 129,999	-	1	-	-
\$ 150,000 - 159,999	1	-	-	-
\$ 220,000 - 229,999	-	1	-	-
\$ 250,000 - 259,999	-	1	-	1
\$ 300,000 - 309,999	1	-	1	-

Income received, or due and receivable, by executive officers, from the parent entity, entities in the economic entity or related parties whose income is \$100,000 or more.

<b>454,720</b>	<b>598,641</b>	<b>300,000</b>	<b>253,800</b>
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**6. AUDITORS' REMUNERATION**

Remuneration of the auditor of the parent entity for:

- Auditing or reviewing the financial report	<b>37,000</b>	46,880	<b>14,000</b>	28,880
- Other services	<b>23,906</b>	37,538	<b>5,500</b>	32,938

**GARRATT'S LIMITED  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2002

<b>ECONOMIC ENTITY</b>		<b>PARENT ENTITY</b>	
2002	2001	2002	2001
\$	\$	\$	\$

**7. DIVIDENDS**

Interim unfranked ordinary dividend of 1 cent per share,  
paid on 18 April 2001.

-	113,959	-	113,959
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Balance of franking account at year end

<b>336,742</b>	336,742	<b>20,697</b>	-
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**8. EARNINGS PER SHARE**

Basic earnings per share (dollars per share)

<b>(0.019)</b>	0.014
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Weighted average number of ordinary shares used  
in calculation of basic earnings per share

<b>11,395,281</b>	11,577,410
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Diluted earnings per share are not materially different from basic earnings per share.

**GARRATT'S LIMITED  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2002

	FASTENERS		EDUCATION		TELE-- COMMUNICATIONS		MULTIMEDIA		ELIMINATIONS		CONSOLIDATED	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>9. SEGMENT REPORTING</b>												
<b>Primary reporting – Business segments</b>												
Sales to outside customers	7,769,279	6,947,595	1,206,938	1,724,059	-	-	-	-	-	-	8,976,217	8,671,654
Other revenue	26,713	24,326	44,065	53,991	-	-	297,657	2,952,913	-	-	368,435	3,031,230
Research & Development												
Syndication Interest	-	-	-	-	-	260,072	-	-	-	-	-	260,072
	<b>7,795,992</b>	<b>6,971,921</b>	<b>1,251,003</b>	<b>1,778,050</b>	<b>-</b>	<b>260,072</b>	<b>297,657</b>	<b>2,952,913</b>	<b>-</b>	<b>-</b>	<b>9,344,652</b>	<b>11,962,956</b>
Unallocated revenue											<b>174</b>	<b>320,019</b>
<b>Total revenue</b>											<b>9,344,826</b>	<b>12,282,975</b>
Segment operating profit/(loss)	1,143,308	693,659	81,805	511,732	-	-	293,007	280,246	(30,408)	(15,207)	1,487,712	1,470,430
Unallocated expenses											(1,726,146)	(1,129,641)
<b>Operating profit before income tax</b>											<b>(238,434)</b>	<b>340,789</b>
<b>Segment assets</b>	<b>8,425,017</b>	<b>7,810,287</b>	<b>1,642,174</b>	<b>1,949,326</b>	<b>-</b>	<b>-</b>	<b>3,244,581</b>	<b>3,127,964</b>	<b>-</b>	<b>-</b>	<b>13,311,772</b>	<b>12,887,577</b>
Unallocated											<b>1,783,402</b>	<b>1,662,782</b>
Total assets											<b>15,095,174</b>	<b>14,550,359</b>
<b>Segment liabilities</b>	<b>1,204,353</b>	<b>540,437</b>	<b>243,715</b>	<b>291,333</b>	<b>-</b>	<b>-</b>	<b>3,650</b>	<b>5,704</b>	<b>-</b>	<b>-</b>	<b>1,451,718</b>	<b>837,474</b>
Unallocated											<b>6,367,740</b>	<b>6,225,887</b>
Total liabilities											<b>7,819,458</b>	<b>7,063,361</b>
<b>Acquisition of non-current segment assets</b>	<b>426,260</b>	<b>308,772</b>	<b>29,771</b>	<b>56,520</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>456,031</b>	<b>365,292</b>
<b>Depreciation and amortisation of segment assets</b>	<b>314,034</b>	<b>292,024</b>	<b>138,503</b>	<b>131,507</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>452,537</b>	<b>423,531</b>
<b>Other non-cash segment expenses</b>	<b>14,411</b>	<b>57,910</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,411</b>	<b>57,910</b>

**GARRATT'S LIMITED  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2002

ECONOMIC ENTITY		PARENT ENTITY	
2002	2001	2002	2001
\$	\$	\$	\$

**9. SEGMENT REPORTING (continued)**

**Primary reporting – Business segments**

Major products/services of business segments:

Fasteners	Manufacture and importation of fasteners
Education	Training and education services
Telecommunications	Voice logging technology (Main business sold 2000)
Multimedia	Point of purchase technology (Investment sold 2001, interest on debt)

**Secondary reporting – Geographical segments**

The economic entity's business segments operate predominantly in Australia.

**Accounting Policies**

Segment revenues and expenses are those directly attributable to the segments.

Segment assets and liabilities include all assets used in and all liabilities generated by the segments. Deferred income tax assets and liabilities are not allocated to segments.

Changes in segments.

'Investment Banking' is no longer separated as a segment, because of minimal revenue from entities outside of the group. The Telecommunication and Multimedia segments are shown separately to facilitate comparison.

**10. CASH**

Cash at bank	<b>1,651,414</b>	486,369	<b>1,186,480</b>	46,454
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**11. RECEIVABLES**

CURRENT

Trade debtors	<b>2,206,200</b>	2,002,996	-	-
Less: Provision for doubtful debts	<b>(16,687)</b>	(16,687)	-	-
	<b>2,189,513</b>	1,986,309	-	-

Other Debtors	<b>2,260</b>	22,922	-	11,251
Government grants receivable	<b>22,000</b>	10,000	-	-
Amounts receivable from:				
- Wholly owned subsidiaries	-	-	<b>331,500</b>	150,000
- Other entities	<b>3,119,802</b>	3,127,034	-	-
	<b>5,333,575</b>	5,146,265	<b>331,500</b>	161,251

NON-CURRENT

Amounts receivable from:				
- Wholly owned subsidiaries	-	-	<b>15,952,415</b>	18,837,571
- Provision for doubtful debts wholly owned subsidiaries	-	-	<b>(6,132,208)</b>	(6,111,511)
	-	-	<b>9,820,207</b>	12,726,060
- Other entities	-	1,000,000	-	1,000,000
	-	1,000,000	<b>9,820,207</b>	13,726,060

**GARRATT'S LIMITED  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2002

	ECONOMIC ENTITY		PARENT ENTITY	
	2002	2001	2002	2001
	\$	\$	\$	\$
<b>12. INVENTORIES</b>				
CURRENT				
Raw materials and stores at cost	<b>397,253</b>	479,128	-	-
Work in progress at cost	<b>18,257</b>	25,070	-	-
Finished goods at cost	<b>2,634,543</b>	2,418,968	-	-
	<b>3,050,053</b>	2,923,166	-	-
<b>13. OTHER ASSETS</b>				
CURRENT				
Deferred Expenses	<b>135,267</b>	11,182	-	-
Prepayments	<b>139,645</b>	122,227	<b>40,922</b>	32,629
Security Deposits	<b>28,396</b>	32,430	-	-
	<b>303,308</b>	165,839	<b>40,922</b>	32,629
<b>14. OTHER FINANCIAL ASSETS</b>				
NON-CURRENT				
Unlisted investments at cost				
- Shares in controlled entities	-	-	<b>3,200,006</b>	200,006
Less: Provision for write-down to recoverable amount	-	-	<b>(200,000)</b>	(200,000)
	-	-	<b>3,000,006</b>	6
- Shares in other corporations	<b>1,712</b>	1,712	-	-
	<b>1,712</b>	1,712	<b>3,000,006</b>	6

**GARRATT'S LIMITED  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2002

	ECONOMIC ENTITY		PARENT ENTITY	
	2002	2001	2002	2001
	\$	\$	\$	\$
<b>15. PLANT AND EQUIPMENT</b>				
Plant and equipment at cost	2,748,682	2,359,552	74,090	13,180
Accumulated depreciation	(990,739)	(698,220)	(18,415)	(3,072)
	<b>1,757,943</b>	1,661,332	<b>55,675</b>	10,108
Leasehold improvements at cost	63,007	60,757	8,465	8,465
Accumulated amortisation	(35,667)	(18,104)	(4,661)	(2,759)
	<b>27,340</b>	42,653	<b>3,804</b>	5,706
Total plant & equipment	<b>1,785,283</b>	1,703,985	<b>59,479</b>	15,814

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Plant and equipment \$	Leasehold improve- ments \$	Total \$
Economic entity:			
Balance at the beginning of the year	1,661,332	42,653	1,703,985
Additions	436,024	2,250	438,274
Disposals	(29,326)	-	(29,326)
Depreciation expense	(310,087)	(17,563)	(327,650)
Carrying amount at the end of the year	<b>1,757,943</b>	<b>27,340</b>	<b>1,785,283</b>
Parent entity:			
Balance at the beginning of the year	10,108	5,706	15,814
Additions	60,910	-	60,910
Disposals	-	-	-
Depreciation expense	(15,343)	(1,902)	(17,245)
Carrying amount at the end of the year	<b>55,675</b>	<b>3,804</b>	<b>59,479</b>

**16. INTANGIBLE ASSETS**

Goodwill at cost	2,847,395	2,769,708	-	-
Accumulated amortisation	(403,093)	(262,463)	-	-
	<b>2,444,302</b>	2,507,245	-	-
Business names at cost	30,000	30,000	-	-
Accumulated amortisation	(4,504)	(3,004)	-	-
	<b>25,496</b>	26,996	-	-
Deferred finance charges	-	14,411	-	-
Deferred borrowing costs	75,060	124,950	75,060	124,950
Other	3,510	2,530	-	-
	<b>2,548,368</b>	2,676,132	<b>75,060</b>	124,950



**GARRATT'S LIMITED  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2002

		ECONOMIC ENTITY		PARENT ENTITY	
		2002	2001	2002	2001
		\$	\$	\$	\$
<b>17. PAYABLES</b>					
CURRENT					
Trade creditors	17a	<b>896,707</b>	510,371	-	-
Sundry creditors and accrued expenses		<b>788,920</b>	383,899	<b>498,430</b>	148,764
Amounts payable to other entities	17b	-	450,000	-	450,000
		<b>1,685,627</b>	1,344,270	<b>498,430</b>	598,764
a. Includes \$163,892 (2001: \$197,507) tuition fees paid in advance by business college students.					
b. Deferred settlement payments (acquisition of business in 1998)					
<b>18. INTEREST BEARING LIABILITIES</b>					
CURRENT					
<u>Secured</u>					
Bank bills	25a	<b>450,000</b>	-	<b>450,000</b>	-
Lease purchase agreements	25a	<b>36,907</b>	-	-	-
		<b>486,907</b>	-	<b>450,000</b>	-
NON-CURRENT					
<u>Unsecured</u>					
Convertible notes	25c	<b>5,071,656</b>	5,230,934	<b>5,071,656</b>	5,230,934
<u>Secured</u>					
Lease purchase agreements	25a	<b>172,693</b>	-	-	-
		<b>5,244,349</b>	5,230,934	<b>5,071,656</b>	5,230,934
a. Total current and non current secured liabilities:					
Bank bills	30	<b>450,000</b>	-	<b>450,000</b>	-
Lease purchase agreements	22	<b>209,600</b>	-	-	-
		<b>659,600</b>	-	<b>450,000</b>	-
b. Carrying amount of non current assets pledged as security:					
Floating charge over assets		<b>15,228,722</b>	-	<b>14,578,936</b>	-
Plant and equipment		<b>203,744</b>	-	-	-
		<b>15,432,466</b>	-	<b>14,578,936</b>	-
c. The convertible notes 5,071,656 (2001: 5,230,934) at \$1.00 each, 12% interest					
	33				

**GARRATT'S LIMITED  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2002

		<b>ECONOMIC ENTITY</b>		<b>PARENT ENTITY</b>	
		2002	2001	2002	2001
		\$	\$	\$	\$
<b>19. PROVISIONS</b>					
CURRENT					
Employee entitlements	19a	<b>116,156</b>	151,412	<b>89,455</b>	88,113
NON CURRENT					
Employee entitlements	19a	<b>28,220</b>	25,964	-	-
a. Aggregate employee entitlements		<b>144,376</b>	177,376	<b>89,455</b>	88,113
b. Number of employees at year end		<b>34</b>	30	<b>4</b>	4

**20. TAX LIABILITIES**

NON CURRENT					
Provision for deferred income tax		<b>258,199</b>	310,781	<b>23,862</b>	115,301
		<b>258,199</b>	310,781	<b>23,862</b>	115,301

**21. CONTRIBUTED EQUITY**

**Issued and Paid-up Capital**

11,395,281 ordinary shares fully paid		<b>10,561,895</b>	10,561,895	<b>10,561,895</b>	10,561,895
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**Movements in ordinary share capital**

Balance at the beginning of the financial year		<b>10,561,895</b>	11,530,249	<b>10,561,895</b>	11,530,249
744,888 shares cancelled		-	(968,354)	-	(968,354)
		<b>10,561,895</b>	10,561,895	<b>10,561,895</b>	10,561,895

On 28 September 2000, 744,888 ordinary shares (being 6.1% of issued ordinary shares) were bought back and cancelled, at \$1.30 per share, in accordance with the contract for the sale of Electrodata Pty Limited to Syman Pty Limited.

**22. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE**

**Interest rate risk**

**Cash at bank**

The economic entity deposits cash into premium business accounts at variable rates and at call.

Premium business accounts		<b>1,651,414</b>	456,369	<b>1,186,480</b>	46,454
Bank short term deposits – interest rates between 4.9% and 5.8%		-	30,000	-	-
		<b>1,651,414</b>	486,369	<b>1,186,480</b>	46,454

**GARRATT'S LIMITED  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2002

**22. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (continued)**

The economic 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:

	Note	Weighted average interest rate	Floating interest rate	Fixed interest maturing in:			Non- Interest bearing	Total
				1 year or less	1 to 5 years	More than 5 years		
<b>2002</b>								
<i>Financial assets</i>								
Cash		0.50%	1,651,414	-	-	-	-	1,651,414
Receivables	11	9.67%	-	3,119,802	-	-	2,213,773	5,333,575
			1,651,414	3,119,802	-	-	2,213,773	6,984,989
<i>Financial liabilities</i>								
Convertible notes	18	12.00%	-	-	5,071,656	-	-	5,071,656
Lease purchase agreements	18	7.92%	-	36,907	172,693	-	-	209,600
Bank bills	18	5.21%	-	450,000	-	-	-	450,000
Payables	17	-	-	-	-	-	1,685,627	1,685,627
Employee entitlements	19	-	-	-	-	-	144,376	144,376
			-	486,907	5,244,349	-	1,830,003	7,561,259
<b>2001</b>								
<i>Financial assets</i>								
Cash		2.12%	456,369	30,000	-	-	-	486,369
Receivables	11	8.00%	-	3,127,034	-	-	3,019,231	6,146,265
			456,369	3,157,034	-	-	3,019,231	6,632,634
<i>Financial liabilities</i>								
Convertible notes	18	12.00%	-	-	5,230,934	-	-	5,230,934
Payables	17	-	-	-	-	-	1,344,270	1,344,270
Employee entitlements	19	-	-	-	-	-	177,376	177,376
			-	-	5,230,934	-	1,521,646	6,752,580

**Credit risk exposures**

The credit risk on financial assets of the economic entity, which have been recognised on the balance sheet, is the carrying amount, net of any provision for doubtful debts.

The economic entity minimises concentration of risk by holding cash with major banks and undertaking transactions with either high profile or a large number of customers.

**Foreign exchange risk**

The economic entity is exposed to foreign currency risk on its purchase of products and in regard to the proceeds from the sale of its interest in IC & Count Technologies Limited (*See Note 24*). The economic entity has not hedged foreign currency transactions as at 30 June 2002. The Directors continue to evaluate this risk on an ongoing basis.

**Net fair values of financial assets and liabilities**

The carrying amounts of financial assets and liabilities approximate their net fair value.

**GARRATT'S LIMITED  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2002

**23. PARTICULARS IN RELATION TO CONTROLLED ENTITIES**

**a. Controlled entities**

	Interest held	
	2002	2001
	%	%
Academies Australasia (Management) Pty Limited	100	100
Academies Australasia Pty Limited	100	100
Clarendon Business College Pty Limited	100	100
Electrodata (Sales) Pty Limited	100	100
Hanstock Voice Systems Pty Limited	100	100
Multimedia Investments Pty Limited	100	100
Overland Sydney Pty Limited	100	100
Premier Fasteners Pty Limited	100	100
Sandomir Pty Limited	100	100
Supreme Business College Pty Limited	100	100

Notes:

- (i) All companies are small proprietary companies as defined by the Corporations Law and are not required to prepare and lodge audited statutory financial statements.
- (ii) All controlled entities are incorporated in Australia.

**b. Acquisition of controlled entities**

	Consideration	The economic
	\$	entity's interest
		%

*The following controlled entity was acquired during the previous financial year:*

Hanstock Voice Systems Pty Limited	12,090,058	100
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The entity was acquired on 1 September 2000 and the operating results from that date have been included in consolidated operating profit.

This acquisition formed part of the wind up of the research and development Syndicate. (See Note 28.)

See Note 31c regarding acquisition cost

**GARRATT'S LIMITED  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2002

ECONOMIC ENTITY		PARENT ENTITY	
2002	2001	2002	2001
\$	\$	\$	\$

**24. AMOUNTS PAYABLE/RECEIVABLE IN FOREIGN CURRENCIES**

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

**United States Dollars**

Amounts receivable	<b>3,119,802</b>	3,127,034	-	-
Amounts payable	<b>177,572</b>	66,865	-	-

**25. LEASING COMMITMENTS**

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

Not later than one year	<b>349,093</b>	271,030	<b>3,911</b>	-
Later than one year but not later than five years	<b>29,426</b>	252,350	<b>8,474</b>	-
	<b>378,519</b>	523,380	<b>12,385</b>	-

The economic entity leases property under operating leases expiring from 3 months to one year, options to extend certain leases by three years are held. Lease payments comprise a base amount plus an incremental rental, based on either movements in the Consumer Price Index or minimum percentage increase criteria.

Non-cancellable lease purchase agreements for plant and equipment:

Not later than one year	<b>36,907</b>	-	-	-
Later than one year but not later than five years	<b>172,693</b>	-	-	-
	<b>209,600</b>	-	-	-

At the end of the lease periods the lessor's charges over the plant and equipment cease, leaving the assets the unencumbered property of the economic entity.

**26. CONTINGENT LIABILITIES**

**Employment Contracts**

Payable to Executive Directors under service agreements on termination in certain circumstances:	<b>656,443</b>	771,667	<b>550,459</b>	705,000
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**Cross Claim**

The defendant to the Company's action in the Supreme Court of New South Wales has filed a cross claim. The cross claim does not seek a specified amount of money. The Directors do not believe that the cross claim will be successful.

**GARRATT'S LIMITED  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 30 June 2002**

**26. CONTINGENT LIABILITIES (continued)**

**Indemnities**

As the Research and Development Syndicate took advantage of certain tax concessions available under the Income Tax Assessment Act, the Company and its wholly owned controlled entities were required to provide a number of indemnities to the Joint Venture and their financier in respect of tax consequences of the syndication. If for any reason the assumed tax consequences of the syndication prove to be incorrect, the Company and its controlled entities will be required to compensate the Joint Venture and their financier. A comprehensive taxation ruling was obtained in respect of the syndicate. Accordingly, as the syndicate has been wound up, it is not envisaged that any compensation payments will be required.

**Guarantees**

The following group companies have issued guarantees in respect of the parent entity as security for its multi option facility. (See Note 30.)

Academies Australasia Pty Limited  
Clarendon Business College Pty Limited  
Multimedia Investments Pty Limited  
Premier Fasteners Pty Limited  
Supreme Business College Pty Limited

**27. RELATED PARTIES**

**Directors' holdings of shares**

	2002 Number held	2001 Number held
The aggregate interests of directors of the reporting entity and director-related entities in shares of entities within the economic entity at year end are as set out below:		
Garratt's Limited	2,059,189	1,911,124

**Directors' transactions in shares and share options**

During the year one director acquired 118,065 shares and one director acquired 30,000 shares.

**Directors' transactions with the Company and the economic entity**

Details of directors' remuneration are set out in Note 5(b). Directors are also reimbursed for expenses incurred by them on behalf of the economic entity.

**Directors' holdings of convertible notes**

	2002 Number held	2001 Number held
The aggregate interests of directors of the reporting entity and director-related entities in convertible notes of entities within the economic entity at year end are as set out below:		
Garratt's Limited	949,130	949,130

**GARRATT'S LIMITED  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2002

ECONOMIC ENTITY		PARENT ENTITY	
2002	2001	2002	2001
\$	\$	\$	\$

**27. RELATED PARTIES (continued)**

**Directors' transactions in convertible notes**

During the year there were no director's transactions in convertible notes.

**Other related party transactions**

Transactions between the Company and controlled entities include loans, dividends, management fees and interest. Details of these transactions and the amounts owing at balance date are included in Notes 2, 3 and 11.

**28. RESEARCH AND DEVELOPMENT SYNDICATION**

Garratt's Limited and three of its then controlled entities previously entered into two Research and Development Syndicates. The Syndicate investors provided funding for research and development in return for certain tax benefits and future returns.

Both the Syndicates were wound up on 1 September 2000 under an agreement by all parties. As a result, Overland Sydney Pty Limited, a group company, acquired 100% of the issued capital of Hanstock Voice Systems Pty Limited. (See Note 23b.)

**29. SUPERANNUATION**

The Company and certain controlled entities contribute to defined contribution employee superannuation funds. The funds are managed by independent fund managers.

**30. FINANCING ARRANGEMENTS**

The economic entity has access to the following lines of credit:

Total facilities available:				
Multi option facility	<b>1,300,000</b>	1,300,000	<b>1,300,000</b>	1,300,000
Facilities utilised at balance date:				
Multi option facility	<b>450,000</b>	-	<b>450,000</b>	-
Facilities not utilised at balance date:				
Multi option facility	<b>850,000</b>	1,300,000	<b>850,000</b>	1,300,000

The facility is secured by registered mortgage debentures over the assets of the parent entity and certain controlled entities. The facility is subject to annual review.

**GARRATT'S LIMITED  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2002

	ECONOMIC ENTITY		PARENT ENTITY	
	2002	2001	2002	2001
	\$	\$	\$	\$
<b>31. NOTES TO THE STATEMENT OF CASH FLOWS</b>				
<b>a. Reconciliation of profit from ordinary operations after income tax to net cash provided by/(used in) operating activities</b>				
Profit from ordinary activities after income tax	<b>(211,282)</b>	163,557	<b>341,211</b>	695,276
Non-cash items:				
Amortisation	<b>159,693</b>	136,868	<b>1,902</b>	2,759
Depreciation	<b>310,088</b>	292,659	<b>15,343</b>	3,072
Deferred finance charges written off	<b>14,411</b>	57,910	-	-
Provision for loan to controlled entity	-	-	<b>20,697</b>	53,169
Provision for investment in controlled entity	-	-	-	200,000
Unrealised foreign exchange movement	<b>304,889</b>	(356,217)	<b>304,889</b>	(356,217)
Net gain on convertible notes cancelled	<b>(13,269)</b>	-	<b>(13,269)</b>	-
Net loss on disposal of plant and equipment	<b>13,830</b>	-	-	-
Net gain on disposal of investment	-	(116,187)	-	-
Changes in assets and liabilities:				
(Increase)/decrease in receivables	<b>(492,199)</b>	(149,964)	<b>(1,182,067)</b>	(1,422,673)
(Increase)/decrease in inventories	<b>(126,887)</b>	(379,452)	-	-
(Increase)/decrease in other assets	<b>(137,469)</b>	197,268	<b>(8,293)</b>	(22,560)
(Increase)/decrease in deferred tax assets	<b>25,430</b>	36,945	<b>(35,012)</b>	510
(Increase)/decrease in intangibles	<b>49,890</b>	108,150	<b>49,890</b>	49,898
Increase/(decrease) in payables	<b>791,357</b>	(478,756)	<b>349,666</b>	(231,261)
Increase/(decrease) in income taxes payable	-	(39,096)	-	-
Increase/(decrease) in deferred tax liabilities	<b>(52,582)</b>	179,383	<b>(91,439)</b>	112,562
Increase/(decrease) in provisions	<b>(33,000)</b>	(62,361)	<b>1,342</b>	9,745
Net cash provided by/(used in) operating activities	<b>602,900</b>	(409,293)	<b>(245,140)</b>	(905,720)

**b. Reconciliation of cash**

For the purpose of the Statement of Cash Flows, cash includes cash on hand and at bank and short term deposits at call. (See Note 10.)

**c. Acquisition of controlled entities**

During the previous financial year the economic entity purchased 100% of the ordinary shares in Hanstock Voice Systems Pty Limited. This acquisition has not been included in the statement of cash flows as the company was acquired as part of the wind up of the research and development syndicates (See Note 28) and the funds used were on restricted deposit and not available to the group. The restricted deposit does not form part of the cash of the group, and therefore the acquisition is not a cash flow.



**GARRATT'S LIMITED  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2002

ECONOMIC ENTITY		PARENT ENTITY	
2002	2001	2002	2001
\$	\$	\$	\$

**31. NOTES TO THE STATEMENT OF CASH FLOWS (continued)**

**d. Non-cash investing activities**

During the financial year the economic entity acquired plant and equipment with an aggregate value of \$205,744 by means of lease purchase agreements. These acquisitions are not reflected in the statement of cash flows.

**32. ACCUMULATED LOSSES**

Accumulated losses at the beginning of the financial year	<b>(3,074,897)</b>	(3,124,495)	<b>(2,457,573)</b>	(3,038,890)
Net profit attributable to the members of the parent entity	<b>(211,282)</b>	163,557	<b>341,211</b>	695,276
	<b>(3,286,179)</b>	(2,960,938)	<b>(2,116,362)</b>	(2,343,614)
Dividends provided for or paid	-	(113,959)	-	(113,959)
Accumulated losses at the end of the financial year	<b>(3,286,179)</b>	(3,074,897)	<b>(2,116,362)</b>	(2,457,573)

**33. CONVERTIBLE NOTES**

On 29 January 1999, the Company issued 5,230,934 convertible notes at a principal value of \$1.00 each. Interest is payable every six months in arrears at 12% per annum. The notes are convertible at the option of the holder, on 30 June and 31 December each year from 1999 to 2003, into ordinary shares of the Company on the basis of 1 share for each note of \$1.00 principal value, and have been accounted for as compound instruments in accordance with AASB 1033 *Presentation and Disclosure of Financial Instruments*. (See Note 1m.) Any note not converted by 31 December 2003 will be redeemed at the principal value.

On 26 October 2001 the Company announced that it was commencing an on market buy-back of its Convertible Notes. By 30 June 2002, 159,278 Notes were bought back and cancelled. At 30 August 2002 the number of Convertible Notes bought back and cancelled was 307,521, representing 5.9% of the total Notes issued in 1999. The principal monies outstanding at 30 June 2002 was therefore reduced to \$5,071,656 (ie. 5,071,656 Convertible Notes @ \$1.00 each). At 30 August 2002, the principal monies outstanding was \$4,923,413.

**34. EVENTS SUBSEQUENT TO BALANCE DATE**

Matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in subsequent financial years are as follows:

- The acquisition of the business and assets of Excelsior College Pty Limited on 16 August 2002 for \$150,000 in cash and the issue of 500,000 (new) shares in the Company (to be held in voluntary escrow for 12 months).
- The acquisition of the business and assets of Australian College of Technology Pty Limited on 23 August 2002 for \$145,000 in cash.

\* \* \*

## **DIRECTORS' DECLARATION**

The directors of the Company declare that:

1. the financial statements and notes, set out on pages 8 to 32:
  - (i) comply with Accounting Standards and the Corporations Law; and
  - (ii) give a true and fair view of the financial position as at 30 June 2002 and performance for the year ended on that date of the Company and economic entity.
2. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.

Neville Cleary  
Director

Christopher Campbell  
Director

Sydney  
12 September 2002

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF GARRATT'S LIMITED**

**Scope**

We have audited the financial report of Garratt's Limited and controlled entities for the financial year ended 30 June 2002 as set out on pages 8 to 33.

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 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 Garratt's Limited is in accordance with:

- a. the *Corporations Act 2001*, including:
  - i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2002 and of their performance for the year ended on that date; and
  - ii. complying with Accounting Standards and the *Corporations Regulations 2001*; and
- b. other mandatory professional reporting requirements.

**Calabro Partners**

**Michael Traynor**  
**Partner**

Signed at Sydney this 12th day of September 2002



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**Expertise + People + Vision**

**GARRATT'S LIMITED  
AND CONTROLLED ENTITIES  
ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES**

Additional information required by the Australian Stock Exchange Limited and not shown elsewhere in this report is as follows.

**SUBSTANTIAL HOLDERS**

**Ordinary Shares**

The relevant interests of substantial Shareholders as at 30 August 2002 were:

<u>Shareholder</u>	<u>No. of Shares Held</u>	<u>%</u>
Vasek Fasteners P/L	1,593,529	13.40
Junorma Holdings P/L	1,361,367	11.44
Mr Chiang Meng Heng	1,247,124	10.48
Jilcy P/L	779,065	6.55
	<hr/>	
	4,981,085	41.87

**Convertible Notes**

The relevant interests of substantial Noteholders as at 30 August 2002 were:

<u>Noteholder</u>	<u>No. of Notes Held</u>	<u>%</u>
Vasek Fasteners P/L	842,106	17.10
Mr Chiang Meng Heng	601,380	12.21
Reach Out P/L	485,000	9.85
Jilcy P/L	332,000	6.74
	<hr/>	
	2,260,486	45.90

**VOTING RIGHTS**

**Ordinary Shares**

At 30 August 2002 there were 466 holders of the ordinary shares of the Company. The voting rights attaching to the ordinary shares, set out in Article 69 and 70 of the Company's Articles of Association, are:

Article 69

*"Subject to these Articles and any rights or restrictions for the time being attached to any class or classes of shares:*

- (a) at meetings of members or classes of members each member entitled to attend and vote may attend and vote in person or by proxy, or attorney and (where the member is a body corporate) by representative;*
- (b) on a show of hands, every Member present has 1 vote;*
- (c) on a poll, every Member present has:*
  - (i) 1 vote for each fully paid share; .....*

Article 70

*"Where more than 1 joint holder votes, the vote of the holder, whose name appears first in the register of members shall be accepted to the exclusion of the others."*

**GARRATT'S LIMITED  
AND CONTROLLED ENTITIES  
ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES**

**VOTING RIGHTS (continued)**

**Convertible Notes**

At 30 August 2002 there were 190 holders of the convertible notes of the Company.

The convertible notes do not carry a right to vote at general meetings of the Company unless provided by the Listing Rules or the Corporations Law. Noteholders do have the right to convene a meeting of noteholders for certain purposes.

**20 LARGEST SHAREHOLDERS AS AT 30 AUGUST 2002**

	<u>Registered Name</u>	<u>No. Shares</u>	<u>%</u>
1	Vasek Fasteners P/L	1,593,529	13.40
2	Mr Chiang Meng Heng	1,162,760	9.77
3	Junorma Holdings P/L	888,951	7.47
4	Jilcy P/L	769,825	6.47
5	Citicorp Nominees P/L	500,000	4.20
6	Turnbull & Partners Holdings P/L	451,730	3.80
7	Frank Kwong-Shing Wong	380,000	3.19
8	Bowes & Brown P/L	300,000	2.52
9	Mrs Anthea Judith Drescher	262,640	2.21
10	Reach Out P/L	233,000	1.96
11	Villaricci P/L	228,300	1.92
12	Diacaf Holdings P/L	225,248	1.89
13	Ms Gail Lesley Storey	207,200	1.74
14	Mr Myong Ho Pak	200,000	1.68
15	Perpetual Trustee Company Limited	195,484	1.64
16	Overseas Investments P/L	136,800	1.15
17	Lawnsong P/L	109,864	0.92
18	Dr JL & Mrs BA Schlederer	103,863	0.87
19	Ee Seng Lim	100,000	0.84
20	Victor Cheng San Liew	100,000	0.84
		8,149,194	68.48

**HOLDING RANGE (SHAREHOLDERS) AS AT 30 AUGUST 2002**

<u>Range</u>	<u>No. Holders</u>	<u>Total No. Shares</u>	<u>%</u>
1 - 1,000	113	89,134	0.75
1,001 - 5,000	189	556,916	4.68
5,001 - 10,000	65	533,426	4.48
10,001 - 100,000	79	2,766,611	23.26
100,001 +	20	7,949,194	66.83
	466	11,895,281	100.00

The number of shareholders holding less than a marketable parcel as at 30 August 2002 was 190.

**GARRATT'S LIMITED  
AND CONTROLLED ENTITIES  
ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES**

**20 LARGEST NOTEHOLDERS AS AT 30 AUGUST 2002**

	<u>Registered Name</u>	<u>No. Notes</u>	<u>%</u>
1	Vasek Fasteners P/L	842,106	17.10
2	Eng Kim Low	581,380	11.81
3	Reach Out P/L	485,000	9.85
4	Jilcy P/L	332,000	6.74
5	Mr Lim Sen Yap	241,591	4.91
6	Trafalgar Custodians P/L	219,840	4.47
7	Chin Nam Tan	200,000	4.06
8	Greenfield Company Limited	154,996	3.15
9	Mr Seng Chye Chng	127,630	2.59
10	Australian Better Business Bureau P/L	99,000	2.01
11	Lost Ark Nominees P/L	78,250	1.59
12	Sunson P/L	72,000	1.46
13	Drumworth Properties P/L	56,580	1.15
14	Lawnsong P/L	54,932	1.12
15	Mr Trevor Bruce Winston Ward	50,000	1.02
16	J&H Singh P/L	45,900	0.93
17	ACN 051 645 295 P/L	40,000	0.81
18	Brechin Management Limited	40,000	0.81
19	Doniman P/L	40,000	0.81
20	Mr James Crosthwaite	38,400	0.78
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		3,799,605	77.17
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**HOLDING RANGE (NOTEHOLDERS) AS AT 30 AUGUST 2002**

<u>Range</u>	<u>No. Holders</u>	<u>Total No. Notes</u>	<u>%</u>
1 - 1,000	28	21,532	0.44
1,001 - 5,000	75	252,857	5.14
5,001 - 10,000	32	286,073	5.81
10,001 - 100,000	44	1,310,328	26.61
100,001 +	11	3,052,623	62.00
	<hr/>		
	190	4,923,413	100.00
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**SECURITIES SUBJECT TO VOLUNTARY ESCROW**

<u>No. Securities</u>	<u>Class</u>	<u>Date Escrow Period Ends</u>
500,000	Ordinary Shares	15 August 2003

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## OFFICES AND OFFICERS

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<b>DIRECTORS</b>	Mr. N. Cleary	Chairman (Non-Executive)
	Mr. C. Campbell	Group Managing Director
	Mr. C.M. Heng	Director (Non-Executive)
	Ms. P. Fitzsimmons	Alternate Director for Mr. N. Cleary

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**COMPANY SECRETARY** Ms. P. Fitzsimmons

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**REGISTERED OFFICE** Garratt's Limited  
Suite 1401, Level 14  
33 Bligh Street  
Sydney NSW 2000

Telephone: (02) 9224 5555  
Facsimile: (02) 9224 5550

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**SHARE REGISTRAR** Computershare Investor Services Pty Limited  
Level 3  
60 Carrington Street  
Sydney NSW 2000

Telephone: (02) 8216 5700  
Facsimile: (02) 8216 5500

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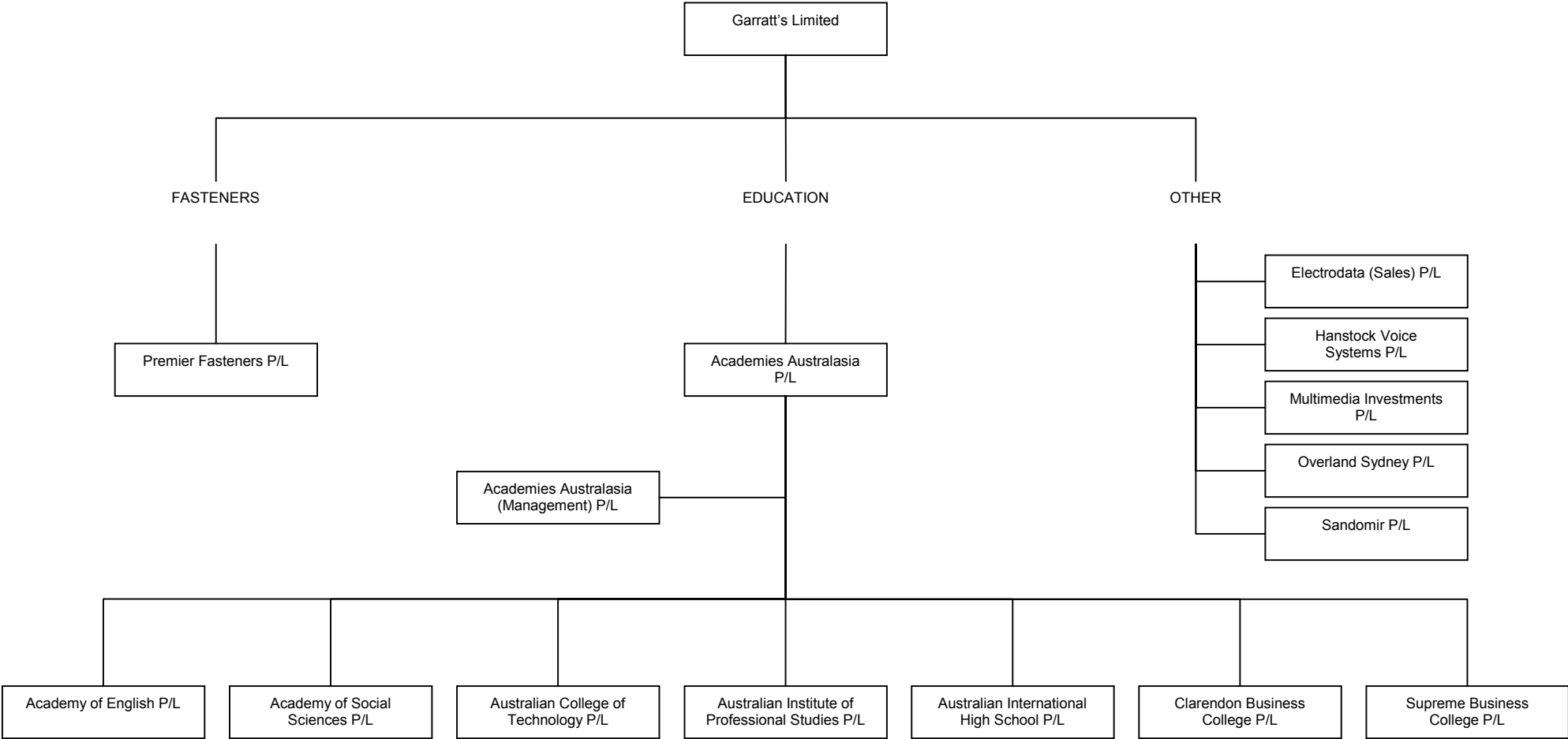
**STOCK EXCHANGE** The Company is listed on the Australian Stock Exchange. The Home Exchange is Sydney.

The ASX Codes are:

Shares	GRT
Convertible Notes	GRTG

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**GARRATT'S GROUP**



*Note: All companies are, directly or indirectly, wholly owned by Garratt's Limited.*



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