

GARRATT'S LIMITED

ACN 000 003 725

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1 March 2001

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ANNOUNCEMENT

RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2000 & INTERIM DIVIDEND

Garratt's today released its report for the six months ended 31 December 2000.

The consolidated profit before abnormal items and tax for the six-month period was \$272,000 (1999: \$608,000). The consolidated profit after abnormal items and tax was \$235,000 (1999: \$437,000).

Compared to the same period in the previous year, there was a 26% reduction in the consolidated entity's revenue during the reporting period. This was mainly the result of the disposal of Electrodata Pty Limited on 30 June 2000.

While it would be possible to declare an interim dividend of two cents per share, the Board has decided that it would be prudent to declare a lesser amount and review the position following the results for the full year.

An interim dividend of one (1) cent per share (unfranked), payable on 16 April 2001, has been declared by the Board. Entitlement to this dividend will be based on shares held at the close of business on 30 March 2001.

Petah Fitzsimmons
Company Secretary

GARRATT'S LIMITED
ACN 000 003 725

DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2000

Your directors present their report together with the financial report of Garratt's Limited ("the Company") and the consolidated financial report of the consolidated entity, being the Company and its controlled entities, for the half year ended 31 December 2000 and the auditors' review report thereon.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the period were: investment banking; the provision of training and education services; and the manufacture, import and sale of fasteners.

CONSOLIDATED RESULT

The consolidated profit before abnormal items and tax for the six-month period was \$272,000 (1999: \$608,000). The consolidated profit after abnormal items and tax for the six-month period was \$235,000 (1999: \$437,000).

Compared to the same period in the previous year, there was a 26% reduction in the consolidated entity's revenue during the reporting period. This was mainly the result of the disposal of Electrodata Pty Limited on 30 June 2000.

The consolidated net tangible asset backing per ordinary share at balance date, after provision for the interim dividend of one (1) cent per share, was 40.3 cents. (1999: 3 cents per share; 29.5 cents)

REVIEW AND RESULTS OF OPERATIONS

Investment Banking

While the Company continued to seek investment banking opportunities, surplus funds were invested in bank deposits.

Fastening

The contribution to profitability by Premier Fasteners Pty Limited was substantially lower than that for the same period in the previous year. The lower sales reflected market conditions in the fastening business. The higher rental charge following the expansion into adjoining premises and the recruitment of senior staff as part of succession planning were the main reasons for the lower profitability. Steps have been taken to modernise equipment and to address new market areas.

Education

The Education Group also made a lower contribution to profitability, the main reason being the relocation of one college to larger and more expensive premises. The Education Group successfully negotiated strategic alliances with other educational institutions.

Multimedia

After careful consideration of market conditions in the USA and Australia, steps were taken to withdraw from the investment in IC & Count Technologies Limited (“ICCT”). (Please refer to *Events Subsequent to Balance Date.*)

Dividends

While it would be possible to declare an interim dividend of two cents per share, the Board has decided that it would be prudent to declare a lesser amount and review the position following the results for the full year.

An interim dividend of one (1) cent per share (unfranked), payable on 16 April 2001, has been declared by the Board. Entitlement to this dividend will be based on shares held at the close of business on 30 March 2001.

Convertible Notes

Noteholders received the fourth interest payment of 6 cents in December 2000. The next payment, also for 6 cents per convertible note, is due in June 2001.

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 exercise price of these options is \$1.28 at 30 June 2001 and \$1.36 at 30 June 2002. The options expire on 30 June 2002.

Share Issues / Reductions

The issued capital of the Company was reduced by 744,888 shares – from 12,140,169 shares to 11,395,281 shares, on 28 September 2000. The reduction was the result of Syman Pty Limited’s (“Syman”) first payment in settlement of the purchase of Electrodata Pty Limited (“Electrodata”). The payment comprised a set-off from the proceeds of the buying back and cancelling of Syman’s 744,888 Garratt’s shares at \$1.30 per share, for the equivalent of \$968,354.40, and the payment in cash of \$31,645.60. (Total: \$1,000,000) The sale of Electrodata to Syman was approved by Garratt’s shareholders on 7 September 2000.

Shareholders at the 2000 Annual General Meeting approved the issue by the Board of 1,450,000 ordinary shares at \$1.20 each to ten parties in March 2000. That approval “refreshed” the Board’s discretion to issue new shares under Australian Stock Exchange Listing Rule 7.1.

No new shares were issued during the reporting period.

Singapore Exchange

In 2000 Directors resolved to seek listing of the Company’s securities in Singapore – on SESDAQ, which is the Second Board in Singapore. This exercise has been deferred because the stock markets, in Singapore and Australia, have not been encouraging.

STATE OF AFFAIRS

There were no significant changes in the state of affairs of the consolidated entity that occurred during the six month period under review.

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

The only matter or circumstance which has arisen since the end of the half year under review which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial years is the Company's acceptance of an offer to purchase its interest in ICCT, the company which owns the world-wide rights to, and assets of, the point-of-purchase interactive multimedia technology called Agent 13.

The purchaser is Mr. Thanga Thangathurai ("Mr. Thangathurai") who is the principal shareholder of ICCT.

The Company's interest in ICCT is in the form of a loan of up to US\$3.6 million to ICCT, with the option to acquire equity representing 33% of ICCT at a price equivalent to the loan. So far US\$1.4 million of the US\$3.6 million has been advanced, leaving an outstanding commitment of US\$2.2 million.

Markets in the USA and Australia have changed dramatically since the Company signed the Heads of Agreement in June 1999 and formally committed to the Agent 13 exercise in February 2000 – especially for technology stocks. The sale will release for working capital and other investment opportunities about US\$1.6 million (about A\$2.9 million – equal to about A\$0.25 per share).

Under the terms of the sale Mr. Thangathurai shall, by 31 March 2001:

- (i) Pay the Company all that the Company has loaned to ICCT - about US\$1.4 million.
- (ii) Pay the Company the interest accrued at 8% per annum - about US\$100,000.
- (iii) Pay the Company US\$100,000.
- (iv) Transfer to the Company, shares in ICCT representing 2.5% of the issued capital of ICCT.

Following the Company's acceptance of his offer, Mr. Thangathurai immediately assumed all the Company's funding and other obligations to ICCT.

In summary, on completion (by 31 March 2001) the Company would have exited from this exercise with its capital preserved, interest at 8% per annum on the capital and a 2.5% stake in ICCT.

DIRECTORS

The Directors of the Company in office during or since the end of the half-year are:

Mr. Peter Irving Burrows, B.Ec, ASIA - Chairman (Non-Executive). Age 54. Stockbroker, Johnson Taylor Potter Limited. Awarded Stockbroker of the Year by Channel Nine's Business Sunday program in 1986 and 1987. Previous positions include First Vice President, Merrill Lynch Private (Australia) Ltd and Director of the Australian Stock Exchange (Sydney) 1988-1992. Other directorships include ASC Limited (Chairman), FTR Holdings Limited and Winepros Limited. Mr. Burrows was appointed a Non-Executive Director of Garratt's Limited in September 1996 and then Chairman in October 1996. Also Chairman of the Audit and Remuneration Committees.

Mr. Christopher Elmore Campbell, B.Soc.Sci. (Hons), FAIBF, FAICD, FCIS - Group Managing Director. Age 52. Previous positions include Deputy Head, Banking & Financial Institutions Department of the Monetary Authority of Singapore, Assistant General Manager of an international bank and Managing Director of one of the largest financial planning groups in Australia. Appointed Group Managing Director and Chief Executive Officer of Garratt's Limited in July 1996. Chairman of Academies Australasia Pty Limited, Clarendon Business College Pty Limited, Supreme Business College Pty Limited and Premier Fasteners Pty Limited. Also a director of all other subsidiary companies in the Garratt's Group. Member of Audit and Remuneration Committees. Director of IC & Count Technologies Limited, Secret Agent Technologies Inc., Secret Agent Technologies (Australia) Limited and Blue Towel Pty Limited in February 2000.

Mr. Chiang Meng Heng - Non-Executive Director. Age 55. Investor. Group Chief Financial Officer of Lim Kah Ngam Limited, a hotel, property and construction group listed on the Singapore Exchange. Also on the Board of 4 other companies listed in Singapore: Overseas Union Securities Limited (Chairman, Audit Committee), Econ International Limited (Chairman, Audit Committee), Orchard Parade Holdings Limited (Member, Audit Committee) and Thakral Corporation Limited (Chairman, Remuneration Committee and Member, Audit Committee). Previous positions held include that of President, Asia Commercial Bank, Adviser & Head, Banking & Financial Institutions Department of the Monetary Authority of Singapore, Managing Director, First Capital Corporation and Executive Director, Far East Organisation. Mr. Heng was appointed Director of Garratt's and a member of the Audit Committee in February 2000.

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 reporting period are:

Director	Directors' Meetings		Audit Committee		Remuneration Committee	
	<u>A</u>	<u>B</u>	<u>A</u>	<u>B</u>	<u>A</u>	<u>B</u>
Mr. P. Burrows	5	4*	2	2	-	-
Mr. C. Campbell	5	5	2	2	-	-
Mr. C.M. Heng	5	4 ⁺	2	1 ⁺	-	-

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

B - Number of meetings attended

* Ms. P. Fitzsimmons attended the meeting at which Mr. Burrows was absent as his alternate director.

⁺ Ms. P. Fitzsimmons attended the meetings at which Mr. Heng was absent as his alternate director.

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 section 205G of the Corporations Law, at the date of this report, is as follows:

<u>Director</u>	<u>Relevant Interest (Shares)</u>	<u>Relevant Interest (Convertible Notes)</u>	<u>Relevant Interest (Options)</u>
Mr. P. Burrows	70,700 (0.6%)	-	-
Mr. C. Campbell	641,000 (5.6%)	332,000 (6.3%)	350,000
Mr. C. M. Heng	1,221,760 (10.7%)	601,380 (11.5%)	-

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.

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

Peter Burrows
Director

Christopher Campbell
Director

Sydney
1 March 2001

Appendix 4B (rule 4.13(a))

Half yearly report

Introduced 1/12/97. Origin: Appendices 3, 4. Amended 1/7/98, 1/9/99, 1/7/2000.

Name of entity

Garratt's Limited

ACN, ARBN or ARSN

Half yearly
(tick)

Preliminary
final (tick)

Half year ended ('current period')

000 003 725

31 December 2000

Equity accounted results for announcement to the market

Extracts from this report for announcement to the market (see note 1).

\$A'000

Sales (or equivalent operating) revenue (item 1.1)	down	26.4%	to	4,533
Abnormal items after tax attributable to members (item 2.5)	gain (loss) of			Nil
+Operating profit (loss) after tax (before amortisation of goodwill) attributable to members (item 1.26)	down	41.4%	to	284
+Operating profit (loss) after tax attributable to members (item 1.10)	down	46.2%	to	235
Extraordinary items after tax attributable to members (item 1.13)	gain (loss) of			Nil
+Operating profit (loss) and extraordinary items after tax attributable to members (item 1.16)	down	46.2%	to	235
Dividends (distributions)		Amount per security		Franked amount per security at 36% tax
Final dividend (Preliminary final report only - item 15.4)				
Interim dividend (Half yearly report only - item 15.6)		1 ¢		Nil ¢
Previous corresponding period (Preliminary final report - item 15.5; half yearly report - item 15.7)		3 ¢		Nil ¢
+Record date for determining entitlements to the dividend, (in the case of a trust, distribution) (see item 15.2)		30 March 2001		
Brief explanation of omission of directional and percentage changes to profit in accordance with Note 1 and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				

+ See chapter 19 for defined terms.

Consolidated profit and loss account

	Current period - \$A'000	Previous corresponding period - \$A'000
1.1 Sales (or equivalent operating) revenue	4,533	6,161
1.2 Share of associates' "net profit (loss) attributable to members" (equal to item 16.7)	-	-
1.3 Other revenue	427	812
1.4 +Operating profit (loss) before abnormal items and tax	272	608
1.5 Abnormal items before tax (detail in item 2.4)	-	-
1.6 +Operating profit (loss) before tax (items 1.4 + 1.5)	272	608
1.7 Less tax	37	171
1.8 +Operating profit (loss) after tax but before outside +equity interests	235	437
1.9 Less outside +equity interests	-	-
1.10 +Operating profit (loss) after tax attributable to members	235	437
1.11 Extraordinary items after tax (detail in item 2.6)	-	-
1.12 Less outside +equity interests	-	-
1.13 Extraordinary items after tax attributable to members	-	-
1.14 Total +operating profit (loss) and extraordinary items after tax (items 1.8 + 1.11)	235	437
1.15 +Operating profit (loss) and extraordinary items after tax attributable to outside +equity interests (items 1.9 + 1.12)	-	-
1.16 +Operating profit (loss) and extraordinary items after tax attributable to members (items 1.10 + 1.13)	235	437
1.17 Retained profits (accumulated losses) at beginning of financial period	(3,125)	(4,195)
1.18 If change in accounting policy as set out in clause 11 of AASB 1018 Profit and Loss Accounts, adjustments as required by that clause (include brief description)	-	-
1.19 Aggregate of amounts transferred from reserves	-	-
1.20 Total available for appropriation (<i>carried forward</i>)	(2,890)	(3,758)

+ See chapter 19 for defined terms.

Consolidated profit and loss account continued

1.20	Total available for appropriation (<i>brought forward</i>)	(2,890)	(3,758)
1.21	Dividends provided for or paid	114	321
1.22	Aggregate of amounts transferred to reserves	-	-
1.23	Retained profits (accumulated losses) at end of financial period	(3,004)	(4,079)

Profit restated to exclude amortisation of goodwill

	Current period \$A'000	Previous corresponding period \$A'000	
1.24	+Operating profit (loss) after tax before outside equity interests (items 1.8) and amortisation of goodwill	284	485
1.25	Less (plus) outside +equity interests	-	-
1.26	+Operating profit (loss) after tax (before amortisation of goodwill) attributable to members	284	485

Intangible, abnormal and extraordinary items

	<i>Consolidated - current period</i>			
	Before tax \$A'000	Related tax \$A'000	Related outside +equity interests \$A'000	Amount (after tax) attributable to members \$A'000
2.1	Amortisation of goodwill	49	-	49
2.2	Amortisation of other intangibles	1	-	1
2.3	Total amortisation of intangibles	50	-	50
2.4	Abnormal items			
	R&D Interest	260	(88)	172
	R&D Royalty	(260)	88	(172)
2.5	Total abnormal items	-	-	-
2.6	Extraordinary items	-	-	-
2.7	Total extraordinary items	-	-	-

Comparison of half year profits

(Preliminary final report only)

	Current year - \$A'000	Previous year - \$A'000	
3.1	Consolidated +operating profit (loss) after tax attributable to members reported for the 1st half year (item 1.10 in the half yearly report)	N/A	N/A
3.2	Consolidated +operating profit (loss) after tax attributable to members for the 2nd half year	N/A	N/A

+ See chapter 19 for defined terms.

Appendix 4B (rule 4.13(a))
Half yearly report

Consolidated balance sheet (See note 5)		At end of current period \$A'000	As shown in last annual report \$A'000	As in last half yearly report \$A'000
Current assets				
4.1	Cash	1,015	2,340	2,193
4.2	Receivables	4,945	3,774	3,520
4.3	Investments	-	-	-
4.4	Inventories	2,572	2,544	3,051
4.5	Other	-	16,344	-
	- Research Syndicate restricted cash deposit			
	- Prepayments	220	363	509
4.6	Total current assets	8,752	25,365	9,273
Non-current assets				
4.7	Receivables	1,000	2,388	-
4.8	Investments in associates	-	-	-
4.9	Other investments	2	2	-
4.10	Inventories	-	-	-
4.11	Exploration and evaluation expenditure capitalised (see para .71 of AASB 1022)	-	-	-
4.12	Development properties (+mining entities)	-	-	-
4.13	Other property, plant and equipment (net)	1,799	1,829	1,909
4.14	Intangibles (net)	2,826	2,760	2,553
4.15	Other	-	-	15,604
	- Research Syndicate restricted cash deposit			
	- FITB	549	484	579
4.16	Total non-current assets	6,176	7,463	20,645
4.17	Total assets	14,928	32,828	29,918
Current liabilities				
4.18	Accounts payable	529	1,078	1,448
4.19	Borrowings	350	386	422
4.20	Provisions	335	484	498
4.21	Other	-	16,344	-
	- R&D Deferred Revenue			
	- Trust Account Liabilities	288	295	278
4.22	Total current liabilities	1,502	18,587	2,646
Non-current liabilities				
4.23	Accounts payable	-	-	-
4.24	Borrowings	5,611	5,681	5,681
4.25	Provisions	257	154	276
4.26	Other – R&D Deferred Revenue	-	-	15,604
4.27	Total non-current liabilities	5,868	5,835	21,561
4.28	Total liabilities	7,370	24,422	24,207
4.29	Net assets	7,558	8,406	5,711

+ See chapter 19 for defined terms.

Consolidated balance sheet continued

Equity				
4.30	Capital	10,562	11,530	9,790
4.31	Reserves	-	-	-
4.32	Retained profits (accumulated losses)	(3,004)	(3,124)	(4,079)
4.33	Equity attributable to members of the parent entity	7,558	8,406	5,711
4.34	Outside +equity interests in controlled entities	-	-	-
4.35	Total equity	7,558	8,406	5,711
4.36	Preference capital included as part of 4.33	-	-	-

Exploration and evaluation expenditure capitalised

To be completed only by entities with mining interests if amounts are material. Include all expenditure incurred regardless of whether written off directly against profit.

	Current period \$A'000	Previous corresponding period - \$A'000
5.1	Opening balance	N/A
5.2	Expenditure incurred during current period	
5.3	Expenditure written off during current period	
5.4	Acquisitions, disposals, revaluation increments, etc.	
5.5	Expenditure transferred to Development Properties	
5.6	Closing balance as shown in the consolidated balance sheet (item 4.11)	

Development properties

(To be completed only by entities with mining interests if amounts are material)

	Current period \$A'000	Previous corresponding period - \$A'000
6.1	Opening balance	N/A
6.2	Expenditure incurred during current period	
6.3	Expenditure transferred from exploration and evaluation	
6.4	Expenditure written off during current period	
6.5	Acquisitions, disposals, revaluation increments, etc.	
6.6	Expenditure transferred to mine properties	
6.7	Closing balance as shown in the consolidated balance sheet (item 4.12)	

+ See chapter 19 for defined terms.

Consolidated statement of cash flows

(See note 6)

	Current period \$A'000	Previous corresponding period - \$A'000
Cash flows related to operating activities		
7.1 Receipts from customers	4,669	5,495
7.2 Payments to suppliers and employees	(4,734)	(5,226)
7.3 Dividends received from associates	-	-
7.4 Other dividends received	-	-
7.5 Interest and other items of similar nature received	113	73
7.6 Interest and other costs of finance paid	(316)	-
7.7 Income taxes paid	-	-
7.8 Other (provide details if material)	-	-
7.9 Net operating cash flows	(268)	342
Cash flows related to investing activities		
7.10 Payment for purchases of property, plant and equipment	(124)	(122)
7.11 Proceeds from sale of property, plant and equipment	-	-
7.12 Payment for purchases of equity investments	-	(1)
7.13 Proceeds from sale of equity investments	-	-
7.14 Loans to other entities	(1,357)	(308)
7.15 Loans repaid by other entities	835	-
7.16 Other (provide details if material)	(87)	(12)
7.17 Net investing cash flows	(733)	(443)
Cash flows related to financing activities		
7.18 Proceeds from issues of +securities (shares, options, etc.)	-	-
7.19 Proceeds from borrowings	10	-
7.20 Repayment of borrowings	(106)	(236)
7.21 Dividends paid	(228)	(535)
7.22 Other (provide details if material)	-	(316)
7.23 Net financing cash flows	(324)	(1,087)
7.24 Net increase (decrease) in cash held	(1,325)	(1,188)
7.25 Cash at beginning of period (see Reconciliation of cash)	2,340	3,381
7.26 Exchange rate adjustments to item 7.25	-	-
7.27 Cash at end of period (see Reconciliation of cash)	1,015	2,193

+ See chapter 19 for defined terms.

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show comparative amount.

Acquisition on Hanstock Voice Systems Pty Limited – As part of the termination of the research and development syndicate on 1 September 2000, Overland Sydney Pty Limited acquired Hanstock Voice Systems Pty Limited for \$12,090,058. The funds used were on restricted deposit and not available to Overland Sydney Pty Limited for any other purpose. A full provision has been made against the investment in the accounts. No comparative.
Cancellation of 744,888 ordinary shares – As part settlement of the sale of Electrodata Pty Limited (a former subsidiary) to Syman Pty Limited, 744,888 shares were cancelled on 28 September 2000. Refer 18.4. No comparative.

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current period \$A'000	Previous corresponding period - \$A'000
8.1 Cash on hand and at bank	727	832
8.2 Deposits at call	-	-
8.3 Bank overdraft	-	-
8.4 Other (provide details)	-	1,083
- Short term deposit	288	278
- Held in Trust		
8.5 Total cash at end of period (item 7.26)	1,015	2,193

Ratios

	Current period	Previous corresponding Period
Profit before abnormals and tax / sales		
9.1 Consolidated +operating profit (loss) before abnormal items and tax (item 1.4) as a percentage of sales revenue (item 1.1)	6.0 %	9.9 %
Profit after tax / +equity interests		
9.2 Consolidated +operating profit (loss) after tax attributable to members (item 1.10) as a percentage of equity (similarly attributable) at the end of the period (item 4.33)	3.1 %	7.7 %

Earnings per security (EPS)

	Current period	Previous corresponding period
10.1 Calculation of the following in accordance with AASB 1027: <i>Earnings per Share</i>		
(a) Basic EPS	2.0 ¢	4.1 ¢
(b) Diluted EPS (if materially different from (a))	N/A	N/A
(c) Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	11,755,580	10,690,169

+ See chapter 19 for defined terms.

NTA backing <i>(see note 7)</i>	Current period	Previous corresponding period
11.1 Net tangible asset backing per +ordinary security	40.3 ¢	29.5 ¢

Details of specific receipts/outlays, revenues/ expenses

	Current period \$A'000	Previous corresponding period - \$A'000
12.1 Interest revenue included in determining item 1.4	113	73
12.2 Interest revenue included in item 12.1 but not yet received (if material)	-	-
12.3 Interest expense included in item 1.4 (include all forms of interest, lease finance charges, etc.)	316	316
12.4 Interest costs excluded from item 12.3 and capitalised in asset values (if material)	-	-
12.5 Outlays (except those arising from the +acquisition of an existing business) capitalised in intangibles (if material)	-	-
12.6 Depreciation and amortisation (excluding amortisation of intangibles)	154	154

Control gained over entities having material effect

(See note 8)

13.1 Name of entity (or group of entities)	N/A
13.2 Consolidated +operating profit (loss) and extraordinary items after tax of the entity (or group of entities) since the date in the current period on which control was +acquired	\$ -
13.3 Date from which such profit has been calculated	N/A
13.4 +Operating profit (loss) and extraordinary items after tax of the entity (or group of entities) for the whole of the previous corresponding period	\$ -

+ See chapter 19 for defined terms.

Loss of control of entities having material effect

(See note 8)

14.1	Name of entity (or group of entities)	N/A
14.2	Consolidated +operating profit (loss) and extraordinary items after tax of the entity (or group of entities) for the current period to the date of loss of control	\$ -
14.3	Date to which the profit (loss) in item 14.2 has been calculated	N/A
14.4	Consolidated +operating profit (loss) and extraordinary items after tax of the entity (or group of entities) while controlled during the whole of the previous corresponding period	\$ -
14.5	Contribution to consolidated +operating profit (loss) and extraordinary items from sale of interest leading to loss of control	\$ -

Reports for industry and geographical segments

Information on the industry and geographical segments of the entity must be reported for the current period in accordance with AASB 1005: Financial Reporting by Segments. Because of the different structures employed by entities, a pro forma is not provided. Segment information should be completed separately and attached to this report. However, the following is the presentation adopted in the Appendices to AASB 1005 and indicates which amounts should agree with items included elsewhere in this report.

Segments

Operating Revenue

Refer Appendix A

Sales to customers outside the economic entity

Inter-segment sales

Unallocated revenue

Total revenue

Segment result (including abnormal items where relevant)

Unallocated expenses

Consolidated +operating profit before tax (equal to item 1.6)

Segment assets

Unallocated assets

Total assets (equal to item 4.17)

) Comparative data for segment assets should be as at the end of the previous corresponding period.

Dividends (in the case of a trust, distributions)

15.1	Date the dividend (distribution) is payable	16 April 2001
15.2	+Record date to determine entitlements to the dividend (distribution) (ie, on the basis of registrable transfers received by 5.00 pm if +securities are not +CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if +securities are +CHESS approved)	30 March 2001
15.3	If it is a final dividend, has it been declared? (Preliminary final report only)	N/A

+ See chapter 19 for defined terms.

Amount per security

		Amount per security	Franked amount per security at 36% tax	Amount per security of foreign source dividend
15.4	<i>(Preliminary final report only)</i> Final dividend: Current year	N/A	N/A	N/A
15.5	Previous year	N/A	N/A	N/A
15.6	<i>(Half yearly and preliminary final reports)</i> Interim dividend: Current year	1 ¢	Nil	¢
15.7	Previous year	3 ¢	Nil	Nil

Total dividend (distribution) per security (interim plus final)

(Preliminary final report only)

	Current year	Previous year
15.8 +Ordinary securities	N/A	N/A
15.9 Preference +securities	N/A	N/A

Half yearly report - interim dividend (distribution) on all securities or Preliminary final report - final dividend (distribution) on all securities

	Current period \$A'000	Previous corresponding period - \$A'000
15.10 +Ordinary securities	114	321
15.11 Preference +securities	N/A	N/A
15.12 Total	114	321

The +dividend or distribution plans shown below are in operation.

No plans in operation.

The last date(s) for receipt of election notices for the +dividend or distribution plans

N/A

Any other disclosures in relation to dividends (distributions)

Nil

+ See chapter 19 for defined terms.

Details of aggregate share of profits (losses) of associates

Entity's share of associates'	Current period \$A'000	Previous corresponding period - \$A'000
16.1 Operating profit (loss) before income tax	N/A	N/A
16.2 Income tax expense		
16.3 Operating profit (loss) after income tax		
16.4 Extraordinary items net of tax		
16.5 Net profit (loss)		
16.6 Outside equity interests		
16.7 Net profit (loss) attributable to members		

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities. If the interest was acquired or disposed of during either the current or previous corresponding period, indicate date of acquisition ("from xx/xx/xx") or disposal ("to xx/xx/xx").

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to ⁺ operating profit (loss) and extraordinary items after tax (item 1.14)	
	Current period	Previous corresponding period	Current period - \$A'000	Previous corresponding period- \$A'000
17.1 Equity accounted associates				
N/A				
17.2 Total				
17.3 Other material interests				
N/A				
17.4 Total				

+ See chapter 19 for defined terms.

Appendix 4B (rule 4.13(a))
Half yearly report

Issued and quoted securities at end of current period

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

Category of +securities	Total number	Number quoted	Issue price per security (see note 15) (cents)	Amount paid up per security (see note 15) (cents)
18.1 Preference +securities <i>(description)</i>	-	-	-	-
18.2 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks, redemptions	-	-	-	-
18.3 +Ordinary securities	11,395,281	11,395,281	-	-
18.4 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks	- (744,888)	- (744,888)	- (1.30)	- (1.30)
18.5 +Convertible debt securities 1 issued for every 2 ordinary shares. Each Note convertible to 1 ordinary share or redeemable at \$1.00 face value.	5,230,934	5,230,934	100	100
18.6 Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted	- -	- -	- -	- -
18.7 Options <i>(description and conversion factor)</i> * Ex Pr @ 30.06.01 = 128 ¢ * Ex Pr @ 30.06.02 = 136 ¢	350,000	350,000	<i>Exercise price</i>	<i>Expiry date (if any)</i>
			*	30.06.02
18.8 Issued during current period	-	-	-	-
18.9 Exercised during current period	-	-	-	-
18.10 Expired during current period	-	-	-	-
18.11 Debentures <i>(totals only)</i>	-	-		
18.12 Unsecured notes <i>(totals only)</i>	-	-		

+ See chapter 19 for defined terms.

Comments by directors

Comments on the following matters are required by ASX or, in relation to the half yearly report, by AASB 1029: Half-Year Accounts and Consolidated Accounts. The comments do not take the place of the directors' report and statement (as required by the Corporations Law) and may be incorporated into the directors' report and statement. For both half yearly and preliminary final reports, if there are no comments in a section, state NIL. If there is insufficient space to comment, attach notes to this report.

Basis of accounts preparation

If this report is a half yearly report, it is a general purpose financial report prepared in accordance with the listing rules and AASB 1029: Half-Year Accounts and Consolidated Accounts. It should be read in conjunction with the last + annual report and any announcements to the market made by the entity during the period. [Delete if preliminary final statement.]

Material factors affecting the revenues and expenses of the economic entity for the current period

Refer to Director's Report

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible)

Refer to Director's Report

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

No franking credits are available to Garratt's Limited or the Garratt's Group.

Changes in accounting policies since the last annual report are disclosed as follows.

(Disclose changes in the half yearly report in accordance with paragraph 15(c) of AASB 1029: Half-Year Accounts and Consolidated Accounts. Disclose changes in the preliminary final report in accordance with AASB 1001: Accounting Policies-Disclosure.)

Nil

+ See chapter 19 for defined terms.

Additional disclosure for trusts

19.1	Number of units held by the management company or responsible entity or their related parties.	N/A
19.2	A statement of the fees and commissions payable to the management company or responsible entity. Identify: <ul style="list-style-type: none"> • initial service charges • management fees • other fees 	N/A

Annual meeting

(Preliminary final report only)

The annual meeting will be held as follows:

Place	N/A
Date	
Time	
Approximate date the +annual report will be available	

Compliance statement

1 This report has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 13).

Identify other standards used Nil

2 This report, and the +accounts upon which the report is based (if separate), use the same accounting policies.

3 This report does give a true and fair view of the matters disclosed (see note 2).

+ See chapter 19 for defined terms.

4 This report is based on +accounts to which one of the following applies.

(Tick one)

The +accounts have been audited.

The +accounts have been subject to review.

The +accounts are in the process of being audited or subject to review.

The +accounts have *not* yet been audited or reviewed.

5 The review by the auditor is attached.

6 The entity has a formally constituted audit committee.

Sign here: Date:
(Group Finance Manager)

Print name: Ian Bloodworth

Notes

- For announcement to the market** The percentage changes referred to in this section are the percentage changes calculated by comparing the current period's figures with those for the previous corresponding period. Do not show percentage changes if the change is from profit to loss or loss to profit, but still show whether the change was up or down. If changes in accounting policies or procedures have had a material effect on reported figures, do not show either directional or percentage changes in profits. Explain the reason for the omissions in the note at the end of the announcement section.
- True and fair view** If this report does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the entity must attach a note providing additional information and explanations to give a true and fair view.
- Consolidated profit and loss account**
 - Item 1.1 The definition of "operating revenue" and an explanation of "sales revenue" (or its equivalent) and "other revenue" are set out in *AASB 1004: Disclosure of Operating Revenue*.
 - Item 1.2 'Share of associates' "net profit (loss) attributable to members" would form part of "other revenue" in *AASB 1004* to the extent that a profit is to be reported. ASX has elected to require disclosure of a share of a loss in the same location for consistency of presentation.
 - Item 1.4 "+operating profit (loss) before abnormal items and tax" is calculated before dealing with outside +equity interests and extraordinary items, but after deducting interest on borrowings, depreciation and amortisation.

+ See chapter 19 for defined terms.

Appendix 4B (rule 4.13(a))
Half yearly report

- Item 1.7 This item refers to the total tax attributable to the amount shown in item 1.6. Tax includes income tax and capital gains tax (if any) but excludes taxes treated as operating expenses (eg, fringe benefits tax).
4. **Income tax** If the amount provided for income tax in this report differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the entity must explain in a note the major items responsible for the difference and their amounts.
5. **Consolidated balance sheet**
Format The format of the consolidated balance sheet should be followed as closely as possible. However, additional items may be added if greater clarity of exposition will be achieved, provided the disclosure still meets the requirements of *AASB 1029* and *AASB 1034*. Banking institutions, trusts and financial institutions identified in an ASIC Class Order dated 2 September 1997 may substitute a clear liquidity ranking for the Current/Non-Current classification.

Basis of revaluation If there has been a material revaluation of non-current assets (including investments) since the last ⁺annual report, the entity must describe the basis of revaluation adopted. The description must meet the requirements of *AASB 1010: Accounting for the Revaluation of Non-Current Assets*. If the entity has adopted a procedure of regular revaluation, the basis for which has been disclosed and has not changed, no additional disclosure is required. Trusts should also note paragraph 10 of *AASB 1029* and paragraph 11 of *AASB 1030: Application of Accounting Standards etc*.
6. **Statement of cash flows** For definitions of “cash” and other terms used in this report see *AASB 1026: Statement of Cash Flows*. Entities should follow the form as closely as possible, but variations are permitted if the directors (in the case of a trust, the management company) believe that this presentation is inappropriate. However, the presentation adopted must meet the requirements of *AASB 1026*. ⁺Mining exploration entities may use the form of cash flow statement in Appendix 5B.
7. **Net tangible asset backing** Net tangible assets are determined by deducting from total tangible assets all claims on those assets ranking ahead of the ⁺ordinary securities (ie, all liabilities, preference shares, outside ⁺equity interests etc). ⁺Mining entities are *not* required to state a net tangible asset backing per ⁺ordinary security.
8. **Gain and loss of control over entities** The gain or loss must be disclosed if it has a material effect on the ⁺accounts. Details must include the contribution for each gain or loss that increased or decreased the entity’s consolidated profit (loss) from ordinary activities and extraordinary items after tax by more than 5% compared to the previous corresponding period.
9. **Rounding of figures** This report anticipates that the information required is given to the nearest \$1,000. However, an entity may report exact figures, if the \$A’000 headings are amended. If an entity qualifies under ASIC Class Order 98/0100 dated 10 July 1998, it may report to the nearest million dollars, or to the nearest \$100,000, if the \$A’000 headings are amended.

+ See chapter 19 for defined terms.

Appendix 4B (rule 4.13(a))
Half yearly report

10. **Comparative figures** Comparative figures are the unadjusted figures from the previous corresponding period. However, if there is a lack of comparability, a note explaining the position should be attached.
11. **Comparative figures when equity accounted information first included in the accounts** There will be a lack of comparability in the figures for the previous corresponding period when equity accounted information is first included if this information has a material effect on the consolidated accounts. If it does have a material effect, attach a note providing a better comparison by restating “Operating profit (loss) after tax attributable to members” (item 1.10) and “Investments in associates” (item 4.8) for the previous corresponding period to incorporate equity accounted information. In addition, as required by Note 1, no directional or percentage changes in profit are to be reported in the “For announcement to the market” section. Where the disclosures were not previously required in Appendix 4B, no comparatives need be shown.
12. **Additional information** An entity may disclose additional information about any matter, and must do so if the information is material to an understanding of the reports. The information may be an expansion of the material contained in this report, or contained in a note attached to the report. The requirement under the listing rules for an entity to complete this report does not prevent the entity issuing reports more frequently. Additional material lodged with the +ASIC under the Corporations Law must also be given to ASX. For example, a directors’ report and statement, if lodged with the +ASIC, must be given to ASX.
13. **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if one) must be complied with.
14. **Corporations Law financial statements** As at 1/7/96, this report may be able to be used by an entity required to comply with the Corporations Law as part of its half-year financial statements if prepared in accordance with Australian Accounting Standards.
15. **Issued and quoted securities** The issue price and amount paid up is not required in items 18.1 and 18.3 for fully paid securities.

+ See chapter 19 for defined terms.

GARRATT'S LIMITED AND ITS CONTROLLED ENTITIES

APPENDIX A

SEGMENT REPORT

	INVESTMENT BANKING		TELE- COMMUNICATIONS		FASTENERS		EDUCATION		MULTIMEDIA		ELIMINATIONS		CONSOLIDATED	
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sales to outside customers	-	-	-	1,255	3,688	3,879	845	1,027	-	-	-	-	4,533	6,161
Other revenue	291	53	-	-	16	7	42	13	78	-	-	-	427	73
Inter-segment revenue	402	257	-	-	-	-	-	-	-	-	(402)	(257)	-	-
Research & Development														
Syndication interest revenue	-	-	-	739	-	-	-	-	-	-	-	-	-	739
Total revenue	693	310	-	1,994	3,704	3,886	887	1,040	78	-	(402)	(257)	4,960	6,973
Segment operating profit/(loss)	(358)	(88)	-	69	438	681	232	282	48	-	253	5	613	949
Unallocated expenses													(341)	(341)
Operating profit before income tax													272	608
Segment assets	2,009	2,743	-	2,335	7,871	7,460	2,257	1,776	2,791	-	-	-	14,928	14,314
R & D Syndication assets	-	-	-	15,604	-	-	-	-	-	-	-	-	-	15,604
Total assets	2,009	2,743	-	17,939	7,871	7,460	2,257	1,776	2,791	-	-	-	14,928	29,918

The companies in the consolidated entity operate predominantly in Australia

DIRECTORS' DECLARATION

In the opinion of the directors of Garratt's Limited:

1. the financial statements in the form of Appendix 4B of the Australian Stock Exchange Listing Rules, consisting of the profit and loss statements, balance sheet, statement of cash flows and accompanying notes, are in accordance with the Corporations Law, including:
 - (a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2000 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - (b) complying with Accounting Standard AASB 1029 "Half-Year Accounts and Consolidated Accounts" and the Corporations Regulations; and
2. 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.

Peter Burrows
Director

Christopher Campbell
Director

Sydney
1 March 2001

■

LORD & BROWN
Chartered Accountants



GARRATT'S LIMITED AND CONTROLLED ENTITIES
A.C.N 000 003 725

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

Scope

We have reviewed the financial report of Garratt's Limited and Controlled Entities for the half-year ended 31 December 2000 as set out in the Australian Stock Exchange Limited's Appendix 4B. The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year. The company's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029: Half-year Accounts and Consolidated Accounts and other mandatory professional reporting requirements and statutory requirements, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Stock Exchange Limited.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Garratt's Limited is not in accordance with:

- (a) The Corporations Law, including:
 - (i) giving a true and fair view of the consolidated entity's financial position at 31 December 2000 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029: Half-year Accounts and Consolidated Accounts and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.

LORD & BROWN

**MICHAEL TRAYNOR
PARTNER**

Signed at Sydney this day of 2001