

# GARRATT'S LIMITED

ACN 000 003 725

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Australian Stock Exchange  
Level 4  
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Sydney NSW 2000

10 March 2003

Via ASX Online

## ANNOUNCEMENT

### **RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2002**

Garratt's today released its report for the six months ended 31 December 2002.

The consolidated profit before tax for the six month period was \$200,000 (2001: \$237,000).  
The consolidated profit after tax for the six month period was \$121,000 (2001: \$139,000).

Net asset backing per share at 31 December 2002 was 64.3 cents (2001: 66.9 cents).

Petah Fitzsimmons  
Company Secretary

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**GARRATT'S LIMITED**  
**ACN 000 003 725**

**DIRECTORS' REPORT**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2002**

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 six months ended 31 December 2002 and the auditors' review report thereon.

**PRINCIPAL ACTIVITIES**

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

**CONSOLIDATED RESULT**

The consolidated profit before tax for the half-year was \$200,000 (2001: \$237,000). The consolidated profit after tax for the half-year was \$121,000 (2001: \$139,000).

The consolidated net asset backing per share at balance date was 64.3 cents (2001: 66.9 cents per share).

The consolidated net tangible asset backing per share at balance date was 37.0 cents (2001: 44.1 cents per share).

**REVIEW AND RESULTS OF OPERATIONS**

**Education**

During the period under review, the Education Group expanded by the acquisition of the business and assets of Excelsior College Pty Limited and Australian College of Technology Pty Limited (Administrators Appointed) in August 2002.

The Education Group now offers a wide range of courses under the 'Academies Australasia' banner – English Language Studies, Senior High School, and Vocational courses (in subjects such as Information Technology, Accounting, Business Management, Travel & Tourism and Marketing) ranging from Certificate to Advanced Diploma and Graduate Certificate levels.

The Academies Australasia Group of Colleges is made up of: Academy of English, Academy of Social Sciences, Australian College of Technology, Australian International High School, Clarendon Business College and Supreme Business College.

In December 2002 the Company announced the appointment of Dr. David Wheeler to the position of Academic Principal of the Education Group, with effect from January 2003. Dr. Wheeler was Assistant Professor of Physics and Head of the Department of Physics at Mahanakorn University of Technology, Bangkok, Thailand.

The Education Group's contribution to profitability was substantially higher than that for the same period last year.

## **Fasteners**

Notwithstanding higher sales (6%), our fastening business' contribution to profitability was down 20% on that for the previous corresponding period – essentially the result of lower margins.

The acquisition of new plant has opened new markets.

## **Recovery of US Dollar Debt**

Mr. T. Thangathurai passed away in December 2002. The Company will continue to pursue recovery of the US dollar debt in respect of the sale of the Company's interest in IC & Count Technologies Limited against the estate of Mr. Thangathurai.

## **Dividend**

No dividend has been declared for the six months ended 31 December 2002.

## **Convertible Notes**

On 26 October 2001 the Company announced that it was commencing an on market buy-back of its Convertible Notes. By 31 December 2002, 732,060 Notes were bought back and cancelled - reducing the principal monies outstanding to \$4,498,874 (ie. 4,498,874 Convertible Notes @ \$1.00 each).

At the date of this report the number of Convertible Notes bought back and cancelled is 749,842 - representing 14.3% of the total Notes issued in 1999 - and the principal monies outstanding is \$4,481,092.

Noteholders received the eighth interest payment of 6 cents in December 2002. The next payment, also for 6 cents per Convertible Note, is due in June 2003.

## **Options**

In December 2002, the Company agreed to offer Dr. Wheeler options to acquire 225,000 new fully paid ordinary shares in Garratt's on the following basis:

<u>No. Shares</u>	<u>Price / Share</u>	<u>Option Expiry Date</u>
75,000	50 cents	30 June 2003
75,000	75 cents	31 December 2003
<u>75,000</u>	\$1.00	30 June 2004
225,000		

At the date of this report, Dr. Wheeler had not exercised any of his options.

## **Share Issues**

The issued capital of the Company was increased by 500,000 shares – from 11,395,281 shares to 11,895,281 shares – in August 2002. The shares were issued at 50 cents each as part payment for the acquisition of the business and assets of Excelsior College Pty Limited and will be held in voluntary escrow until August 2003.

Shareholders at the 2002 Annual General Meeting subsequently approved this issue of 500,000 shares. That approval “refreshed” the Board's discretion to issue new shares under Australian Stock Exchange Listing Rule 7.1.

## STATE OF AFFAIRS

The only significant changes in the state of affairs of the consolidated entity during the half-year under review were the purchases of the business and assets of Excelsior College Pty Limited and Australian College of Technology Pty Limited (Administrators Appointed). (*Please refer to "Education".*)

## 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

No matter or circumstance 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.

## DIRECTORS

The Directors of the Company in office during or since the end of the half-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 September 1996. Also an Executive Director of the Academies Australasia Group of Colleges and 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 reporting period are:

<u>Director</u>	<u>Directors' Meetings</u>		<u>Audit Committee</u>		<u>Remuneration Committee</u>	
	<u>A</u>	<u>B</u>	<u>A</u>	<u>B</u>	<u>A</u>	<u>B</u>
	Mr. N. Cleary	3	3	1	1	1
Mr. C. Campbell	3	3	1	1	1	1
Mr. C.M. Heng	3	3	1	1	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 Act, at the date of this report, is as follows:

<u>Director</u>	<u>Relevant Interest - Direct</u>		<u>Relevant Interest – Indirect</u>	
	<u>Ordinary Shares</u>	<u>Convertible Notes</u>	<u>Ordinary Shares</u>	<u>Convertible Notes</u>
Mr. N. Cleary	30,000	-	50,000	-
Mr. C. Campbell	4,000	-	1,096,000	332,000
Mr. C.M. Heng	1,162,760	20,000	209,364	581,380
Ms. P. Fitzsimmons <sup>a</sup>	3,000	12,000	-	3,750

<sup>a</sup> Alternate director

## **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.

Neville Cleary  
Director

Christopher Campbell  
Director

Sydney  
10 March 2003

# Appendix 4B

## Half yearly report

Introduced 30/6/2002.

Name of entity

GARRATT'S LIMITED

ABN or equivalent company reference

000 003 725

Half yearly (tick)

Preliminary final (tick)

Half year ended ('current period')

31 December 2002

### For announcement to the market

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

\$A'000

Revenues from ordinary activities (item 1.1)	up	17.0%	to	5,942
Profit (loss) from ordinary activities after tax attributable to members (item 1.22)	down	13.0%	to	121
Profit (loss) from extraordinary items after tax attributable to members (item 2.5(d))	gain (loss) of			Nil
Net profit (loss) for the period attributable to members (item 1.11)	down	13.0%	to	121
<b>Dividends (distributions)</b>		Amount per security		Franked amount per security
Final dividend (Preliminary final report only - item 15.4) Interim dividend (Half yearly report only - item 15.6)		Nil		Nil
Previous corresponding period (Preliminary final report - item 15.5; half yearly report - item 15.7)		Nil		Nil
<sup>+</sup> Record date for determining entitlements to the dividend, (in the case of a trust, distribution) (see item 15.2)		N/A		
Brief explanation of any of the figures reported above (see Note 1) and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				

**This half yearly report it is to be read in conjunction with the most recent annual financial report.**

+ See chapter 19 for defined terms.

### Condensed consolidated statement of financial performance

	Current period - \$A'000	Previous corresponding period - \$A'000
1.1 Revenues from ordinary activities ( <i>see items 1.23 -1.25</i> )	5,942	5,081
1.2 Expenses from ordinary activities ( <i>see items 1.26 &amp; 1.27</i> )	5,417	4,498
1.3 Borrowing costs	325	346
1.4 Share of net profits (losses) of associates and joint venture entities ( <i>see item 16.7</i> )	-	-
<b>1.5 Profit (loss) from ordinary activities before tax</b>	<b>200</b>	<b>237</b>
1.6 Income tax on ordinary activities ( <i>see note 4</i> )	79	98
<b>1.7 Profit (loss) from ordinary activities after tax</b>	<b>121</b>	<b>139</b>
1.8 Profit (loss) from extraordinary items after tax ( <i>see item 2.5</i> )	-	-
<b>1.9 Net profit (loss)</b>	<b>121</b>	<b>139</b>
1.10 Net profit (loss) attributable to outside <sup>+</sup> equity interests	-	-
<b>1.11 Net profit (loss) for the period attributable to members</b>	<b>121</b>	<b>139</b>
<b>Non-owner transaction changes in equity</b>		
1.12 Increase (decrease) in revaluation reserves	-	-
1.13 Net exchange differences recognised in equity	-	-
1.14 Other revenue, expense and initial adjustments recognised directly in equity (attach details)	-	-
1.15 Initial adjustments from UIG transitional provisions	-	-
1.16 Total transactions and adjustments recognised directly in equity (items 1.12 to 1.15)	-	-
<b>1.17 Total changes in equity not resulting from transactions with owners as owners</b>	<b>-</b>	<b>-</b>

<b>Earnings per security (EPS)</b>	Current period	Previous corresponding period
1.18 Basic EPS	1.0 cents	1.2 cents
1.19 Diluted EPS	-	-

+ See chapter 19 for defined terms.

**Notes to the condensed consolidated statement of financial performance**

**Profit (loss) from ordinary activities attributable to members**

	Current period - \$A'000	Previous corresponding period - \$A'000
1.20 Profit (loss) from ordinary activities after tax ( <i>item 1.7</i> )	121	139
1.21 Less (plus) outside <sup>+</sup> equity interests	-	-
<b>1.22 Profit (loss) from ordinary activities after tax, attributable to members</b>	<b>121</b>	<b>139</b>

**Revenue and expenses from ordinary activities**

(*see note 15*)

	Current period - \$A'000	Previous corresponding period - \$A'000
1.23 Revenue from sales or services		
- Sales	4,493	4,242
- Services	1,313	663
1.24 Interest revenue	135	131
1.25 Other relevant revenue		
- Proceeds from sale of non-current assets	-	12
- Other	1	33
1.26 Details of relevant expenses		
- Amortisation of intangibles	85	71
- Costs of sales	2,590	2,116
- Costs of services	353	189
- Employee benefits expense	1,114	1,034
- Insurance	98	100
- Lease rental expense – operating leases	427	271
- Loss on disposal of non-current	36	14
- Non-executive directors fees	28	28
1.27 Depreciation and amortisation excluding amortisation of intangibles ( <i>see item 2.3</i> )	169	162
<b>Capitalised outlays</b>		
1.28 Interest costs capitalised in asset values	-	-
1.29 Outlays capitalised in intangibles (unless arising from an <sup>+</sup> acquisition of a business)	-	-

+ See chapter 19 for defined terms.

### Consolidated retained profits

	Current period - \$A'000	Previous corresponding period - \$A'000
1.30 Retained profits (accumulated losses) at the beginning of the financial period	(3,286)	(3,075)
1.31 Net profit (loss) attributable to members ( <i>item 1.11</i> )	121	139
1.32 Net transfers from (to) reserves ( <i>details if material</i> )	-	-
1.33 Net effect of changes in accounting policies	-	-
1.34 Dividends and other equity distributions paid or payable	-	-
<b>1.35 Retained profits (accumulated losses) at end of financial period</b>	<b>(3,165)</b>	<b>(2,936)</b>

### Intangible 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
	(a)	(b)	(c)	(d)
2.1 Amortisation of goodwill	84	-	-	84
2.2 Amortisation of other intangibles	1	-	-	1
<b>2.3 Total amortisation of intangibles</b>	<b>85</b>	<b>-</b>	<b>-</b>	<b>85</b>
2.4 Extraordinary items (details)	-	-	-	-
<b>2.5 Total extraordinary items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Comparison of half year profits

*(Preliminary final report only)*

	Current year - \$A'000	Previous year - \$A'000
3.1 Consolidated profit (loss) from ordinary activities after tax attributable to members reported for the <i>1st</i> half year (item 1.22 in the half yearly report)	N/A	N/A
3.2 Consolidated profit (loss) from ordinary activities after tax attributable to members for the <i>2nd</i> half year		

+ See chapter 19 for defined terms.

<b>Condensed consolidated statement of financial position</b>		At end of current period \$A'000	As shown in last annual report \$A'000	As in last half yearly report \$A'000
<b>Current assets</b>				
4.1	Cash	109	1,651	513
4.2	Receivables	5,797	5,333	6,753
4.3	Investments	-	-	-
4.4	Inventories	3,231	3,051	3,155
4.5	Tax assets	-	-	-
4.6	Other (provide details if material)			
	- Deferred expenses	275	135	57
	- Prepayments	190	140	134
	- Other	26	28	30
<b>4.7</b>	<b>Total current assets</b>	<b>9,628</b>	<b>10,338</b>	<b>10,642</b>
<b>Non-current assets</b>				
4.8	Receivables	-	-	-
4.9	Investments (equity accounted)	-	-	-
4.10	Other investments	2	2	2
4.11	Inventories	-	-	-
4.12	Exploration and evaluation expenditure capitalised ( <i>see para .71 of AASB 1022</i> )	-	-	-
4.13	Development properties (+mining entities)	-	-	-
4.14	Other property, plant and equipment (net)	1,880	1,785	1,717
4.15	Intangibles (net)	3,242	2,548	2,605
4.16	Tax assets	334	422	357
4.17	Other (provide details if material)	-	-	-
<b>4.18</b>	<b>Total non-current assets</b>	<b>5,458</b>	<b>4,757</b>	<b>4,681</b>
<b>4.19</b>	<b>Total assets</b>	<b>15,086</b>	<b>15,095</b>	<b>15,323</b>
<b>Current liabilities</b>				
4.20	Payables	1,677	1,686	1,538
4.21	Interest bearing liabilities	738	487	550
4.22	Tax liabilities	-	-	-
4.23	Provisions exc. tax liabilities	97	116	90
4.24	Other (provide details if material)	-	-	-
<b>4.25</b>	<b>Total current liabilities</b>	<b>2,512</b>	<b>2,289</b>	<b>2,178</b>

+ See chapter 19 for defined terms.

<b>Condensed consolidated statement of financial position (continued)</b>		At end of current period \$A'000	As shown in last annual report \$A'000	As in last half yearly report \$A'000
<b>Non-current liabilities</b>				
4.26	Payables	-	-	-
4.27	Interest bearing liabilities	4,652	5,244	5,174
4.28	Tax liabilities	250	258	318
4.29	Provisions exc. tax liabilities	25	28	27
4.30	Other (provide details if material)	-	-	-
<b>4.31</b>	<b>Total non-current liabilities</b>	<b>4,927</b>	<b>5,530</b>	<b>5,519</b>
<b>4.32</b>	<b>Total liabilities</b>	<b>7,439</b>	<b>7,819</b>	<b>7,697</b>
<b>4.33</b>	<b>Net assets</b>	<b>7,647</b>	<b>7,276</b>	<b>7,626</b>
<b>Equity</b>				
4.34	Capital/contributed equity	10,812	10,562	10,562
4.35	Reserves	-	-	-
4.36	Retained profits (accumulated losses)	(3,165)	(3,286)	(2,936)
<b>4.37</b>	<b>Equity attributable to members of the parent entity</b>	<b>7,647</b>	<b>7,276</b>	<b>7,626</b>
4.38	Outside <sup>+</sup> equity interests in controlled entities	-	-	-
<b>4.39</b>	<b>Total equity</b>	<b>7,647</b>	<b>7,276</b>	<b>7,626</b>
4.40	Preference capital included as part of 4.37	-	-	-

## Notes to the condensed consolidated statement of financial position

### Exploration and evaluation expenditure capitalised

(To be completed only by entities with mining interests if amounts are material. Include all expenditure incurred.)

	Current period \$A'000	Previous corresponding period - \$A'000
5.1	N/A	N/A
5.2		
5.3		
5.4		
5.5		
<b>5.6</b>		
<b>Closing balance as shown in the consolidated balance sheet (item 4.12)</b>		

+ See chapter 19 for defined terms.

## 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	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		
<b>6.7 Closing balance as shown in the consolidated balance sheet (item 4.13)</b>		

## Condensed consolidated statement of cash flows

	Current period \$A'000	Previous corresponding period - \$A'000
<b>Cash flows related to operating activities</b>		
7.1 Receipts from customers	5,182	4,381
7.2 Payments to suppliers and employees	(5,595)	(4,168)
7.3 Dividends received from associates	-	-
7.4 Other dividends received	-	-
7.5 Interest and other items of similar nature received	7	10
7.6 Interest and other costs of finance paid	(605)	(12)
7.7 Income taxes paid	-	(3)
7.8 Other (provide details if material)	-	-
<b>7.9 Net operating cash flows</b>	<b>(1,011)</b>	<b>208</b>
<b>Cash flows related to investing activities</b>		
7.10 Payment for purchases of property, plant and equipment	(68)	(202)
7.11 Proceeds from sale of property, plant and equipment	-	12
7.12 Payment for purchases of equity investments	-	-
7.13 Proceeds from sale of equity investments	-	-
7.14 Loans to other entities	-	-
7.15 Loans repaid by other entities	-	-
7.16 Other (provide details if material)		
- Payment for business, assets and goodwill	(140)	(39)
- Other	(5)	-
<b>7.17 Net investing cash flows</b>	<b>(213)</b>	<b>(229)</b>

+ See chapter 19 for defined terms.

<b>Condensed consolidated statement of cash flows (continued)</b>		Current period \$A'000	Previous corresponding period - \$A'000
<b>Cash flows related to financing activities</b>			
7.18	Proceeds from issues of <sup>+</sup> securities (shares, options, etc.)	-	-
7.19	Proceeds from borrowings	250	550
7.20	Repayment of borrowings	(568)	(450)
7.21	Dividends paid	-	-
7.22	Other (provide details if material)	-	(52)
<b>7.23</b>	<b>Net financing cash flows</b>	<b>(318)</b>	<b>48</b>
7.24	<b>Net increase (decrease) in cash held</b>	<b>(1,542)</b>	<b>27</b>
7.25	Cash at beginning of period <i>(see Reconciliation of cash)</i>	1,651	486
7.26	Exchange rate adjustments to item 7.25.	-	-
<b>7.27</b>	<b>Cash at end of period</b> <i>(see Reconciliation of cash)</i>	<b>109</b>	<b>513</b>

### 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.)*

Investing – Issue of 500,000 shares as part consideration for acquisition of business.
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### 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	109	513
8.2	Deposits at call	-	-
8.3	Bank overdraft	-	-
8.4	Other (provide details)	-	-
<b>8.5</b>	<b>Total cash at end of period (item 7.27)</b>	<b>109</b>	<b>513</b>

+ See chapter 19 for defined terms.

## Other notes to the condensed financial statements

<b>Ratios</b>		Current period	Previous corresponding period
9.1	<b>Profit before tax / revenue</b> Consolidated profit (loss) from ordinary activities before tax ( <i>item 1.5</i> ) as a percentage of revenue ( <i>item 1.1</i> )	3.4%	4.7%
9.2	<b>Profit after tax / +equity interests</b> Consolidated net profit (loss) from ordinary activities after tax attributable to members ( <i>item 1.11</i> ) as a percentage of equity (similarly attributable) at the end of the period ( <i>item 4.37</i> )	1.6%	1.8%

## Earnings per security (EPS)

10. Details of basic and diluted EPS reported separately in accordance with paragraph 9 and 18 of *AASB 1027: Earnings Per Share* are as follows.

Profit after tax (refer item 1.7)  
Weighted average number of shares.  
500,000 shares were issued on 15 August 2002 (refer item 18.4).  
Shares on issue at the end of the period (refer item 18.3).

<b>NTA backing</b> (see note 7)		Current period	Previous corresponding period
11.1	Net tangible asset backing per +ordinary security	37.0 cents	44.1 cents

## Discontinuing Operations

(Entities must report a description of any significant activities or events relating to discontinuing operations in accordance with paragraph 7.5 (g) of *AASB 1029: Interim Financial Reporting*, or, the details of discontinuing operations they have disclosed in their accounts in accordance with *AASB 1042: Discontinuing Operations* (see note 17).)

- 12.1 Discontinuing Operations

N/A

## Control gained over entities having material effect

13.1	Name of entity (or group of entities)	N/A
13.2	Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was +acquired	\$

+ See chapter 19 for defined terms.

13.3 Date from which such profit has been calculated	
13.4 Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	\$

**Loss of control of entities having material effect**

14.1 Name of entity (or group of entities)	N/A
14.2 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled 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	
14.4 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period	\$
14.5 Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	\$

**Dividends (in the case of a trust, distributions)**

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

**Amount per security**

		Amount per security	Franked amount per security at % tax (see note 4)	Amount per security of foreign source dividend
<b>15.4</b>	<i>(Preliminary final report only)</i> <b>Final dividend:</b> Current year	N/A	N/A	N/A
	Previous year	N/A	N/A	N/A
<b>15.6</b>	<i>(Half yearly and preliminary final reports)</i> <b>Interim dividend:</b> Current year	Nil	Nil	Nil
	Previous year	Nil	Nil	Nil

+ See chapter 19 for defined terms.

**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 <i>(each class separately)</i>	-	-
15.11 Preference +securities <i>(each class separately)</i>	-	-
15.12 Other equity instruments <i>(each class separately)</i>	-	-
<b>15.13 Total</b>	-	-

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

No plans in operation
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The last date(s) for receipt of election notices for the +dividend or distribution plans

N/A
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Any other disclosures in relation to dividends (distributions). *(For half yearly reports, provide details in accordance with paragraph 7.5(d) of AASB 1029 Interim Financial Reporting)*

Nil
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**Details of aggregate share of profits (losses) of associates and joint venture entities**

Group's share of associates' and joint venture entities':	Current period \$A'000	Previous corresponding period - \$A'000
16.1 Profit (loss) from ordinary activities before tax	N/A	N/A
16.2 Income tax on ordinary activities		
<b>16.3 Profit (loss) from ordinary activities after tax</b>		
16.4 Extraordinary items net of tax		

+ See chapter 19 for defined terms.

<b>16.5 Net profit (loss)</b>		
16.6 Adjustments		
<b>16.7 Share of net profit (loss) of associates and joint venture entities</b>		

### 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 dd/mm/yy") or disposal ("to dd/mm/yy").)*

<i>Name of entity</i>	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss) ( <i>item 1.9</i> )	
	Current period	Previous corresponding period	Current period \$A'000	Previous corresponding period - \$A'000
<b>17.1 Equity accounted associates and joint venture entities</b>				
N/A				
<b>17.2 Total</b>				
17.3 Other material interests				
N/A				
<b>17.4 Total</b>				

### Issued and quoted securities at end of current period

*(Description must include rate of interest and any redemption or conversion rights together with prices and dates)*

Category of <sup>+</sup> securities	Total number	Number quoted	Issue price per security (see note 14) (cents)	Amount paid up per security (see note 14) (cents)
<b>18.1 Preference <sup>+</sup>securities</b> <i>(description)</i>	Nil			
18.2 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks, redemptions	N/A			

<sup>+</sup> See chapter 19 for defined terms.

	Total number	Number quoted	Issue price per security (see note 14) (cents)	Amount paid up per security (see note 14) (cents)
<b>18.3 +Ordinary securities</b>	11,895,281	11,895,281		
18.4 Changes during current period				
(a) Increases through issues	500,000	500,000	50 cents	50 cents
(b) Decreases through returns of capital, buybacks	-	-		
<b>18.5 +Convertible debt securities</b> <i>(description and conversion factor)</i> (1 Issued for every 2 ordinary shares. Each note convertible to 1 ordinary share or redeemable at \$1.00 face value)	4,498,874	4,498,874	100 cents	100 cents
18.6 Changes during current period				
(a) Increases through issues	-	-		
(b) Decreases through securities matured, converted, or bought back.	572,782	572,782	100 cents	100 cents
<b>18.7 Options</b> <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date (if any)</i>
(Issued to Dr. David Wheeler for ordinary shares in the Company at exercise prices/expiry dates as shown)	75,000	Nil	50 cents	30.06.03
	75,000		75 cents	31.12.03
	<u>75,000</u>		100 cents	30.06.04
	225,000			
18.8 Issued during current period				
	75,000	Nil	50 cents	30.06.03
	75,000		75 cents	31.12.03
	<u>75,000</u>		100 cents	30.06.04
	225,000			
18.9 Exercised during current period	Nil	Nil		
18.10 Expired during current period	Nil	Nil		
<b>18.11 Debentures</b> <i>(description)</i>	Nil			
18.12 Changes during current period				
(a) Increases through issues				
(b) Decreases through securities matured, converted	N/A			
<b>18.13 Unsecured notes</b> <i>(description)</i>	Nil			
18.14 Changes during current period				
(a) Increases through issues				
(b) Decreases through securities matured, converted	N/A			

+ See chapter 19 for defined terms.

### Segment reporting

(Information on the business and geographical segments of the entity must be reported for the current period in accordance with *AASB 1005: Segment Reporting* and for half year reports, *AASB 1029: Interim Financial Reporting*. Because entities employ different structures a pro forma cannot be provided. Segment information in the layout employed in the entity's <sup>+</sup>accounts should be reported separately and attached to this report.)

Refer Appendix A

### Comments by directors

(Comments on the following matters are required by ASX or, in relation to the half yearly report, by *AASB 1029: Interim Financial Reporting*. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) 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 financial report preparation

19.1 *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: Interim Financial Reporting. It should be read in conjunction with the last <sup>+</sup>annual report and any announcements to the market made by the entity during the period. The financial statements in this report are "condensed financial statements" as defined in AASB 1029: Interim Financial Reporting. This report does not include all the notes of the type normally included in an annual financial report. [Delete if preliminary final report.]*

19.2 Material factors affecting the revenues and expenses of the economic entity for the current period. In a half yearly report, provide explanatory comments about any seasonal or irregular factors affecting operations.

Refer Directors' Report

19.3 A description of each event since the end of the current period which has had a material effect and which is not already reported elsewhere in this Appendix or in attachments, with financial effect quantified (if possible).

Nil

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

Franking credits available to Garratt's Limited: \$25,000.  
Any dividend paid would therefore only be franked to a small extent.

19.5 Unless disclosed below, the accounting policies, estimation methods and measurement bases used in this report are the same as those used in the last annual report. Any changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows. (Disclose changes and differences in the half yearly report in accordance with *AASB 1029: Interim Financial Reporting*. Disclose changes

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<sup>+</sup> See chapter 19 for defined terms.

in accounting policies in the preliminary final report in accordance with *AASB 1001: Accounting Policies-Disclosure*).

Nil

19.6 Revisions in estimates of amounts reported in previous interim periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous +annual reports if those revisions have a material effect in this half year.

Nil

19.7 Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last + annual report.

Nil

### Additional disclosure for trusts

20.1 Number of units held by the management company or responsible entity or their related parties.

N/A

20.2 A statement of the fees and commissions payable to the management company or responsible entity.

Identify:

- initial service charges
- management fees
- other fees

### 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

+ See chapter 19 for defined terms.

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## Compliance statement

- 1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX (see note 12).

Identify other standards used

Nil
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- 2 This report, and the <sup>+</sup>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).

- 4 This report is based on <sup>+</sup>accounts to which one of the following applies.

*(Tick one)*

The <sup>+</sup>accounts have been audited.

The <sup>+</sup>accounts have been subject to review.

The <sup>+</sup>accounts are in the process of being audited or subject to review.

The <sup>+</sup>accounts have *not* yet been audited or reviewed.

- 5 The audit review by the auditor is attached to this report. *(Half yearly report only - the audit report or review by the auditor must be attached to this report if this report is to satisfy the requirements of the Corporations Act.)*

- 6 The entity has a formally constituted audit committee.

Sign here: ..... Date: 10/03/03  
(Group Finance Manager)

Print name: Ian Bloodworth

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## Notes

1. **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. Entities are encouraged to attach notes or fuller explanations of any significant changes to any of the items in page 1. The area at the end of the announcement section can be used to provide a cross reference to any such attachment.

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+ See chapter 19 for defined terms.

2. **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.

3. **Condensed consolidated statement of financial performance**

Item 1.1 The definition of “revenue” and an explanation of “ordinary activities” are set out in *AASB 1004: Revenue*, and *AASB 1018: Statement of Financial Performance*.

Item 1.6 This item refers to the total tax attributable to the amount shown in item 1.5. Tax includes income tax and capital gains tax (if any) but excludes taxes treated as expenses from ordinary activities (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. The rate of tax applicable to the franking amount per dividend should be inserted in the heading for the column “Franked amount per security at % tax” for items 15.4 to 15.7.

5. **Condensed consolidated statement of financial position**

**Format** The format of the consolidated statement of financial position 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: Interim Financial Reporting*, and *AASB 1040: Statement of Financial Position*. Also, banking institutions, trusts and financial institutions 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 <sup>+</sup>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.

6. **Condensed consolidated 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*. <sup>+</sup>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 <sup>+</sup>ordinary securities (ie, all liabilities, preference shares, outside <sup>+</sup>equity interests etc). <sup>+</sup>Mining entities are *not* required to state a net tangible asset backing per <sup>+</sup>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 <sup>+</sup>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.

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<sup>+</sup> See chapter 19 for defined terms.

9. **Rounding of figures** This report anticipates that the information required is given to the nearest \$1,000. If an entity reports exact figures, the \$A'000 headings must be 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, and the \$A'000 headings must be amended.
10. **Comparative figures** Comparative figures are to be presented in accordance with *AASB 1018* or *AASB 1029 Interim Financial Reporting* as appropriate and are the unadjusted figures from the latest annual or half year report as appropriate. However, if an adjustment has been made in accordance with an accounting standard or other reason or if there is a lack of comparability, a note explaining the position should be attached. For the statement of financial performance, *AASB 1029 Interim Financial Reporting* requires information on a year to date basis in addition to the current interim period. Normally an Appendix 4B to which *AASB 1029 Interim Financial Reporting* applies would be for the half year and consequently the information in the current period is also the year to date. If an Appendix 4B Half yearly version is produced for an additional interim period (eg because of a change of reporting period), the entity must provide the year to date information and comparatives required by *AASB 1029 Interim Financial Reporting*. This should be in the form of a multi-column version of the consolidated statement of financial performance as an attachment to the additional Appendix 4B.
11. **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 <sup>+</sup>ASIC under the Corporations Act must also be given to ASX. For example, a director's report and declaration, if lodged with the <sup>+</sup>ASIC, must be given to ASX.
12. **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 exists) must be complied with.
13. **Corporations Act financial statements** This report may be able to be used by an entity required to comply with the Corporations Act as part of its half-year financial statements if prepared in accordance with Australian Accounting Standards.
14. **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.
15. **Details of expenses** *AASB 1018* requires disclosure of expenses from ordinary activities according to either their nature or function. For foreign entities, there are similar requirements in other accounting standards accepted by ASX. *AASB ED 105* clarifies that the disclosures required by *AASB 1018* must be either *all* according to nature or *all* according to function. Entities must disclose details of expenses using the layout (by nature or function) employed in their <sup>+</sup>accounts.

The information in lines 1.23 to 1.27 may be provided in an attachment to Appendix 4B.

**Relevant Items** *AASB 1018* requires the separate disclosure of specific revenues and expenses which are not extraordinary but which are of a size, nature or incidence that disclosure is *relevant* in explaining the financial performance of the reporting entity. The term

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<sup>+</sup> See chapter 19 for defined terms.

“relevance” is defined in *AASB 1018*. There is an equivalent requirement in *AASB 1029: Interim Financial Reporting*. For foreign entities, there are similar requirements in other accounting standards accepted by ASX.

**16 Dollars** If reporting is not in A\$, all references to \$A must be changed to the reporting currency. If reporting is not in thousands of dollars, all references to “000” must be changed to the reporting value.

**17. Discontinuing operations**

Half yearly report

All entities must provide the information required in paragraph 12 for half years beginning on or after 1 July 2001.

Preliminary final report

Entities must either provide a description of any significant activities or events relating to discontinuing operations equivalent to that required by paragraph 7.5 (g) of *AASB 1029: Interim Financial Reporting*, or, the details of discontinuing operations they are required to disclose in their <sup>+</sup>accounts in accordance with *AASB 1042 Discontinuing Operations*.

In any case the information may be provided as an attachment to this Appendix 4B.

**18. Format**

This form is a Word document but an entity can re-format the document into Excel or similar applications for submission to the Companies Announcements Office in ASX.

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<sup>+</sup> See chapter 19 for defined terms.

**GARRATT'S LIMITED  
AND CONTROLLED ENTITIES**

**APPENDIX A - SEGMENT REPORT**

	FASTENERS		EDUCATION		MULTIMEDIA		ELIMINATIONS		CONSOLIDATED	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
<b>Business Segments</b>										
Sales to outside customers	4,493	4,242	1,313	662	-	-	-	-	5,806	4,904
Other revenue	4	17	1	30	128	121	-	-	133	168
	<b>4,497</b>	4,259	<b>1,314</b>	692	<b>128</b>	121	-	-	<b>5,939</b>	5,072
Unallocated revenue									<b>3</b>	<b>9</b>
<b>Total revenue</b>									<b>5,942</b>	<b>5,081</b>
Segment operating profit/(loss)	590	734	220	91	92	116	(15)	(15)	887	926
Unallocated expenses									(687)	(689)
<b>Operating profit before income tax</b>									<b>200</b>	<b>237</b>
<b>Segment assets</b>	<b>8,356</b>	8,388	<b>2,725</b>	1,758	<b>3,522</b>	3,301	-	-	<b>14,603</b>	13,447
Unallocated									<b>483</b>	1,876
Total assets									<b>15,086</b>	15,323
<b>Segment liabilities</b>	<b>986</b>	938	<b>627</b>	221	<b>136</b>	3	-	-	<b>1,749</b>	1,162
Unallocated									<b>5,690</b>	6,535
Total liabilities									<b>7,439</b>	7,697
<b>Acquisition of non-current segment assets</b>	<b>88</b>	164	<b>1,011</b>	16	-	-	-	-	<b>1,099</b>	180
<b>Depreciation and amortisation of segment assets</b>	<b>166</b>	156	<b>79</b>	69	-	-	-	-	<b>245</b>	225
<b>Other non-cash segment expenses</b>	-	14	-	-	-	-	-	-	-	14

**Geographical Segments**

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

## **DIRECTORS' DECLARATION**

The directors of Garratt's Limited declare that the financial statements in the form of Appendix 4B of the Australian Stock Exchange Listing Rules, consisting of the statement of financial performance, statement of financial position, statement of cash flows and accompanying notes, are in accordance with the Corporations Act, including:

- (a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2002 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.

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  
10 March 2003

## **Independent review report to the members of Garratt's Limited**

### **Scope**

We have reviewed the financial report of Garratt's Limited for the half-year ended 31 December 2002 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: Interim Financial Reporting 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 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 provided is less than that 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 company's financial position at 31 December 2002 and of its performance for the half-year ended on that date; and
  - ii. complying with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations; and
- b. other mandatory professional reporting requirements.

**Calabro Partners**

**Michael Traynor**  
**Partner**

Signed at Sydney this 10th day of March 2003