

GARRATT'S LIMITED

ACN 000 003 725

**ANNUAL REPORT
2001**

CHAIRMAN'S REPORT

I was pleased to accept the invitation to join the Board of Garratt's Limited in April this year, and, on the retirement of Peter Burrows, to be elected Chairman of the Company.

On behalf of the Board of Directors, staff and shareholders, I take this opportunity of thanking Peter for his valuable contribution to the Company during his association with Garratt's.

The year in review, Garratt's 93rd, was difficult and demanding on the management of the Company. Trading conditions were unfavourable for our subsidiary, Premier Fasteners Pty Limited, due to a slow down in demand from its principal customers who were feeling the effects of the global and domestic down turn. The slow down also occurred during a period when the Company's overheads increased significantly due to investments in new premises and planning for executive succession. Consequently, the profit contribution from Premier was much lower than the previous year. Directors are confident, however, that the contribution from the fastening business will recover.

It was pleasing to note a higher contribution from the educational business which continues to provide sound opportunities for expansion.

The decision to dispose of the Group's interest in the Agent 13 point-of-purchase interactive multimedia technology was prudent and timely due to the subsequent decline in the fortunes of the technology sector. As announced to the Australian Stock Exchange in June 2001, action is currently being taken in the Supreme Court of New South Wales to recover US\$1.6 million from Mr. Thanga Thangathurai following his failure to pay this amount to Garratt's in March this year in accordance with his contractual obligations.

The profit after tax for the year of \$163,557, compared with the profit for the year ended 30 June 2000 of \$1,619,426, was most disappointing. However, it needs to be borne in mind that the June 2000 profit incorporated a profit from the sale of Electrodata Pty Limited of \$1,336,924. The profit for the June 2001 year was struck after the payment of \$627,712 in interest on the Company's convertible notes.

Although the Company paid an interim dividend of one cent per share in April 2001, Directors have decided not to declare any further dividend for the year.

The Company's share price continues to disappoint. Unfortunately, Garratt's suffers the same problem as most small and medium sized listed companies. Namely, the complete lack of institutional support for entities outside the top 100 or so companies. In fact, during times of market uncertainty, the market tends to concentrate its investments into the top 10 or 20 companies. This lack of support means that companies like Garratt's need to rely on the loyalty of its retail investor base to underpin its share price – a difficult and uncertain situation.

As Chairman, I intend to dedicate the efforts of the Board of Directors during the current year to firstly, continuing to improve the performance and returns from our existing business base, and secondly, to developing strategies to expand the scope of the Company within the constraints of a modest capital base and low share price. While the achievement of growth may seem a daunting task for these reasons, I am confident that the foresight and entrepreneurial skills of the management team will be equal to the challenge.

In conclusion, I would like to thank the management team for their efforts during a trying year. In particular, I would like to extend the Board's thanks to Mr. Fred Pobje, Director & Chief Executive Officer of Premier Fasteners Pty Limited, who retires from his position in October 2001, for his contribution to the Company during his term of office.

The valuable support of the Company's loyal shareholders is greatly appreciated.

Neville Cleary
Chairman
12 September 2001

GROUP MANAGING DIRECTOR'S REVIEW

It was a challenging and difficult year.

We accepted an offer to acquire our interest in IC & Count Technologies Limited notwithstanding the substantial resources that we had committed to the Agent 13 point-of-purchase interactive multimedia technology exercise since 1999, and the potential upside. This decision was taken because markets in the USA and Australia had changed dramatically since 1999, especially for technology stocks.

Regretfully, we had to commence proceedings in the Supreme Court of New South Wales to seek payment from Mr. Thanga Thangathurai, the party whose offer to acquire our interest we accepted. The matter is now before the Court. We are confident that our claim will be successful.

It was disappointing that the contribution from our fastening business dropped substantially, by about half a million dollars, compared to the previous year. Market conditions continue to be difficult.

The Education Group, although having lower sales than in the previous year, made a better contribution this year. I am confident about the potential for this business. There seem to be some flaws in the recently announced changes to the regulations in regard to overseas students who are our target market. These are expected to be resolved over the next few months and the Academies Australasia Group should be well placed to expand.

In the context of the present low interest rate regime the rate we pay on our Convertible Notes is high and the interest to be provided for each month is relatively large. The consolation is that most of the Note holders are also shareholders.

On a brighter note, we have weathered a difficult period, have no debt (other than the Convertible Notes) and have about \$4 million due to us from the sale of our interest in IC & Count Technologies Limited and the sale of Electrodata Pty Limited.

Barring unforeseen circumstances we should continue to operate profitably.

I would like to thank my fellow directors and colleagues, especially those who have taken on additional responsibilities during the year, for their support.

Christopher Campbell
Group Managing Director
12 September 2001

93rd ANNUAL REPORT OF THE DIRECTORS

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 financial year ended 30 June 2001 and the auditors' report thereon.

PRINCIPAL ACTIVITIES

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

CONSOLIDATED RESULT

The consolidated profit before income tax for the year was \$340,789, equal to 3 cents per share (2000: \$1,725,967; 15.6 cents). The result is after payment of \$627,712 as interest on the 5,230,934 Convertible Notes on issue (2000: \$627,712).

The consolidated profit after tax was \$163,557 (2000: \$1,619,426), equal to 1.4 cents per share (2000: 14.7 cents per share). The tax charge for the year was \$177,232 whereas for the previous year it was \$106,541.

The consolidated net tangible asset backing per share at balance date was 42.2 cents (2000: 46.5 cents).

REVIEW AND RESULTS OF OPERATIONS

Investment Banking

While continuing to seek other 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 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, as well as the lower sales, 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 increased its contribution this year, notwithstanding a lower turnover.

We continued to look for opportunities to expand in the Australian international education sector and took steps to build up Academies Australasia Pty Limited for further growth. Both colleges, Clarendon Business College Pty Limited and Supreme Business College Pty Limited, operated profitably.

Multimedia

After careful consideration of market conditions in the USA and Australia, the Company withdrew from the investment in IC & Count Technologies Limited ("ICCT") - the company which owns the world-wide rights to, and assets of, the point-of-purchase interactive multimedia technology called Agent 13. The investment was in the form of a loan to ICCT and was via Multimedia Investments Pty Limited, a wholly-owned subsidiary of the Company.

The Company accepted an offer to purchase its interest in ICCT from Mr. Thanga Thangathurai ("Mr. Thangathurai") who is the principal shareholder of ICCT. Following the Company's acceptance of his offer, in January 2001, Mr. Thangathurai immediately assumed all the Company's funding and other obligations to ICCT.

Under the terms of the sale Mr. Thangathurai was required to pay the Company, by 31 March 2001, approximately US\$1.6 million and transfer to the Company shares in ICCT representing 2.5% of the issued capital of ICCT. On 29 March 2001 Mr. Thangathurai requested an extension for settlement. The Company did not agree to the request.

In June 2001 the Company commenced proceedings in the Supreme Court of New South Wales against Mr. Thangathurai seeking payment of the debt, with interest, and transfer of the shares in ICCT. The matter is now before the Court.

Dividends

An interim dividend of one cent per share (unfranked) was paid in April 2001. No further dividend is recommended.

Convertible Notes

Noteholders received the fifth interest payment of 12% per annum of the face value of each convertible note (6 cents), paid half-yearly in arrears, in June 2001. The next payment (also 6 cents) is due in December 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 was \$1.28 at 30 June 2001 and is \$1.36 at 30 June 2002. The options expire on 30 June 2002.

Shares

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.

STATE OF AFFAIRS

The only significant change in the state of affairs of the consolidated entity that occurred during the reporting period was the sale of the Company's interest in ICCT. (See "Multimedia")

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 financial 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.

On 3 July 2001 the Company announced the extension of Mr. Christopher Campbell's contract, as Group Managing Director, to 30 June 2004.

On 24 July 2001 the Australian Securities & Investments Commission consented to the resignation of Lord & Brown as auditor. Calabro Partners were appointed auditor with effect from that date. Mr. Michael Traynor (FCA), who was the audit partner of Lord & Brown responsible for the audit, is now a partner of Calabro Partners and continues that responsibility.

Computershare Investor Services Pty Limited ("Computershare") acquired BT Registries Pty Limited (previously named National Registry Services Pty Limited) on 31 August 2001. Computershare are now the Company's share registrars.

DIRECTORS

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

Mr. Neville Thomas Cleary - Chairman (Non-Executive). Fellow of the Finance and Treasury Association Limited and a Fellow of the Australian Institute of Banking and Finance. Retired as a senior banker in 1992 after 43 years with the Commonwealth Bank of Australia. Non-Executive Director of Ipoh Limited (since 1995) 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, an international bank and 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.

Mr. Chiang Meng Heng - Director (Non-Executive). Executive Director and Group Chief Financial Officer of Lim Kah Ngam Limited, a hotel, construction, PC manufacturing and infocommunications group listed on the Singapore Exchange. Also on the Board of four 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 included 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.

Ms. Petah Anne Fitzsimmons - Alternate Director for Mr. Neville Cleary & Group Company Secretary. Joined Garratt's in 1996. Previously held an Investment Adviser's Licence (Proper Authority) through one of the largest financial planning groups in Australia. Prior positions include International Distribution Manager for Electrodata Pty Limited and Marketing Administrator for a solicitors' firm in London. Also an Executive Director of the Academies Australasia Group (including Clarendon Business College Pty Limited and Supreme Business College Pty Limited), Multimedia Investments Pty Limited, Sandomir Pty Limited, Overland Sydney Pty Limited and Electrodata (Sales) Pty Limited.

Mr. Peter Irving Burrows - Retired on 30 April 2001, after having joined the Board as a Non-Executive Director in September 1996 and then being appointed Chairman in October 1996. He was also Chairman of the Audit and Remuneration Committees.

DIRECTORS' MEETINGS

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

Director	Directors' Meetings		Audit Committee		Remuneration Committee	
	A	B	A	B	A	B
	Mr. N. Cleary	3	3	-	-	-
Mr. C. Campbell	10	10	3	3	1	1
Mr. C. M. Heng	10	10 ^a	3	3 ^a	2	2
Mr. P. Burrows ^c	8	8 ^b	3	3	2	2

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

B - Number of meetings attended

^a Ms. P. Fitzsimmons attended one meeting at which Mr. Heng was absent, as his alternate director.

^b Ms. P. Fitzsimmons attended one meeting at which Mr. Burrows was absent, as his alternate director.

^c No longer a 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:

Director	Relevant Interest (Shares)	Relevant Interest (Convertible Notes)	Relevant Interest (Options)
Mr. N. Cleary	30,000 (0.26%)	-	-
Mr. C. Campbell	710,000 (6.23%)	332,000 (6.35%)	350,000
Mr. C. M. Heng	1,247,124 (10.94%)	601,380 (11.50%)	-
Ms. P. Fitzsimmons ^a	3,000 (0.03%)	15,750 (0.30%)	-

^a Alternate director

DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

Directors	Base Emolument	Bonus/ Allowance/ Commission	Super Contribution	Non-Cash Benefit	Options	Total
Mr. N. Cleary	5,834	-	467	-	-	6,301
Mr. C. Campbell	235,000	-	18,800	-	\$0 ^a	253,800
Mr. C.M. Heng	20,000	-	1,600	-	-	21,600
Mr. P. Burrows ^b	29,166	-	2,333	-	-	31,499
Ms. P. Fitzsimmons ^c	56,000	8,370	5,150	-	-	69,520

^a Exercise price is \$1.36 at 30 June 2002. Were issued at premium to market price. Not listed and have vesting restrictions.

^b No longer a director .

^c Alternate director.

	<u>Base Emolument</u>	<u>Bonus/ Allowance/ Commission</u>	<u>Super Contribution</u>	<u>Non-Cash Benefit</u>	<u>Options</u>	<u>Total</u>
Five Highest Paid Officers (Consolidated Entity)						
Mr. F. Pobje	200,000	-	16,000	8,841	-	224,841
Mr. I. Mikkelsen	120,000	-	-	-	-	120,000
Mr. I. Bloodworth	87,963	-	7,037	-	-	95,000
Ms. S. Crisp	52,000	14,500	4,788	10,550	-	81,838
Ms. F. Arnaud ^a	44,746	10,000	3,077	-	-	57,823

^a No longer an officer.

INDEMNIFICATION AND INSURANCE OF OFFICERS

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

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

CORPORATE GOVERNANCE STATEMENT

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

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

Audit Committee

The role of the Audit Committee is documented in a Charter which is approved by the Board of Directors. The role of the Committee is to advise on the establishment and maintenance of a framework of internal controls and appropriate ethical standards for the management of the consolidated entity. It also gives the Board of Directors additional assurance regarding the quality and reliability of financial information prepared for use by the Board in determining policies or for inclusion in the financial report. The members of the Audit Committee during the year were the Chairman, the Group Managing Director and a Non-Executive Director.

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

Remuneration Committee

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

qualified and experienced directors and senior executives. All the members of the Board constitute the Remuneration Committee.

Independent Professional Advice

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

Internal Control Framework

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

Ethical Standards

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

Shareholder Communication & Participation

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

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

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

Neville Cleary
Director

Christopher Campbell
Director

Sydney
12 September 2001

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

As at 30 June 2001

	Note	ECONOMIC ENTITY		PARENT ENTITY	
		2001 \$	2000 \$	2001 \$	2000 \$
Revenues from ordinary activities	2	12,282,975	14,898,267	2,511,177	4,063,280
Depreciation and amortisation expense		(429,527)	(409,119)	(5,831)	-
Borrowing costs expense	3	(698,694)	(691,175)	(692,613)	(691,059)
Other expenses from ordinary activities		(10,813,965)	(12,072,006)	(1,004,385)	(1,724,529)
Profit from ordinary activities before income tax expense		340,789	1,725,967	808,348	1,647,692
Income tax expense relating to ordinary activities	4	177,232	106,541	113,072	(6,338)
Profit from ordinary activities after related income tax expense	32	163,557	1,619,426	695,276	1,654,030
Basic earnings per share (dollars)	8	0.014	0.147		

The accompanying notes form part of these financial statements.

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

As at 30 June 2001

	Note	ECONOMIC ENTITY		PARENT ENTITY	
		2001 \$	2000 \$	2001 \$	2000 \$
Current Assets					
Cash assets	10	486,369	2,340,288	46,454	534,086
Receivables	11	5,146,265	3,774,464	161,251	2,060,633
Inventories	12	2,923,166	2,543,714	-	-
Research syndicate restricted cash deposit	27	-	16,343,750	-	-
Other	13	165,839	363,107	32,629	10,069
Total Current Assets		8,721,639	25,365,323	240,334	2,604,788
Non-Current Assets					
Receivables	11	1,000,000	2,387,963	13,726,060	12,236,909
Other financial assets	14	1,712	1,712	6	200,006
Plant and equipment	15	1,703,985	1,829,223	15,814	-
Tax assets	4	446,891	483,836	30,270	30,780
Intangible assets	16	2,676,132	2,759,544	124,950	174,848
Total Non-Current Assets		5,828,720	7,462,278	13,897,100	12,642,543
Total Assets		14,550,359	32,827,601	14,137,434	15,247,331
Current Liabilities					
Payables	17	1,344,270	1,759,026	598,764	766,024
Current tax liabilities	18	-	39,096	-	-
Provisions	19	151,412	444,751	88,113	306,275
Research syndicate provisions	27	-	16,343,750	-	-
Total Current Liabilities		1,495,682	18,586,623	686,877	1,072,299
Non-Current Liabilities					
Payables	17	-	450,000	-	450,000
Interest-bearing liabilities	31	5,230,934	5,230,934	5,230,934	5,230,934
Deferred tax liabilities	18	310,781	131,398	115,301	2,739
Provisions	19	25,964	22,892	-	-
Total Non-Current Liabilities		5,567,679	5,835,224	5,346,235	5,683,673
Total Liabilities		7,063,361	24,421,847	6,033,112	6,755,972
Net Assets		7,486,998	8,405,754	8,104,322	8,491,359
Equity					
Contributed equity	20	10,561,895	11,530,249	10,561,895	11,530,249
Accumulated Losses	32	(3,074,897)	(3,124,495)	(2,457,573)	(3,038,890)
Total Equity		7,486,998	8,405,754	8,104,322	8,491,359

The accompanying notes form part of these financial statements.

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

For the year ended 30 June 2001

	Note	ECONOMIC ENTITY		PARENT ENTITY	
		2001 \$	2000 \$	2001 \$	2000 \$
Cash Flows from Operating Activities					
Cash receipts in the course of operations		8,448,134	11,225,398	828,088	518,701
Cash payments in the course of operations		(8,422,086)	(10,437,803)	(797,373)	(561,150)
Dividends received		-	-	-	780,000
Interest received		515,595	131,828	8,420	58,807
Interest paid		(950,936)	(626,832)	(944,855)	(403,707)
Net cash provided by/(used in) operating activities	30a	(409,293)	292,591	(905,720)	392,651
Cash Flows from Investing Activities					
Payment for plant & equipment		(185,506)	(220,392)	(21,645)	-
Loans to controlled entities – repaid/(advanced)		-	-	230,755	(1,318,536)
Loans advanced to other entities		(1,266,667)	(1,577,803)	-	(905,197)
Loans to other entities - repaid		936,843	-	936,843	-
Payments for controlled entities	30c	-	(2)	-	(2)
Payments for businesses, assets and goodwill		(201,431)	-	-	-
Other		-	(63,182)	-	-
Net cash provided by/(used in) investing activities		(716,761)	(1,861,379)	1,145,953	(2,223,735)
Cash Flows from Financing Activities					
Dividends paid		(341,865)	(855,214)	(341,865)	(855,213)
Repayment of borrowings		(386,000)	(272,000)	(386,000)	(630,496)
Proceeds from issue of shares	20	-	1,740,000	-	1,740,000
Net cash provided by/(used in) financing activities		(727,865)	612,786	(727,865)	254,291
Net increase/(decrease) in cash held		(1,853,919)	(956,002)	(487,632)	(1,576,793)
Cash at the beginning of the financial year		2,340,288	3,380,717	534,086	2,110,879
Cash balances in controlled entity disposed	30d	-	(84,427)	-	-
Cash at the end of the financial year	10	486,369	2,340,288	46,454	534,086

The accompanying notes form part of these financial statements.

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

For the year ended 30 June 2001

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with applicable Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Law. The financial report has been prepared on the basis of historical costs and, except where stated, does not take into account changing money values or current valuations of non-current assets. These accounting policies have been consistently applied by each entity in the consolidated entity and, except where there is a change in accounting policy, are consistent with those of the previous year.

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

a. Principles of consolidation

The consolidated financial statements of the consolidated entity include the financial statements of the Company, being the parent entity, and its controlled entities ("the consolidated entity"). The balances, and effects of transactions, between controlled entities have been eliminated. Where controlled entities have entered or left the consolidated entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

b. Revenue recognition – Note 2

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

Interest income: Interest income is recognised as it accrues.

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

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

c. Taxation – Note 4

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

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

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

For the year ended 30 June 2001

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Foreign currency

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currency at balance date are translated at the rates of exchange ruling on that date. Exchange differences relating to amounts payable and receivable in foreign currency are brought to account as exchange gains or losses in the profit and loss statement in the financial year in which the exchange rates change.

e. Receivables – Note 11

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

f. Financial assets – Note 14

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

g. Inventories – Note 12

Inventories are carried at the lower of cost and net realisable value. Cost is based on the first-in, first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition. The cost of manufactured products include direct materials, direct labour and an appropriate portion of variable and fixed overheads. Fixed costs have been allocated on the basis of normal operating capacity.

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

h. Plant and equipment – Note 15

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

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

- Plant & Equipment	10 – 33.3%
- Leasehold improvements	12.5 – 33.3%

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

For the year ended 30 June 2001

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Intangible assets – Note 16

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

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

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

j. Non current assets

The carrying amounts of non-current assets are reviewed to determine whether they are in excess of their recoverable amounts at the balance date. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower amount. In assessing recoverable amounts of non-current assets, the relevant cash flows have not been discounted to their present value.

k. Employee entitlements – Note 19

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

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

l. Payables – Note 17

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

m. Convertible notes – Note 31

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

**GARRATT'S LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2001**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

between the net proceeds received and the value of the debt is assigned to the component of the option to convert the liability into equity and is classified as equity.

n. Borrowing costs

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

o. Comparatives

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

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

For the year ended 30 June 2001

	Note	ECONOMIC ENTITY		PARENT ENTITY	
		2001 \$	2000 \$	2001 \$	2000 \$
2. REVENUE					
Operating activities					
- Sales of goods		6,947,595	9,021,374	-	-
- Services revenue	2a	1,724,059	2,241,245	774,300	518,700
- Dividends received	2b	-	-	-	150,000
- Interest received	2c	515,595	1,610,648	1,425,278	1,394,580
		9,187,249	12,873,267	2,199,578	2,063,280
Non-operating activities					
- Proceeds on disposal of controlled entity		-	2,000,000	-	2,000,000
- Proceeds on disposal of investment		2,755,419	-	-	-
- Other		340,307	25,000	311,599	-
		3,095,726	2,025,000	311,599	2,000,000
Total Revenue		12,282,975	14,898,267	2,511,177	4,063,280
a. Services revenue					
- Wholly-owned controlled entities		-	-	774,300	518,700
- Other persons		1,724,059	2,241,245	-	-
		1,724,059	2,241,245	774,300	518,700
b. Dividends received					
- Wholly-owned controlled entities		-	-	-	150,000
c. Interest revenue					
- Wholly-owned controlled entities		-	-	1,416,858	1,335,773
- Other persons		255,523	131,828	8,420	58,807
- Other persons – research & development syndication	27	260,072	1,478,820	-	-
		515,595	1,610,648	1,425,278	1,394,580

**3. PROFIT FROM ORDINARY
ACTIVITIES**

Profit from ordinary activities before tax has been determined after

a. Expenses:

Cost of sales	3,724,091	4,398,918	-	-
Borrowing costs – other parties	698,694	691,175	692,613	691,059
Depreciation of plant and equipment	292,659	297,880	3,072	-
Amortisation of leasehold improvements	18,085	10,543	2,759	-
Amortisation of goodwill	117,283	99,192	-	-
Amortisation of business names	1,500	1,504	-	-
Bad and doubtful debts	-	38,011	53,168	(4,485)
Lease rental expense – operating leases	533,988	399,948	23,782	-

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

For the year ended 30 June 2001

	Note	ECONOMIC ENTITY		PARENT ENTITY	
		2001 \$	2000 \$	2001 \$	2000 \$
3. PROFIT FROM ORDINARY ACTIVITIES (continued)					
b. Revenue and Net Gains:					
Net foreign exchange gains		256,589	48,037	257,971	35,088
c. Significant Revenues and Expenses					
The following significant revenue and expense items are relevant in explaining the financial performance:					
- Consideration on disposal of investment		2,755,419	-	-	-
Less: Costs of disposal		(17,366)	-	-	-
Carrying amount of net assets sold		(2,621,866)	-	-	-
Net gain on disposal of investment		116,187	-	-	-
- Consideration on disposal of controlled entity		-	2,000,000	-	2,000,000
Less: Costs of disposal		-	(14,830)	-	(14,830)
Carrying amount of net assets sold		-	(648,246)	-	(1,070,568)
Net gain on disposal of investment in controlled entity		-	1,336,924	-	914,602
Research and development syndication	27				
Interest income		260,072	1,478,820	-	-
Royalty & put option provision		(260,072)	(1,478,820)	-	-
		-	-	-	-

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

For the year ended 30 June 2001

	ECONOMIC ENTITY		PARENT ENTITY	
	2001	2000	2001	2000
	\$	\$	\$	\$
4. INCOME TAX EXPENSE				
a. The prima facie tax on profit from ordinary activities before tax is reconciled to the income tax as follows:				
Prima facie tax payable on profit from ordinary activities before tax at 34% (2000:36%)	115,868	621,348	274,838	593,169
Add:				
Goodwill written off/amortised	40,386	36,251	-	-
Provision for loss on loans to wholly owned controlled entities	-	-	18,077	-
Provision for loss on investment in wholly owned controlled entities	-	-	68,000	-
Under provision for tax prior year	14,100	-	8,969	-
Current year tax losses not available to carry forward	-	53,722	-	-
Restatement of deferred tax balances due to change in company tax rate	18,147	20,795	-	1,649
Other items	20,060	34,101	556	1,882
	208,561	766,217	370,440	596,700
Less:				
Non-assessable profit on disposal of controlled entity	-	(271,044)	-	(119,008)
Provision for loss on loans to wholly owned controlled entities reversed	-	-	-	(1,615)
Rebatable dividend income	-	-	-	(54,000)
Tax Benefit of losses transferred from controlled entities	-	-	(246,031)	(368,750)
Tax benefit due to recoupment of tax losses of previous years not previously brought to account	(31,329)	(388,632)	-	(59,665)
Restatement of deferred tax balances due to change in company tax rate	-	-	(11,337)	-
Income tax expense/(benefit) attributable to profit/(loss) from ordinary items.	177,232	106,541	113,072	(6,338)
b. Future income tax benefit not brought to account. The potential future income tax benefit arising from tax losses that have not been recognised as an asset because recovery is not assured beyond any reasonable doubt are:				
Capital losses	1,382,175	1,779,292	-	-

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

- (i) the relevant entities derive future assessable income of a nature and an amount sufficient to enable the benefit to be realised, or the benefit can be utilised by another entity in the economic entity in accordance with Division 17D of the Income Tax Assessment Act 1997;
- (ii) the relevant entities comply with the conditions for deductibility imposed by the law; and
- (iii) no changes in tax legislation adversely affect the entities in realising the benefit.

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

For the year ended 30 June 2001

ECONOMIC ENTITY		PARENT ENTITY	
2001	2000	2001	2000
\$	\$	\$	\$

5. REMUNERATION AND RETIREMENT BENEFITS

a. Directors

The names of each person holding the position of director of Garratt's Limited during the financial year were Mr. P. Burrows (resigned 30 April 2001), Mr. C. Campbell, Mr. N. Cleary (appointed 30 April 2001), Mr. C.M. Heng and Ms. P. Fitzsimmons (Alternate from 25 July 2000 to 30 April 2001 and from 27 May 2001).

b. Directors' Remuneration

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

		Number	Number
\$	0 - 9,999	1	1
\$	20,000 - 29,999	1	-
\$	30,000 - 39,999	1 ^a	1
\$	60,000 - 69,999	1	-
\$	110,000 - 119,999	-	1 ^a
\$	250,000 - 259,999	1	1

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

<u>744,277</u>	<u>900,693</u>	<u>382,720</u>	<u>408,207</u>
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^a No longer a director

c. Executives' Remuneration

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

	Number	Number	Number	Number
\$	120,000 - 129,999	1	-	-
\$	220,000 - 229,999	1	1	-
\$	250,000 - 259,999	1	1	1

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

<u>598,641</u>	<u>477,865</u>	<u>253,800</u>	<u>251,450</u>
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6. AUDITORS' REMUNERATION

Remuneration of the auditor of the parent entity for:

- Auditing or reviewing the financial report	46,880	49,956	28,880	34,803
- Other services	37,538	-	32,938	-

Remuneration of other auditors of subsidiaries for:

- Auditing or reviewing the financial report of subsidiaries	-	30,520	-	-
- Other services	-	22,397	-	8,874

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

For the year ended 30 June 2001

	ECONOMIC ENTITY		PARENT ENTITY	
	2001 \$	2000 \$	2001 \$	2000 \$
7. DIVIDENDS				
Interim unfranked ordinary dividend of 1 cent per share, paid on 18 April 2001.	113,959	-	113,959	-
Interim dividend of 3 cents per share, unfranked, paid on 14 April 2000.	-	320,705	-	320,705
Final dividend of 2 cents per share, unfranked, paid on 15 November 2000	-	227,906	-	227,906
	113,959	548,611	113,959	548,611
Balance of franking account at year end	-	-	-	-

8. EARNINGS PER SHARE

Basic earnings per share (dollars per share)	0.014	0.147
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Weighted average number of ordinary shares used in calculation of basic earnings per share	11,577,410	11,031,813
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Diluted earnings per share are not materially different from basic earnings per share.

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

For the year ended 30 June 2001

	INVESTMENT BANKING		TELE- COMMUNICATIONS		FASTENERS		EDUCATION		MULTIMEDIA		ELIMINATIONS		CONSOLIDATED	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
9. SEGMENT REPORT														
Sales to outside customers	-	-	-	1,947,278	6,947,595	7,427,044	1,724,059	1,888,297	-	-	-	-	8,671,654	11,262,619
Other revenue	320,019	2,058,807	-	-	24,326	16,243	53,991	50,298	2,952,913	31,480	-	-	3,351,249	2,156,828
Inter-segment revenue	774,300	518,700	-	-	-	-	-	-	-	-	(774,300)	(518,700)	-	-
Research & Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Syndication Interest	-	-	260,072	1,478,820	-	-	-	-	-	-	-	-	260,072	1,478,820
Total revenue	1,094,319	2,577,507	260,072	3,426,098	6,971,921	7,443,287	1,778,050	1,938,595	2,952,913	31,480	(774,300)	(518,700)	12,282,975	14,898,267
Segment operating profit/(loss)	(690,197)	696,568	-	77,562	693,659	1,180,822	511,732	395,081	280,246	11,443	237,962	-	1,033,402	2,361,476
Unallocated expenses	-	-	-	-	-	-	-	-	-	-	-	-	(692,613)	(635,509)
Operating profit before income tax													340,789	1,725,967
Segment assets	1,246,161	3,665,416	91,560	357,985	8,060,995	7,844,368	2,023,079	3,167,077	3,128,564	1,449,005	-	-	14,550,359	16,483,851
R & D Syndication assets	-	-	-	16,343,750	-	-	-	-	-	-	-	-	-	16,343,750
Total assets	1,246,161	3,665,416	91,560	16,701,735	8,060,995	7,844,368	2,023,079	3,167,077	3,128,564	1,449,005	-	-	14,550,359	32,827,601

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

<u>Industry Segment</u>	<u>Products/services</u>
Investment banking	Capital market activities
Telecommunications	Voice logging technology
Fasteners	Manufacture and import fasteners
Education	Training and education services
Multimedia	Point of purchase technology (Interest from loan/sale of investment)

The companies in the consolidated entity operate predominantly in Australia.

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

For the year ended 30 June 2001

	ECONOMIC ENTITY		PARENT ENTITY	
	2001	2000	2001	2000
	\$	\$	\$	\$
10. CASH				
Cash at bank	486,369	2,340,288	46,454	534,086
11. RECEIVABLES				
CURRENT				
Trade debtors	2,002,996	1,878,318	-	-
Less: Provision for doubtful debts	(16,687)	(40,307)	-	-
	1,986,309	1,838,011	-	-
Other Debtors	22,922	6,256	11,251	5,436
Government grants receivable	10,000	25,000	-	-
Amounts receivable from:				
- Wholly owned subsidiaries	-	-	150,000	150,000
- Other entities	3,127,034	1,905,197	-	1,905,197
	5,146,265	3,774,464	161,251	2,060,633
NON-CURRENT				
Amounts receivable from:				
- Wholly owned subsidiaries	-	-	18,837,571	17,295,251
- Provision for doubtful debts wholly owned subsidiaries	-	-	(6,111,511)	(6,058,342)
	-	-	12,726,060	11,236,909
- Other entities	1,000,000	2,387,963	1,000,000	1,000,000
	1,000,000	2,387,963	13,726,060	12,236,909
12. INVENTORIES				
CURRENT				
Raw materials and stores at cost	479,128	618,507	-	-
Work in progress at cost	25,070	21,247	-	-
Finished goods at cost	2,418,968	1,903,960	-	-
	2,923,166	2,543,714	-	-
13. OTHER ASSETS				
CURRENT				
Deferred Expenses	11,182	-	-	-
Prepayments	122,227	326,567	32,629	10,069
Security Deposits	32,430	36,540	-	-
	165,839	363,107	32,629	10,069
14. OTHER FINANCIAL ASSETS				
NON-CURRENT				
Unlisted investments at cost				
- Shares in controlled entities	-	-	200,006	200,006
Less: Provision for write-down to recoverable amount	-	-	(200,000)	-
	-	-	6	200,006
- Shares in other corporations	1,712	1,712	-	-
	1,712	1,712	6	200,006

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

For the year ended 30 June 2001

	ECONOMIC ENTITY		PARENT ENTITY	
	2001	2000	2001	2000
	\$	\$	\$	\$
15. PLANT AND EQUIPMENT				
Plant and equipment at cost	2,359,552	2,200,013	13,180	-
Accumulated depreciation	(698,220)	(405,561)	(3,072)	-
	1,661,332	1,794,452	10,108	-
Leasehold improvements at cost	60,757	34,790	8,465	-
Accumulated amortisation	(18,104)	(19)	(2,759)	-
	42,653	34,771	5,706	-
Total plant & equipment	1,703,985	1,829,223	15,814	-

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

	Plant and equipment \$	Leasehold improve- ments \$	Total \$
Economic entity:			
Balance at the beginning of the year	1,794,452	34,771	1,829,223
Additions	159,539	25,967	185,506
Disposals	-	-	-
Depreciation expense	(292,659)	(18,085)	(310,744)
Carrying amount at the end of the year	1,661,332	42,653	1,703,985
Parent entity:			
Balance at the beginning of the year	-	-	-
Additions	13,180	8,465	21,645
Disposals	-	-	-
Depreciation expense	(3,072)	(2,759)	(5,831)
Carrying amount at the end of the year	10,108	5,706	15,814

16. INTANGIBLE ASSETS

Goodwill at cost	2,769,708	2,568,277	-	-
Accumulated amortisation	(262,463)	(145,180)	-	-
	2,507,245	2,423,097	-	-
Business names at cost	30,000	30,000	-	-
Accumulated amortisation	(3,004)	(1,504)	-	-
	26,996	28,496	-	-
Deferred finance charges	14,411	72,321	-	-
Deferred borrowing costs	124,950	234,960	124,950	174,848
Other	2,530	670	-	-
	2,676,132	2,759,544	124,950	174,848

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

For the year ended 30 June 2001

	Note	ECONOMIC ENTITY		PARENT ENTITY	
		2001 \$	2000 \$	2001 \$	2000 \$
17. PAYABLES					
CURRENT					
Trade creditors	17a	510,371	1,001,162	-	312,140
Sundry creditors and accrued expenses		383,899	371,864	148,764	67,884
Amounts payable to other entities	17b	450,000	386,000	450,000	386,000
		1,344,270	1,759,026	598,764	766,024
NON CURRENT					
Amounts payable to other entities	17b	-	450,000	-	450,000
		-	450,000	-	450,000
a.		Includes \$197,507 (2000: \$295,439) held in trust for business college students. Corresponding funds are included in "Cash". (See Note 21)			
b.		Deferred settlement payments (acquisition of business in 1998)			
18. TAX LIABILITIES					
CURRENT					
Income tax		-	39,096	-	-
		-	39,096	-	-
NON CURRENT					
Provision for deferred income tax		310,781	131,398	115,301	2,739
		310,781	131,398	115,301	2,739
19. PROVISIONS					
CURRENT					
Dividends		-	227,906	-	227,906
Employee entitlements	19a	151,412	216,845	88,113	78,369
		151,412	444,751	88,113	306,275
NON CURRENT					
Employee entitlements	19a	25,964	22,892	-	-
		25,964	22,892	-	-
a.		177,376	239,737	88,113	78,369
b.		30	32	4	2
20. CONTRIBUTED EQUITY					
Issued and Paid-up Capital					
11,395,281 (2000: 12,140,169) ordinary shares fully paid		10,561,895	11,530,249	10,561,895	11,530,249

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

For the year ended 30 June 2001

Note	ECONOMIC ENTITY		PARENT ENTITY	
	2001	2000	2001	2000
	\$	\$	\$	\$

20. CONTRIBUTED EQUITY (continued)

Movements in ordinary share capital

Balance at the beginning of the financial year		11,530,249	9,790,249	11,530,249	9,790,249
744,888 shares cancelled	20a	(968,354)	-	(968,354)	-
1,450,000 shares issued for cash	20b	-	1,740,000	-	1,740,000
		10,561,895	11,530,249	10,561,895	11,530,249

- a. On 28 September 2000, 744,888 ordinary shares (being 6.1% of issued ordinary shares) were bought back and cancelled, at \$1.30 per share, in accordance with the contract for the sale of Electrodata Pty Limited to Syman Pty Limited.
- b. On 31 March 2000, 1,450,000 ordinary shares were issued by the directors, at \$1.20 per share, in accordance with the Australian Stock Exchange Listing Rule 7.1 that allows issues not exceeding 15% of the capital of the Company in the previous 12 months.

21. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE

Interest rate risk

Cash at bank

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

Premium business accounts*	456,369	2,340,288	46,454	534,086
Bank short term deposits – interest rates between 4.9% and 5.8%	30,000	-	-	-
	486,369	2,340,288	46,454	534,086

* Includes \$197,507 (2000: \$295,439) held in trust for business college students. A corresponding liability is shown in "Trade Creditors" (See Note 17).

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

	Note	Weighted average interest rate	Floating interest rate	Fixed interest maturing in:			Non-Interest bearing	Total
				1 year or less	1 to 5 years	More than 5 years		
2001								
<i>Financial assets</i>								
Cash		2.12%	456,369	30,000	-	-	-	486,369
Receivables	11	8.00%	-	3,127,034	-	-	3,019,231	6,146,265
			456,369	3,157,034	-	-	3,019,231	6,632,634
<i>Financial liabilities</i>								
Convertible notes	31	12.00%	-	-	5,230,934	-	-	5,230,934
Payables	17	-	-	-	-	-	1,344,270	1,344,270
Employee entitlements	19	-	-	-	-	-	177,376	177,376
			-	-	5,230,934	-	1,521,646	6,752,580

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

For the year ended 30 June 2001

21. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (continued)

	Note	Weighted average interest rate	Floating interest rate	Fixed interest maturing in:			Non- Interest bearing	Total
				1 year or less	1 to 5 years	More than 5 years		
2000								
<i>Financial assets</i>								
Cash		2.77%	2,340,288	-	-	-	-	2,340,288
Receivables	11	8.00%	-	-	1,387,963	-	4,774,464	6,162,427
			2,340,288	-	1,387,963	-	4,774,464	8,502,715
<i>Financial liabilities</i>								
Convertible notes	31	12.00%	-	-	5,230,934	-	-	5,230,934
Payables	17	-	-	-	-	-	2,209,026	2,209,026
Employee entitlements	19	-	-	-	-	-	239,737	239,737
Dividends payable	19	-	-	-	-	-	227,906	227,906
			-	-	5,230,934	-	2,676,669	7,907,603

Credit risk exposures

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

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

Foreign exchange risk

The consolidated entity is exposed to foreign currency risk on its purchase of products and in regard to the proceeds from the sale of its interest in IC & Count Technologies Limited (*See Note 23*). The consolidated entity has not hedged foreign currency transactions as at 30 June 2001. The Directors continue to evaluate this risk on an ongoing basis.

Net fair values of financial assets and liabilities

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

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

For the year ended 30 June 2001

22. PARTICULARS IN RELATION TO CONTROLLED ENTITIES

a. Controlled entities

	Interest held	
	2001	2000
	%	%
Academies Australasia (Management) Pty Limited (i) (ii)	100	100
Academies Australasia Pty Limited (i) (iii)	100	100
Clarendon Business College Pty Limited (i)	100	100
Electrodata (Sales) Pty Limited (i)	100	100
Hanstock Voice Systems Pty Limited (i)	100	-
Multimedia Investments Pty Limited (i) (iv)	100	100
Overland Sydney Pty Limited (i)	100	100
Premier Fasteners Pty Limited (i)	100	100
Sandomir Pty Limited (i)	100	100
Supreme Business College Pty Limited (i) (v)	100	100

Notes:

- (i) These companies are small proprietary companies as defined by the Corporations Law and are not required to prepare and lodge audited statutory financial statements.
- (ii) The name of the Company was changed to Academies Australasia (Management) Pty Limited from Clarendon Management Pty Limited on 27 August 1999.
- (iii) The name of the Company was changed to Academies Australasia Pty Limited from Prybron Pty Limited on 13 August 1999.
- (iv) The name of the Company was changed to Multimedia Investments Pty Limited from Nortape Pty Limited on 12 April 2000.
- (v) The name of the Company was changed to Supreme Business College Pty Limited from Suedoc Pty Limited on 7 July 1999.
- (vi) All controlled entities are incorporated in Australia.

b. Acquisition of controlled entities

	Consideration	The consolidated
	\$	entity's interest
		%

The following controlled entity was acquired during the financial year:

Hanstock Voice Systems Pty Limited	12,090,058	100
The entity was acquired on 1 September 2000 and the operating results from that date have been included in consolidated operating profit.		
This acquisition formed part of the wind up of the research and development Syndicate. (See Note 27.)		
See Note 30c regarding acquisition cost		

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

For the year ended 30 June 2001

ECONOMIC ENTITY		PARENT ENTITY	
2001	2000	2001	2000
\$	\$	\$	\$

23. AMOUNTS PAYABLE/RECEIVABLE IN FOREIGN CURRENCIES

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

United States Dollars

Amounts receivable	3,127,034	826,532	-	-
Amounts payable	66,865	-	-	-

24. OPERATING LEASE RENTAL COMMITMENTS

Future operating lease rentals of premises, not provided for and payable:

Not later than one year	271,030	366,245	-	-
Later than one year but not later than five years	252,350	276,031	-	-
	523,380	642,276	-	-

The consolidated entity leases property under operating leases expiring from one to three years. Lease payments comprise a base amount plus an incremental rental, based on either movements in the Consumer Price Index or minimum percentage increase criteria.

25. CONTINGENT LIABILITIES

Employment Contracts

Payable to Executive Directors under service agreements on termination in certain circumstances:	771,667	501,667	705,000	235,000
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Indemnities

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

Guarantees

The following group companies have issued guarantees in respect of the parent entity as security for its multi option facility. (See Note 29.)

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

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

For the year ended 30 June 2001

26. RELATED PARTIES

Directors' holdings of shares

	2001 Number held	2000 Number held
The aggregate interests of directors of the reporting entity and director-related entities in shares of entities within the consolidated entity at year end are as set out below:		
Garratt's Limited	<u>1,911,124</u>	<u>1,940,118</u>

Directors' transactions in shares and share options

During the year one director acquired 64,364 shares, one director acquired 54,000 shares and one director sold 79,658 shares.

Directors' transactions with the Company and the consolidated entity

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

Directors' holdings of convertible notes

	2001 Number held	2000 Number held
The aggregate interests of directors of the reporting entity and director-related entities in convertible notes of entities within the consolidated entity at year end are as set out below:		
Garratt's Limited	<u>949,130</u>	<u>971,180</u>

Directors' transactions in convertible notes

During the year one director acquired 5,000 convertible notes and one director sold 42,800 convertible notes.

Other related party transactions

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

27. RESEARCH AND DEVELOPMENT SYNDICATION

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

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

For the year ended 30 June 2001

ECONOMIC ENTITY		PARENT ENTITY	
2001	2000	2001	2000
\$	\$	\$	\$

27. RESEARCH AND DEVELOPMENT SYNDICATION (continued)

Both the Syndicates were wound up on 1 September 2000 under an agreement by all parties. As a result, Overland Sydney Pty Limited, a group company, acquired 100% of the issued capital of Hanstock Voice Systems Pty Limited. (See Note 22b.)

CONSOLIDATED	
2001	2000
\$	\$

The assets and liabilities arising from the syndication included in the consolidated entity's balance sheets are:

CURRENT ASSETS

Cash on restricted deposit

-	16,343,750
---	------------

Total Assets

-	16,343,750
---	------------

CURRENT LIABILITIES

Provision for royalties and put option

-	16,343,750
---	------------

Total Liabilities

-	16,343,750
---	------------

28. SUPERANNUATION

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

29. FINANCING ARRANGEMENTS

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

Total facilities available:

Multi option facility

1,300,000	796,000	1,300,000	796,000
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Facilities utilised at balance date:

Multi option facility

-	20,521	-	20,521
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Facilities not utilised at balance date:

Multi option facility

1,300,000	775,479	1,300,000	775,479
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The facility is secured by registered mortgage debentures over the assets of certain controlled entities. The facility is subject to annual review.

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

For the year ended 30 June 2001

	ECONOMIC ENTITY		PARENT ENTITY	
	2001 \$	2000 \$	2001 \$	2000 \$
30. NOTES TO THE STATEMENTS OF CASH FLOWS				
a. Reconciliation of operating profit after income tax to net cash provided by/(used in) operating activities				
Operating profit after income tax	163,557	1,619,426	695,276	1,654,030
(Profit)/loss on disposal of investment	(116,187)	-	-	-
(Profit)/loss on disposal of controlled entity	-	(1,336,924)	-	(914,602)
Non-cash items:				
Goodwill amortised and written off	117,283	99,192	-	-
Deferred finance charges	57,910	85,860	-	-
Interest charged to controlled entities, not received	-	-	(1,416,858)	(1,335,773)
Provision of doubtful debts	-	3,566	-	-
Provision/(write-back) for loan to controlled entity	-	-	53,169	(4,485)
Provision/(write-back) for investment in controlled Entity	-	-	200,000	-
Future income tax benefit	36,945	(19,187)	510	(7,443)
Provision for income tax	(39,096)	38,171	-	-
Provision for deferred income tax	179,383	60,948	112,562	1,105
Depreciation and amortisation	312,244	308,423	5,831	-
Obsolete stock provision	-	(136,464)	-	-
Unrealised foreign exchange movement	(356,217)	(26,378)	(356,217)	(26,378)
Other	-	11,548	-	11,548
Net cash provided by operating activities before change in assets and liabilities	355,822	708,181	(705,727)	(621,998)
(Increase)/decrease in intangibles	108,150	(72,824)	49,898	-
(Increase)/decrease in receivables	(149,964)	(28,584)	(5,815)	675,751
(Increase)/decrease in prepayments	197,268	96,072	(22,560)	49,014
Increase/(decrease) in liabilities	(478,756)	11,852	(231,261)	265,343
Increase/(decrease) in provisions	(62,361)	128,868	9,745	24,541
(Increase)/decrease in inventories	(379,452)	(550,974)	-	-
Net cash provided by/(used in) operating activities	(409,293)	292,591	(905,720)	392,651

b. Reconciliation of cash

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

c. Acquisition of controlled entities

During the financial year the consolidated entity purchased 100% of the ordinary shares in Hanstock Voice Systems Pty Limited. This acquisition has not been included in the statement of cash flows as the company was acquired as part of the wind up of the research and development syndicates (See Note 27) and the funds used were on restricted deposit and not available to the group. The restricted deposit does not form part of the cash of the group, and therefore the acquisition is not a cash flow.

During the previous financial year the consolidated entity purchased 100% of the ordinary shares in Multimedia Investments Pty Limited (formerly Nortape Pty Limited).

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

For the year ended 30 June 2001

ECONOMIC ENTITY		PARENT ENTITY	
2001	2000	2001	2000
\$	\$	\$	\$

30. NOTES TO THE STATEMENTS OF CASH FLOWS (continued)

Details of the acquisitions are as follows:

Consideration	-	2	-	2
Net outflow of cash	-	2	-	2
Fair value of net assets of entities acquired				
Cash	-	2	-	2
	-	2	-	2

d. Disposal of controlled entity

During the previous financial year the consolidated entity disposed of 100% of the ordinary shares in Electrodata Pty Limited.

Details of the disposal are as follows:

Consideration (settlement after balance date)	-	2,000,000	-	2,000,000
Less: Costs of disposal	-	(14,830)	-	(14,830)
	-	1,985,170	-	1,985,170
Net assets of entity disposed				
Property, plant and equipment	-	24,171	-	-
Cash	-	84,427	-	-
Trade debtors	-	707,846	-	-
Inventories	-	820,985	-	-
Other assets	-	209,776	-	-
Creditors	-	(139,667)	-	-
Provisions	-	(136,356)	-	-
Borrowings	-	(905,197)	-	-
Other liabilities	-	(17,739)	-	-
Investment in controlled entity	-	-	-	1,070,568
	-	648,246	-	1,070,568
Profit on disposal	-	1,336,924	-	914,602

31. INTEREST BEARING LIABILITIES

Non-current

5,230,934 12% convertible notes of \$1.00 each	5,230,934	5,230,934	5,230,934	5,230,934
	5,230,934	5,230,934	5,230,934	5,230,934

Convertible notes

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

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

For the year ended 30 June 2001

	ECONOMIC ENTITY		PARENT ENTITY	
	2001	2000	2001	2000
	\$	\$	\$	\$
32. ACCUMULATED LOSSES				
Accumulated losses at the beginning of the financial year	(3,124,495)	(4,195,310)	(3,038,890)	(4,144,309)
Net profit attributable to the members of the parent entity	163,557	1,619,426	695,276	1,654,030
	(2,960,938)	(2,575,884)	(2,343,614)	(2,490,279)
Dividends provided for or paid	(113,959)	(548,611)	(113,959)	(548,611)
Accumulated losses at the end of the financial year	(3,074,897)	(3,124,495)	(2,457,573)	(3,038,890)

33. EVENTS SUBSEQUENT TO BALANCE DATE

No matter or circumstance has arisen since the end of the financial 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' DECLARATION

The directors of the Company declare that:

1. the financial statements and notes, set out on pages 9 to 33:
 - (i) comply with Accounting Standards and the Corporations Law; and
 - (ii) give a true and fair view of the financial position as at 30 June 2001 and performance for the year ended on that date of the Company and economic entity.
2. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Neville Cleary
Director

Christopher Campbell
Director

Sydney
12 September 2001



Calabro Partners

CHARTERED ACCOUNTANTS



Independent audit report to the members of Garratt's Limited

Scope

We have audited the financial report of Garratt's Limited and controlled entities for the financial year ended 30 June 2001 as set out on pages 9 to 34.

The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year. The company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Garratt's Limited is in accordance with:

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

Calabro Partners

Michael Traynor

Partner

12 September 2001

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

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

SUBSTANTIAL HOLDERS

Ordinary Shares

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

<u>Shareholder</u>	<u>No. of Shares Held</u>	<u>%</u>
Vasek Fasteners Pty Limited	1,684,211	14.8
Junorma Holdings Pty Limited	1,361,367	11.9
Mr Chiang Meng Heng	1,247,124	10.9
Jilcy Pty Ltd	710,000	6.2
	<hr/>	
	5,002,702	43.8
	<hr/>	

Convertible Notes

The number of convertible notes held by the substantial noteholders as at 31 August 2001 were:

<u>Noteholder</u>	<u>No. of Notes Held</u>	<u>%</u>
Vasek Fasteners Pty Limited	842,106	16.1
Mr Chiang Meng Heng	601,380	11.5
Reach Out Pty Limited	485,000	9.3
Jilcy Pty Ltd	332,000	6.3
	<hr/>	
	2,260,486	43.2
	<hr/>	

VOTING RIGHTS

Ordinary Shares

At 31 August 2001 there were 510 holders of the ordinary shares of the Company. The voting rights attaching to the ordinary shares, set out in Article 69 and 70 of the Company's Articles of Association, are:

Article 69

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

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

Article 70

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

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

VOTING RIGHTS (continued)

Convertible Notes

At 31 August 2001 there were 215 holders of the convertible notes of the Company.

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

20 LARGEST SHAREHOLDERS AS AT 31 AUGUST 2001

	<u>Registered Name</u>	<u>No. Shares</u>	<u>%</u>
1	Vasek Fasteners P/L	1,684,211	14.78
2	Mr Chiang Meng Heng	1,162,760	10.20
3	Junorma Holdings P/L	888,951	7.80
4	Jilcy P/L	700,760	6.15
5	Citicorp Nominees P/L	500,000	4.39
6	Turnbull & Partners Limited	451,730	3.96
7	Frank Kwong-Shing Wong	380,000	3.33
8	Mrs Anthea Judith Drescher	262,640	2.30
9	Reach Out P/L	233,000	2.04
10	Villaricci P/L	228,300	2.00
11	Diacaf Holdings P/L	207,325	1.82
12	Ms Gail Lesley Storey	207,200	1.82
13	Perpetual Trustee Company Limited	191,484	1.68
14	Overseas Investments P/L	136,800	1.20
15	Lawnsong P/L	109,864	0.96
16	Mdm Chio Tee Tan	100,000	0.88
17	Mr Victor Cheng San Liew	100,000	0.88
18	Mr Lee Wu Yu	100,000	0.88
19	Mr Ee Seng Lim	100,000	0.88
20	Mr Trevor Bruce Wintston Ward	100,000	0.88
		<u>7,845,025</u>	<u>68.83</u>

HOLDING RANGE (SHAREHOLDERS) AS AT 31 AUGUST 2001

<u>Range</u>	<u>No. Holders</u>	<u>Total No. Shares</u>	<u>%</u>
1 - 1,000	125	97,981	0.86
1,001 - 5,000	218	624,143	5.48
5,001 - 10,000	73	601,225	5.28
10,001 - 100,000	77	2,731,907	23.97
100,001 +	17	7,340,025	64.41
	<u>510</u>	<u>11,395,281</u>	<u>100.00</u>

The number of shareholders holding less than a marketable parcel as at 31 August 2001 was 227.

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

20 LARGEST NOTEHOLDERS AS AT 31 AUGUST 2001

	<u>Registered Name</u>	<u>No. Notes</u>	<u>%</u>
1	Vasek Fasteners P/L	842,106	16.10
2	Eng Kim Low	581,380	11.11
3	Reach Out P/L	485,000	9.27
4	Jilcy P/L	332,000	6.35
5	Mr Lim Sen Yap	241,591	4.62
6	Chin Nam Tan	200,000	3.82
7	Greenfield Company Limited	154,996	2.96
8	Mr Seng Chye Chng	127,630	2.44
9	Trafalgar Custodians P/L	125,790	2.40
10	Drumworth Properties P/L	111,500	2.13
11	Australian Better Business Bureau P/L	99,000	1.89
12	Sunson P/L	72,000	1.38
13	Lawnsong P/L	54,932	1.05
14	Mr Ian Russell	53,073	1.01
15	Macquarie Prism P/L	50,000	0.96
16	Mr Trevor Bruce Winston Ward	50,000	0.96
17	J&H Singh P/L	45,900	0.88
18	Doniman P/L	40,000	0.76
19	CAN 051 645 295 P/L	40,000	0.76
20	Brechin Management Limited	40,000	0.76
		<hr/>	
		3,746,898	71.61
		<hr/>	

HOLDING RANGE (NOTEHOLDERS) AS AT 31 AUGUST 2001

<u>Range</u>	<u>No. Holders</u>	<u>Total No. Notes</u>	<u>%</u>
1 - 1,000	30	23,032	0.44
1,001 - 5,000	86	290,196	5.55
5,001 - 10,000	34	298,313	5.70
10,001 - 100,000	53	1,455,270	27.82
100,001 +	12	3,164,123	60.49
	<hr/>		
	215	5,230,934	100.00
	<hr/>		

* * *

OFFICES AND OFFICERS

DIRECTORS

Mr. N. Cleary	Chairman (Non-Executive)
Mr. C. Campbell, B.Soc.Sci.(Hons), FAIBF, FAICD, FCIS	Group Managing Director
Mr. C.M. Heng	Non-Executive Director
Ms. P. Fitzsimmons	Alternate Director for Mr. N. Cleary

COMPANY SECRETARY Ms. P. Fitzsimmons

REGISTERED OFFICE

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

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

SHARE REGISTRAR

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

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

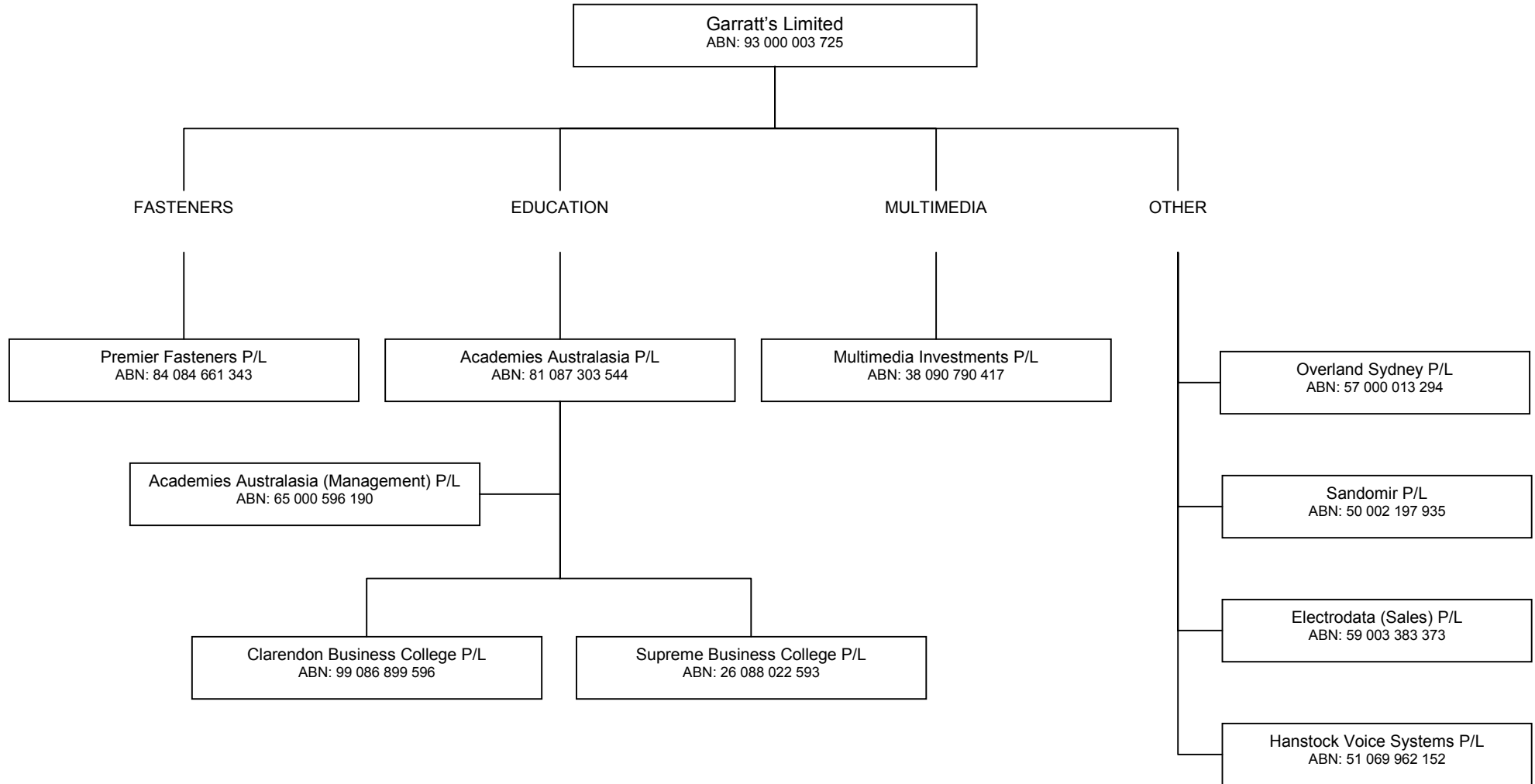
STOCK EXCHANGE

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

The ASX Codes are:

Shares	GRT
Convertible Notes	GRTG

GARRATT'S GROUP



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