GARRATT'S LIMITED

ACN 000 003 725

ANNUAL REPORT
1999

CHAIRMAN'S REPORT

It is my pleasure to report another record performance. The operating profit after tax of $1.6 million in fiscal 1999, the Company's 91st year, was a 24% improvement on the results for the previous year.

In my report last year I referred to our aim to grow 'this small investment bank back towards the vision shown for the Company by the late Sir John Marks'. My fellow directors and I believe that we have made good progress in this regard.

As foreshadowed in the previous report, the Company embarked on a strategy to diversify its earnings base. We acquired a fastening business and two colleges. This diversification, which has already contributed to an improved performance, puts the Company in a better position for the future.

Towards the end of June 1999 we expressed our interest in the new USA-patented point of purchase interactive multimedia technology called 'Agent 13', which is already generating sales in the USA. This is an exciting development for the retail business, especially in regard to the recording of data about consumers. The USA patent and the contracts with organisations like Wal-Mart Stores give strength to the potential and future for Agent 13.

During the year shareholders' funds more than doubled from $2.5 million to $5.6 million - about $3.4 million of which was represented by cash. Turnover increased 57% to $6.8 million, while total assets (excluding research and development syndication assets) rose about 2.7 times to $14.3 million.

Notwithstanding a substantial increase in the Company's shares, from 7.8 million to 10.7 million (37% growth), earnings per share improved 2% from 16.5 cents to 16.8 cents on a weighted average basis.

The interim dividend of 5 cents per share, which was paid in April, was partially franked. The final dividend of a further 5 cents per share, unfranked, makes the dividend pay out for the year 10 cents – well covered by the earnings of 16.8 cents per share. The Board continues to be committed to consistent profitability and regular dividends. As I said last year, in the short term, our ability to pay fully franked dividends has been compromised by the use of prior year tax losses.

It is pleasing to see the continual rise in the market value of the Company's shares. At the time of my reports in September 1997 and 1998, our shares were trading at about 62 cents and 80 cents, respectively. Presently, despite a 37% increase in the number of shares on issue, the shares are trading about 44% higher at the $1.15 level.

Shareholders who took up their rights to the issue of Convertible Notes at $1.00 each would also be pleased to note that these securities are trading at a premium on their issue price. Noteholders received the first interest payment of 5.03 cents per Note in June 1999. The next payment, due in December 1999, is 6 cents.

On behalf of the Board, and shareholders, I would like to congratulate the management team for another successful year. The team's continuing determination and dedication is most appreciated. I would also like to thank all shareholders for their support during the year.

Peter Burrows
Chairman
9 September 1999

GROUP MANAGING DIRECTOR'S REVIEW

Overview

It was an eventful and successful year. We raised $5.2 million through the issue of Convertible Notes and made three acquisitions. The steps we took to diversify our operations contributed to the growth in profitability and also strengthened our position for the future.

While expanding, we did not lose sight of the need to carefully monitor costs and minimise risk.

Financial Results

We recorded a consolidated profit (after abnormal items and tax) of $1,598,052 (1998: $1,285,052) - representing an increase of 24%.

The businesses we acquired during the year all contributed to the Group's profitability.

Business Activities

The Group now has three different areas of activity:

- Electrodata Pty Limited, which we have owned since September 1994, designs and manufactures multi-channel voice logging recorders.
- In October 1998 we purchased Premier Fasteners Pty Limited. This company manufactures, imports and sells fasteners to merchants and manufacturers.
- In April and June 1999, we acquired Clarendon Business College Pty Limited and Supreme Business College Pty Limited, respectively, through a wholly owned subsidiary called Prybron Pty Limited. The name of Prybron Pty Limited was subsequently changed to Academies Australasia Pty Limited. 'AcademiesAustralasia' will be the brand name under which we will be promoting our business in the Australian international education sector.

Whereas we started the year just passed as essentially a 'one-product' company, we are now diversified over a number of industry sectors.

Rights Issue

A substantial part (76%) of the $5,230,934 non-renounceable pro-rata rights issue of Unsecured Convertible Notes was subscribed for by shareholders. The shortfall was allotted to clients of the underwriter.

Prospects

The businesses we acquired, which have already contributed to our performance, are expected to have the potential to contribute even further. Barring unforseen circumstances, Garratt's should continue to grow and operate profitably.

I would like to thank my fellow Directors and my colleagues for their support throughout the year.

Christopher Campbell
Group Managing Director
9 September 1999

91st 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 1999 and the auditors' report thereon.

PRINCIPAL ACTIVITIES

The principal activities of the economic entity during the course of the financial year were: investment banking; the design and manufacture of multi-channel voice logging recorders and other telecommunication products; the manufacture, import and sale of fasteners; and the provision of training and education services.

CONSOLIDATED RESULT

The consolidated profit after abnormal items and tax was $1,598,052 - equal to 16.8 cents per share and representing a 24% increase on the previous year ($1,285,052; 16.5 cents).

The consolidated net tangible asset backing per ordinary share at balance date, after provision for the final dividend of 5 cents per share, was 27.7 cents (1998: 32.1 cents).

REVIEW AND RESULTS OF OPERATIONS

Investment Banking

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

Telecommunications

Electrodata Pty Limited's contribution during the year was not as high as it was in the previous year due to the maturing of the 1997 contract to supply a large number of recorders to a leading telecommunications company in Australia. The recorders sold were the 'Maxitrac' and the 'Digitrac 2000' that was released during the year.

With the finalisation of the Research & Development Syndication in June 1998, Electrodata Pty Limited funded all its research and development directly.

Fastening

The business and assets of Premier Fasteners Pty Limited were acquired by a fully owned subsidiary of Garratt's Limited, Savanite Pty Limited, in October 1998. Savanite Pty Limited subsequently changed its name to Premier Fasteners Pty Limited. This company made a substantial contribution to profitability even though it was only part of the Group for 8 months.

Education

Academies Australasia Pty Limited (previously called Prybron Pty Limited), wholly owned by Garratt's, acquired Clarendon Business College Pty Limited in April 1999 and Supreme Business College Pty Limited in June 1999. The Education Group also made a significant contribution to the profitability of the Group.

Dividends

An interim dividend of 5 cents per share, franked to 0.16 cents, was paid in April 1999. A final dividend of 5 cents per share (unfranked), payable on 29 October 1999, has been declared by the Board.

Convertible Notes

In February 1999, $5,230,934 (before issue costs) was raised through the non-renounceable one-for-two rights issue of Unsecured Convertible Notes. Noteholders received the first interest payment of 5.03 cents in June 1999. The next payment, due in December 1999, is 6 cents.

Share Issues

In October 1998, 1,684,211 new shares were issued as part payment for the purchase of Premier Fasteners Pty Limited while in April 1999, 228,300 new shares were issued as part payment for the purchase of Clarendon Business College Pty Limited. In December 1998, 1,000,000 new shares were issued for cash at $1.10 each.

Tax

The Company has recognised a future income tax benefit on part of the tax losses and timing differences not previously brought to account. The tax effect of the tax losses taken to account is $513,405.

STATE OF AFFAIRS

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

- The acquisition of Premier Fasteners Pty Limited, Clarendon Business College Pty Limited and Supreme Business College Pty Limited. (See Notes 7, 15, 18, 19 and 29(c))
- The issue of shares for cash and for the acquisition of Premier Fasteners Pty Limited and Clarendon Business College Pty Limited. (See Note 15)
- The issue of Convertible Notes. (See Note 30)

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 matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in subsequent financial years.

DIRECTORS

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

Mr. Peter Irving Burrows, B.Ec, ASIA **-** Chairman (Non-Executive). Age 52. First Vice President, Merrill Lynch Private (Australia) Ltd. Awarded Stockbroker of the year by Channel Nine's Business Sunday program in 1986 and 1987. Previous positions include Director of the Australian Stock Exchange (Sydney)

1988-1992. Other directorships include ASC Limited (Chairman) and FTR Holdings Limited. Mr. Burrows was appointed a Non-Executive Director of Garratt's Limited on 23 September 1996 and then Chairman on 22 October 1996.

Mr. Christopher Elmore Campbell, B.Soc.Sci.(Hons), FAIBF, FAICD, FCIS - Group Managing Director. Age 50. More than 25 years experience in banking and finance in Australia and South East Asia. Previous positions in Australia include Assistant General Manager of an international bank and Managing Director of one of the largest national financial planning groups in Australia. Appointed Group Managing Director and Chief Executive Officer of Garratt's Limited and Managing Director and Chief Executive Officer of Electrodata Pty Limited on 1 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.

Dr. Stanley Kenneth Baker, B.E. (Hons.) Ph.D. - Non-Executive Director. Age 56. Founder and Chairman of Electrodata Pty Ltd. Obtained his Ph.D. in electrical engineering in the field of telecommunications. Director of Garratt's since 1994. Also a director of Electrodata (Sales) Pty Limited, Sandomir Pty Limited and Overland Sydney Pty Limited, all in the Garratt's Group.

DIRECTORS' MEETINGS

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

Director	Directors' Meetings		Audit Committee		Remuneration Committee	
	A	B	A	B	A	B
Mr. P. Burrows	21	21	2	2	-	-
Mr. C. Campbell	21	21	2	2	-	-
Dr. S. Baker	21	21	-	-	-	-

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 section 235(1) (a) of the Corporations Law, at the date of this report, is as follows:

Director	Relevant Interest (Shares)	Relevant Interest (Convertible Notes)
Mr. P. Burrows	358,200 (3.4%)	100,000 (1.9%)
Mr. C. Campbell	574,682 (5.4%)	287,630 (5.5%)
Dr. S. Baker	735,888 (6.9%)	400,000 (7.6%)

DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

	Base Emoluments	Super Contrib.	Non-Cash Benefits	Consulting Fees	Total
Directors					
Mr. P. Burrows	$20,000	$1,400	-	-	$21,400
Mr. C. Campbell	$235,000	$16,450	-	-	$251,450
Dr. S. Baker	-	-	-	$157,364*	$157,364
Five Highest Paid Officers					
The Company: Nil					
Consolidated Entity:					
Mr. F. Pobje	$133,341	$9,334	$4,365	-	$147,040
Mr. P. Maundrell	-	-	-	$60,400	$60,400
Mr. W. Hardy	$46,245	$2,698	-	-	$48,943
Mrs. H. Donovan	-	-	-	$12,306	$12,306
Mr. R. Donovan	-	-	-	$12,306	$12,306

* Of which $47,888 was based on the performance of Electrodata Pty Limited, in accordance with a consultancy agreement dated 6 September 1994.

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 which 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. The premium and nature of the liabilities covered by the policy are not to be disclosed under the terms of the policy.

ROUNDING OFF

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

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 one Non-Executive Director. (Details of the directors are described elsewhere in this report).

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 and the Group Managing 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. The members of the Remuneration Committee constitute the members of the Board.

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.

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 written procedures, policies and guidelines, organisational structures that provide an appropriate division of responsibility and the careful selection and training of qualified personnel.

Millennium Issue

In all the consolidated entity's businesses, steps have been taken to evaluate the likely impact of the Year 2000 on their business processes. In the absence of unforseen circumstances, the Directors' intention is to have all critical systems which are in the consolidated entity's direct control tested for Year 2000 readiness before 30 November 1999. A number of entity-wide tests have been performed to test the readiness of the consolidated entity's systems for the Year 2000 issue and, as at the date of this report, our Year 2000 solution was substantially in place.

There can, however, be no assurance that the steps taken by any company will successfully minimise vulnerabilities of its software and systems, or those of its suppliers, to the problems associated with the transition to the Year 2000. Significant third parties with which the consolidated entity interfaces include, among others, customers and business partners, technology suppliers and service providers, and the utility infrastructure (power, transportation, telecommunications), on which all entities rely. Lack of readiness by these third parties would expose the consolidated entity to the potential for loss, impairment of business processes and activities, and general disruption of its markets.

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.

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.

Mr. P. Burrows
Director

Mr. C. Campbell
Director

Sydney
9 September 1999

GARRATT'S LIMITED
AND ITS CONTROLLED ENTITIES
PROFIT AND LOSS STATEMENTS
For the 12 Months Ended 30 June 1999

	Note	CONSOLIDATED 1999 $	CONSOLIDATED 1998 $	THE COMPANY 1999 $	THE COMPANY 1998 $
Revenue	2(a)	**8,818,414**	7,840,882	**1,812,377**	1,252,339
Operating profit before abnormal items and income tax	2(b)	**719,273**	1,232,693	**1,046,380**	784,092
Abnormal items	3	**365,374**	52,359	**-**	-
Operating profit before income tax		**1,084,647**	1,285,052	**1,046,380**	784,092
Income tax attributable to operating profit	4	**(513,405)**	-	**(21,703)**	-
Operating profit after income tax		**1,598,052**	1,285,052	**1,068,083**	784,092
Accumulated losses at the beginning of the year		**(4,735,761)**	(5,243,047)	**(4,154,791)**	(4,161,117)
Dividends paid and payable	5	**(1,057,601)**	(777,766)	**(1,057,601)**	(777,766)
Accumulated losses at the end of the financial year		**(4,195,310)**	(4,735,761)	**(4,144,309)**	(4,154,791)
Basic earnings per share (dollars)	6	**0.168**	0.165		

The profit and loss accounts are to be read in conjunction with the notes to the financial statements.

GARRATT'S LIMITED
AND ITS CONTROLLED ENTITIES
BALANCE SHEETS
As at 30 June 1999

	Note	CONSOLIDATED 1999 $	CONSOLIDATED 1998 $	THE COMPANY 1999 $	THE COMPANY 1998 $
Current Assets					
Cash	17	**3,380,717**	1,933,829	**2,110,879**	53,314
Receivables	8	**2,552,095**	754,070	**831,187**	2,222,376
Inventories	10	**2,677,258**	631,273	**-**	-
Prepayments		**473,412**	9,763	**233,931**	5,026
Research Syndicate restricted cash deposit	25	**-**	398,660	**-**	-
Total Current Assets		**9,083,482**	3,727,595	**3,175,997**	2,280,716
Non Current Assets					
Investments	9	**-**	-	**1,270,572**	1,270,568
Receivables	8	**-**	-	**8,219,617**	-
Intangibles	12	**2,634,952**	-	**-**	-
Plant and Equipment	11	**1,941,426**	116,528	**-**	-
Research Syndicate restricted cash deposit	25	**16,041,947**	15,373,661	**-**	-
Future Income Tax Benefit	4	**645,699**	-	**23,337**	-
Total Non Current Assets		**21,264,024**	15,490,189	**9,513,526**	1,270,568
Total Assets		**30,347,506**	19,217,784	**12,689,523**	3,551,284
Current Liabilities					
Accounts Payable	13	**1,527,217**	427,861	**114,681**	44,283
Borrowings	30	**272,000**	-	**272,000**	-
Research Syndicate deferred revenue	25	**-**	678,273	**-**	-
Provisions	14	**673,658**	483,720	**588,334**	427,819
Total Current Liabilities		**2,472,875**	1,589,854	**975,015**	472,102
Non Current Liabilities					
Borrowings	30	**6,066,934**	-	**6,066,934**	-
Provisions	14	**170,811**	35,670	**1,634**	-
Research Syndicate Provisions	25	**16,041,947**	15,094,048	**-**	-
Total Non Current Liabilities		**22,279,692**	15,129,718	**6,068,568**	-
Total Liabilities		**24,752,567**	16,719,572	**7,043,583**	472,102
Net Assets		**5,594,939**	2,498,212	**5,645,940**	3,079,182
Shareholders' Equity					
Share Capital	15	**9,790,249**	1,555,532	**9,790,249**	1,555,532
Reserves	16	**-**	5,678,441	**-**	5,678,441
Accumulated Losses		**(4,195,310)**	(4,735,761)	**(4,144,309)**	(4,154,791)
Total Shareholders' Equity		**5,594,939**	2,498,212	**5,645,940**	3,079,182

The balance sheets are to be read in conjunction with the notes to the financial statements.

GARRATT’S LIMITED
AND ITS CONTROLLED ENTITIES
STATEMENTS OF CASH FLOWS
For the 12 Months Ended 30 June 1999

	Note	CONSOLIDATED 1999 $	CONSOLIDATED 1998 $	THE COMPANY 1999 $	THE COMPANY 1998 $
Cash flows from Operating Activities					
Cash receipts in the course of operations		**5,425,600**	5,975,662	**264,083**	346,848
Cash payments in the course of operations		**(5,290,262)**	(5,205,709)	**(634,086)**	(612,102)
Dividends received		**-**	-	**407,000**	459,082
Interest received		**126,230**	85,906	**89,976**	40,150
Interest paid		**(284,698)**	(9)	**(274,755)**	-
Net cash provided by/(used in) operating activities	29(a)	**(23,130)**	855,850	**(147,782)**	233,978
Cash Flows from Investing Activities					
Payment for plant & equipment		**(90,965)**	(29,196)	**-**	-
Proceeds from sale of non-current assets	2	**3,800**	9,510	**-**	-
Payments for controlled entities	29(c)	**(950,941)**	-	**(4)**	-
Payments for businesses, assets and goodwill		**(5,476,279)**	-	**-**	-
Net cash (used in) investing activities		**(6,514,385)**	(19,686)	**(4)**	-
Cash Flows from Financing Activities					
Dividends paid		**(911,976)**	(388,883)	**(911,976)**	(388,883)
Proceeds from borrowings					
Convertible notes	30	**5,230,934**	-	**5,230,934**	-
Other		**1,144,000**	-	**1,144,000**	-
Repayment of borrowings		**(36,000)**	-	**(36,000)**	-
Proceeds from issue of shares	15	**2,556,276**	-	**2,556,276**	-
Loans to controlled entities		**-**	-	**(5,777,883)**	(1,395,817)
Net cash provided by/(used in) financing activities		**7,983,234**	(388,883)	**2,205,351**	(1,784,700)
Net increase/(decrease) in cash held		**1,445,719**	447,281	**2,057,565**	(1,550,722)
Cash at the beginning of the financial year		**1,933,829**	1,486,548	**53,314**	1,604,036
Cash balances in controlled entities acquired	29(c)	**1,169**	-	**-**	-
Cash at the end of the financial year	17	**3,380,717**	1,933,829	**2,110,879**	53,314

The statements of cash flows are to be read in conjunction with the notes to the financial statements.

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 an unconditional contract of sale is signed.

Maintenance revenue: Maintenance revenue received in advance, is deferred and recognised as income on a straight line basis over the period of the maintenance contracts.

(c) Taxation – Note 4

The consolidated entity adopts the 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.

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 8

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

(f) Investments – Note 9

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 declared by the controlled entities.

(g) Inventories – Note 10

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

(h) Plant and equipment – Note 11

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:

- Furniture & Fittings	13-20%
- Office Equipment	27-33%
- Plant & Equipment	10%
- Leasehold improvements	20%

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Intangibles – Note 12

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 acquisition of 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) Research and Development – Note 25

Research and development expenditure is expensed as incurred except to the extent that its recoverability is assured beyond any reasonable doubt, in which case it is deferred and amortised on a straight line basis over the period in which related benefits are expected to be realised.

Research and development costs incurred as a result of the Research and Development Syndication form part of the contract revenue and contract emerged profit (refer notes 2 and 3).

Profit on Research Syndicated Projects is recognised on an individual project basis using the percentage of completion method when the stage of project completion and total project funding revenues can be reliably determined, as well as costs to date and costs to complete can be clearly identified.

Research syndicated funding and research development costs are included in operating activities in the Statement of Cash Flows.

(l) Employee Entitlements – Note 14

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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Accounts payable – Note 13

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.

(n) Comparatives

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

(o) Convertible Notes – Note 30

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, 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.

(p) 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.

GARRATT'S LIMITED
AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
For the 12 Months Ended 30 June 1999

	Note	CONSOLIDATED 1999 $	CONSOLIDATED 1998 $	THE COMPANY 1999 $	THE COMPANY 1998 $
2. (a) REVENUE					
Revenue from operating activities					
Sales of goods		**6,287,666**	4,216,606	**-**	-
Rendering of services		**557,394**	151,012	**-**	-
Revenue from outside operating activities					
Interest received or due and receivable from:					
Other companies		**126,230**	85,906	**89,976**	27,707
Wholly-owned controlled entities		**-**	-	**627,131**	12,443
Dividends received or due and receivable from:					
Wholly-owned controlled entities		**-**	-	**780,000**	866,082
Management fee charged to:					
Wholly-owned controlled entities		**-**	-	**315,270**	345,652
Gross proceeds from sale of non-current assets		**3,800**	9,510	**-**	-
Government grants		**-**	50,636	**-**	-
Other		**7,525**	-	**-**	455
Abnormal items					
Research & Development Syndication:	25				
Contract revenue		**373,205**	1,912,432	**-**	-
Interest income from other companies		**1,462,594**	1,414,780	**-**	-
Total Revenue		**8,818,414**	7,840,882	**1,812,377**	1,252,339

(b) OPERATING PROFIT

Operating profit before abnormal items and income tax has been arrived at after charging/(crediting) the following items:

		CONSOLIDATED 1999 $	CONSOLIDATED 1998 $	THE COMPANY 1999 $	THE COMPANY 1998 $
Depreciation of plant and equipment		**183,030**	94,663	**-**	-
Amortisation of leasehold improvements		**14,203**	12,606	**-**	-
Lease rental expense-operating leases		**164,629**	86,182	**-**	-
Amortisation of goodwill		**45,988**	-	**-**	-
Write-down in value of inventories		**-**	47,053	**-**	-
Reversal of write-down in value of inventories		**(57,054)**	-	**-**	-
Provision for doubtful debts		**(6,361)**	17,336	**-**	-
Net foreign exchange loss		**5,584**	685	**7,830**	685
Borrowing costs – other parties		**372,383**	9	**295,671**	**-**
Employee entitlements		**21,198**	(6,768)	**19,077**	20,300

GARRATT'S LIMITED
AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
For the 12 Months Ended 30 June 1999

	Note	CONSOLIDATED 1999 $	CONSOLIDATED 1998 $	THE COMPANY 1999 $	THE COMPANY 1998 $
(b) OPERATING PROFIT (continued)					
Sales of non-current assets					
Profit on sale of plant and equipment		**201**	1,438	**-**	-
Auditors' remuneration					
Audit services					
Auditors of the Company		**30,074**	25,483	**18,074**	12,633
Other auditors		**17,000**	-	**-**	-
Other services					
Auditors of the Company		**-**	11,224	**-**	300
Other auditors		**13,735**	-	**7,735**	-

3. ABNORMAL ITEMS

	Note	CONSOLIDATED 1999 $	CONSOLIDATED 1998 $	THE COMPANY 1999 $	THE COMPANY 1998 $
Research and Development Syndication	25				
Contract emerged profit		**341,889**	314,179	**-**	-
Interest income		**1,462,594**	1,414,780	**-**	-
Royalty & put option provision		**(1,439,109)**	(1,676,600)	**-**	-
Total abnormal items before income tax		**365,374**	52,359	**-**	-
Income tax effect being 36%		**(131,535)**	(18,849)	**-**	-
Total abnormal items after income tax		**233,839**	33,510	**-**	-

GARRATT'S LIMITED
AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
For the 12 Months Ended 30 June 1999

	CONSOLIDATED		THE COMPANY	
	1999	1998	1999	1998
	$	$	$	$

4. TAXATION

(a) Income Tax expense				
Prima facie income tax expense calculated at 36% (1998:36%) on the operating profit	**390,473**	462,619	**376,697**	282,273
Increase/(decrease) in income tax:				
Royalty payment – R & D Syndication	**(277,497)**	-	**-**	-
Goodwill written off/amortised	**16,556**	-	**-**	-
Provision for loss/(gain) on loans to wholly owned Controlled entity	**-**	-	**278**	(20,529)
Rebatable dividend income	**-**	-	**(280,800)**	(87,296)
Other items	**25,596**	1,249	**4,244**	-
	155,128	463,868	**100,419**	174,448
Abnormal tax items:				
Tax benefit due to recoupment of tax losses of previous years not previously brought to account	**(651,050)**	(523,092)	**(100,419)**	(174,448)
Timing differences incurred during the year, not brought to account	**-**	59,224	**-**	-
Timing differences not previously brought to account	**(17,483)**	-	**(21,703)**	-
Income tax expense/(benefit) on operating profit/(loss)	**(513,405)**	-	**(21,703)**	-
Income tax expense attributable to operating profit is made up of:				
Deferred income tax provision	**114,811**	-	**1,634**	-
Future income tax benefit	**(628,216)**	-	**(23,337)**	-
	(513,405)	-	**(21,703)**	-
(b) Provision for deferred income tax				
Provision for deferred income tax comprises the estimated expense at current income tax rates on the following items:				
Difference in depreciation and amortisation of plant and equipment for accounting and income tax purposes	**42,299**	-	**-**	-
Expenditure currently deductible for tax but deferred and amortised for accounting purposes	**72,512**	-	**1,634**	-
	114,811	-	**1,634**	-
(c) Future income tax benefit				
Future income tax benefit comprises the estimated future benefit at current income tax rates on the following items:				
Provisions and accrued employee entitlements not currently deductible	**132,294**	-	**23,337**	-
Tax losses carried forward	**513,405**	-	**-**	-
	645,699	-	**23,337**	-

4. TAXATION (continued)

(d) Future income tax benefit not brought to account

	CONSOLIDATED		THE COMPANY	
	1999	1998	1999	1998
	$	$	$	$
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:				
Revenue losses				
Income tax losses carried forward	**-**	647,840	**-**	-
Timing differences	**-**	119,348	**-**	-
Capital losses	**1,929,876**	1,929,876	**59,224**	59,224
Total Future Income Tax Benefits not brought to account	**1,929,876**	2,576,378	**59,224**	59,224

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 ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
For the 12 Months Ended 30 June 1999

	CONSOLIDATED		THE COMPANY	
	1999	1998	1999	1998
	$	$	$	$
5. DIVIDENDS				
(a) Dividends paid and payable				
Interim dividend of 5 cents per share, franked to 3.2% with Class C (36%) franking credits paid on 6 April 1999. (franked to 100% with Class C (36%) franking credits paid on 5 March 1998))	**523,093**	388,883	**523,093**	388,883
Final dividend of 5 cents per share, unfranked, has been declared by the directors, payable on 29 October 1999 (franked to 50% with Class C (36%) franking credits paid on 30 October 1998))	**534,508**	388,883	**534,508**	388,883
	1,057,601	777,766	**1,057,601**	777,766
(b) Dividend franking account				
Balance of franking account at year end: Class C (36%) franking credits	**260,965**	277,704	**-**	16,610

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

6. EARNINGS PER SHARE

	1999	1998
Basic earnings per share (dollars per share)	**0.168**	0.165
Weighted average number of ordinary shares used in calculation of basic earnings per share	**9,537,081**	7,777,658

Diluted earnings per share are not materially different from basic earnings per share.

7. SEGMENT REPORT

	INVESTMENT BANKING		TELECOMMUNICATIONS		FASTENERS		EDUCATION		ELIMINATIONS		CONSOLIDATED	
	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998
	$	$	$	$	$	$	$	$	$	$	$	$
Sales to outside customers	**-**	-	**2,281,218**	4,367,618	**4,266,302**	-	**297,540**	-	**-**	-	**6,845,060**	4,367,618
Other revenue	**89,976**	85,906	**40,856**	60,146	**5,740**	-	**983**	-	**-**	-	**137,555**	146,052
Inter-segment revenue	**315,270**	-	**-**	-	**-**	-	**-**	-	**(315,270)**	-	**-**	
Research & Development Syndication revenue												
▪ Contract revenue	**-**	-	**373,205**	1,912,432	**-**	-	**-**	-	**-**	-	**373,205**	1,912,432
▪ Interest income	**-**	-	**1,462,594**	1,414,780	**-**	-	**-**	-	**-**	-	**1,462,594**	1,414,780
Total revenue	**405,246**	85,906	**4,157,873**	7,754,976	**4,272,042**	-	**298,523**	-	**(315,270)**	-	**8,818,414**	7,840,882
Segment operating profit/(loss)	**(96,855)**	(94,435)	**766,528**	1,379,487	**857,102**	-	**136,265**	-	**(315,270)**	-	**1,347,770**	1,285,052
Unallocated expenses											**250,282**	-
Operating profit after income tax											**1,598,052**	1,285,052
Segment assets	**2,419,334**	1,896,269	**1,866,548**	1,549,194	**7,787,229**	-	**2,232,448**	-	**-**	-	**14,305,559**	3,445,463
R & D Syndication assets	**-**	-	**16,041,947**	15,772,321	**-**	-	**-**	-	**-**	-	**16,041,947**	15,772,321
Total assets	**2,419,334**	1,896,269	**17,908,495**	17,321,515	**7,787,229**	-	**2,232,448**	-	**-**	-	**30,347,506**	19,217,784

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

Industry Segment	Products/services
Investment banking	Capital market activities
Telecommunications	Voice logging technology
Fasteners	Manufacture and import fasteners
Education	Training and education services

The companies in the consolidated entity operate predominantly in Australia.

	CONSOLIDATED		THE COMPANY	
	1999	1998	1999	1998
	$	$	$	$

8. RECEIVABLES

CURRENT				
Trade debtors*	**2,590,847**	780,245	**51,187**	-
Less: Provision for doubtful debts	**(38,752)**	(45,113)	**-**	-
	2,552,095	735,132	**51,187**	-
Grants receivable	**-**	18,938	**-**	-
Dividends receivable – wholly owned controlled entities	**-**	-	**780,000**	407,000
Loan to wholly owned controlled entities	**-**	-	**-**	1,815,376
	2,552,095	754,070	**831,187**	2,222,376

*Includes $401,558 (1998 Nil) cash held in trust for business college students in accordance with the E.S.O.S. Act. A corresponding liability exists (refer note 13).

NON CURRENT				
Loans to wholly owned controlled entities	**-**	-	**14,282,444**	6,062,054
Less: Provision for doubtful debts	**-**	-	**(6,062,827)**	(6,062,054)
	-	-	**8,219,617**	-

9. INVESTMENTS

NON CURRENT				
Shares in controlled entities at cost	**-**	-	**1,470,572**	1,470,568
Less: Provision for diminution	**-**	-	**(200,000)**	(200,000)
	-	-	**1,270,572**	1,270,568

10. INVENTORIES

CURRENT				
Raw materials and stores – at cost	**869,155**	277,155	**-**	-
Work in progress – at cost	**85,577**	160,751	**-**	-
Finished goods – at cost	**1,722,526**	193,367	**-**	-
	2,677,258	631,273	**-**	-

11. PLANT AND EQUIPMENT

Plant and equipment – at cost	**2,520,849**	516,619	**-**	-
Accumulated depreciation	**(601,431)**	(436,302)	**-**	-
	1,919,418	80,317	**-**	-
Leasehold improvements – at cost	**67,126**	67,126	**-**	-
Accumulated amortisation	**(45,118)**	(30,915)	**-**	-
	22,008	36,211	**-**	
Total plant & equipment – net book value	**1,941,426**	116,528	**-**	-

	Note	CONSOLIDATED		THE COMPANY	
		1999	1998	1999	1998
		$	$	$	$

12. INTANGIBLES

Goodwill – at cost		**2,495,599**	-	-	-
Accumulated amortisation		**(45,988)**	-	-	-
		2,449,611	-	-	-
Deferred finance charges		**155,341**	-	-	-
Business name – at cost		**30,000**	-	-	-
		2,634,952	-	-	-

13. ACCOUNTS PAYABLE

CURRENT					
Trade creditors*		**1,500,840**	404,982	**114,681**	44,283
Deferred maintenance revenue		**26,377**	22,879	**-**	-
		1,527,217	427,861	**114,681**	44,283

* Includes $401,558 (1998 Nil) held in trust accounts for business college students in accordance with the E.S.O.S Act . A corresponding receivable exists (refer Note 8)

14. PROVISIONS

CURRENT					
Provision for final dividend		**534,508**	388,883	**534,508**	388,883
Employee entitlements		**139,150**	94,837	**53,826**	38,936
		673,658	483,720	**588,334**	427,819
NON CURRENT					
Employee entitlements		**55,075**	35,670	**-**	-
Provision for tax		**925**	-	**-**	-
Provision for deferred income tax		**114,811**	-	**1,634**	-
		170,811	35,670	**1,634**	-

15. SHARE CAPITAL

Issued and Paid-up Capital

10,690,169 (1998: 7,777,658 of $0.20 par value each) ordinary shares fully paid		**9,790,249**	1,555,532	**9,790,249**	1,555,532

Movements in ordinary share capital

Balance at the beginning of the financial year		**1,555,532**	1,555,532	**1,555,532**	1,555,532
Balance of the share premium reserve	(i)	**5,678,441**	-	**5,678,441**	-
Shares issued					
- 1,684,211 shares issued to finance acquisition of business and assets of Premier Fasteners Pty Limited	(ii)	**1,246,316**	-	**1,246,316**	-
- 1,000,000 shares issued for cash	(iii)	**1,036,000**	**-**	**1,036,000**	**-**
- 228,300 shares issued to finance acquisition of Clarendon Business College Pty Limited	(iv)	**273,960**	**-**	**273,960**	**-**
		9,790,249	1,555,532	**9,790,249**	1,555,532

	Note	CONSOLIDATED		THE COMPANY	
		1999	1998	1999	1998
		$	$	$	$

15. SHARE CAPITAL (continued)

Notes:

(i) The Company Law Review Act 1998 ("the Act") came into effect on 1 July 1998. The Act abolished par value shares, and any amount standing to the credit of the share premium reserve became part of the Company's share capital on 1 July 1998. From 1 July 1998 share capital does not have a nominal (par) value.

(ii) On 30 October 1998 ordinary shares were issued to finance the purchase of the business and assets of Premier Fasteners Pty Limited, as approved by the shareholders on 16 October 1998.
- 1,684,211 shares were issued at $0.74 at the date of the agreement.

(iii) On 3 December 1998 ordinary shares were issued by the directors in accordance with chapter 7.1 of the ASX listing rules which allows issues not exceeding 15% of the capital of the Company in the previous 12 months.
- 1,000,000 shares were issued at $1.10

Transaction costs of $64,000 were recognised as a reduction of the proceeds of issue.

(iv) On 30 April 1999 ordinary shares were issued by the directors in accordance with chapter 7.1 of the ASX listing rules which allows issues not exceeding 15% of the capital of the Company in the previous 12 months, to finance the acquisition of Clarendon Business College Pty Limited.
- 228,300 shares were issued at $1.20 at the date of the agreement.

16. RESERVES

	Note	CONSOLIDATED 1999 $	CONSOLIDATED 1998 $	THE COMPANY 1999 $	THE COMPANY 1998 $
Share premium		**-**	5,678,441	**-**	5,678,441
Movements during the year					
Share premium					
Balance at beginning of year		**5,678,441**	5,678,441	**5,678,441**	5,678,441
Included with share capital	15	**(5,678,441)**	-	**(5,678,441)**	-
Balance at end of year		**-**	5,678,441	**-**	5,678,441

17. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE

Interest rate risk

Cash at bank

The consolidated entity deposits cash into premium business accounts at variable rates and on 24 hour call.

	CONSOLIDATED 1999 $	CONSOLIDATED 1998 $	THE COMPANY 1999 $	THE COMPANY 1998 $
Bank short term deposits – interest rates between 4.70% and 4.77% (1998: 4.3% to 4.6%)	**2,030,793**	1,837,930	**2,030,793**	-
Cheque accounts	**-**	95,899	**-**	53,314
Premium business accounts	**1,349,924**	-	**80,086**	-
	3,380,717	1,933,829	**2,110,879**	53,314

17. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (continued)

Interest rate risk (continued)

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: 1 year or less	1 to 5 years	More than 5 years	Non-Interest bearing	Total
1999								
Financial assets								
Cash		4.73%	3,380,717	-	-	-	-	3,380,717
Receivables	8	-	-	-	-	-	2,552,095	2,552,095
			3,380,717	-	-	-	2,552,095	5,932,812
Financial liabilities								
Convertible notes	30	12.00%	-	-	5,230,934	-	-	5,230,934
Borrowings	30	-	-	-	-	-	1,108,000	1,108,000
Accounts payable	13	-	-	-	-	-	1,527,217	1,527,217
Employee entitlements	14	5.10%	55,075	-	-	-	139,150	194,225
Dividends payable	14	-	-	-	-	-	534,508	534,508
			55,075	-	5,230,934	-	3,308,875	8,594,884
1998								
Financial assets								
Cash		4.40%	1,933,829	-	-	-	-	1,933,829
Receivables	8	-	-	-	-	-	754,070	754,070
			1,933,829	-	-	-	754,070	2,687,899
Financial liabilities								
Convertible notes	30	-	-	-	-	-	-	-
Borrowings	30	-	-	-	-	-	-	-
Accounts payable	13	-	-	-	-	-	427,861	427,861
Employee entitlements	14	5.00%	35,670	-	-	-	94,837	130,507
Dividends payable	14	-	-	-	-	-	388,883	388,883
			35,670	-	-	-	911,581	947,251

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. Wherever possible export orders are insured through the Export Finance Insurance Corporation.

At the end of the licence agreement under the Research & Development Syndication (refer Note 25), the Joint Venture has the option to require Overland Sydney Pty Limited to purchase all of the issued shares in Hanstock Pty Limited for an agreed sum. This liability is recognised in the financial report as a provision for put option and is offset by funds that Overland received following the sale of the licence to the Joint Venture.

17. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (continued)

Foreign exchange risk

The consolidated entity is exposed to foreign currency risk on its purchase and sale of products (refer to Note 20). The consolidated entity has not hedged foreign currency transactions as at 30 June 1999. 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.

18. PARTICULARS IN RELATION TO CONTROLLED ENTITIES

Name	Interest held 1999 %	Interest held 1998 %
Controlled entities		
Electrodata Pty Limited (i)	100	100
Electrodata (Sales) Pty Limited (ii)	100	100
Overland Sydney Pty Limited (ii)	100	100
Sandomir Pty Limited (ii)	100	100
Premier Fasteners Pty Limited (i)	100	-
Prybron Pty Limited (i) (iii)	100	-
Clarendon Business College Pty Limited (i)	100	-
Clarendon Management Pty Limited (i) (v)	100	-
Suedoc Pty Limited (i) (iv)	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) These companies have each entered into a Deed of Cross Guarantee with Garratt's Limited, refer Note 27.
(iii) The name of Prybron Pty Limited was changed on 13 August 1999 to Academies Australasia Pty Limited.
(iv) The name of Suedoc Pty Limited was changed on 7 July 1999 to Supreme Business College Pty Limited.
(v) The name of Clarendon Management Pty Limited was changed on 27 August 1999 to Academies Australasia (Management) Pty Limited.
(vi) All controlled entities are incorporated in Australia.

19. ACQUISITION OF CONTROLLED ENTITIES

The following controlled entities were acquired during the financial year:

	Consideration $	The consolidated entity's interest %
Premier Fasteners Pty Limited (formerly Savanite Pty Limited) The entity was acquired on 10 October 1998 and the operating results from that date have been included in consolidated operating profit.	2	100
Academies Australasia Pty Limited (formerly Prybron Pty Limited) The entity was acquired on 28 April 1999 and the operating results from that date have been included in consolidated operating profit.	2	100
Clarendon Business College Pty Limited The entity was acquired on 30 April 1999 and the operating results from that date have been included in consolidated operating profit.	325,011	100
Academies Australasia (Management) Pty Limited (formerly Clarendon Management Pty Limited) The entity was acquired on 30 April 1999 and the operating results from that date have been included in consolidated operating profit.	625,000	100
Supreme Business College Pty Limited (formerly Suedoc Pty Limited) The entity was acquired on 30 June 1999 and the operating results from that date have been included in consolidated operating profit.	930	100

	CONSOLIDATED		THE COMPANY	
	1999	1998	1999	1998
	$	$	$	$

20. 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	**65,795**	89,910	**-**	-
Amounts payable	**139,919**	2,163	**-**	-

21. OPERATING LEASE RENTAL COMMITMENTS

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

Not later than one year	**382,984**	78,045	**-**	-
Later than one year but not later than two years	**97,972**	81,167	**-**	-
Later than two years but not later than five years	**-**	20,489	**-**	-
	480,956	179,701	**-**	-

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

22. CONTINGENT LIABILITIES

Employment Contracts

Payable to Executive Directors under service agreements on termination in certain circumstances:	**736,667**	705,000	**470,000**	705,000

Indemnities

As the Research and Development Syndicate takes advantage of certain tax concessions available under the Income Tax Assessment Act, the Company and its wholly owned controlled entities are 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 has been obtained in respect of the syndicate. Accordingly, unless there is a change in the taxation laws or in the interpretation of them it is not envisaged that any compensation payments will be required.

Guarantees

Under the terms of a Deed of Cross Guarantee, described in Note 27, the Company has guaranteed any deficiency which might arise in Overland Sydney Pty Limited, Electrodata (Sales) Pty Limited and Sandomir Pty Limited.

	CONSOLIDATED 1999 $	CONSOLIDATED 1998 $	THE COMPANY 1999 $	THE COMPANY 1998 $

23. DIRECTORS' AND EXECUTIVES' REMUNERATION

(a) Directors

The names of each person holding the position of Director of Garratt's Limited during the financial year were Mr. P. Burrows, Mr. C. Campbell, and Dr. S. Baker.

(b) Directors' Remuneration

The number of directors of the Company whose income from the Company or any related party fall within the following bands:

			Number	Number
$ 0 - 9,999			-	1
$ 20,000 - 29,999			1	1
$ 150,000 - 159,999			1	-
$ 210,000 - 219,999			-	1
$ 240,000 - 249,999			-	1
$ 250,000 - 259,999			1	-
Total income paid or payable, or otherwise made available, to all directors of the Company and controlled entities from the Company or any related party.	**672,551**	494,308	**430,214**	494,308

(c) Executives' Remuneration

The number of executive officers of the Company and of controlled entities, whose remuneration from the Company or any related party, and from entities in the consolidated entity, falls within the following bands:

	Number	Number	Number	Number
$ 140,000 - 149,999	1	-	-	-
$ 240,000 - 249,999	-	1	-	1
$ 250,000 - 259,999	1	-	1	-
Total income received, or due and receivable, from the Company, entities in the consolidated entity or related parties by executive officers of the Company and of controlled entities whose income is $100,000 or more.	**398,490**	249,100	**251,450**	249,100

24. RELATED PARTIES

Directors' holdings of shares

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:

	1999 Number held	**1998** Number held
Garratt's Limited	**1,668,770**	1,599,724

24. RELATED PARTIES (continued)

Directors' transactions in shares

During the year one director acquired 30,246 shares, one director acquired 68,800 shares and one director sold 30,000 shares.

Directors' transactions with the Company and the consolidated entity

Details of Directors' remuneration are set out in Note 23(b). Directors are also reimbursed for expenses incurred by them on behalf of the consolidated entity.

Directors' holdings of convertible notes

	1999 Number held	**1998** 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	**787,630**	-

Directors' transactions in convertible notes

During the year one director acquired 400,000 convertible notes, one director acquired 287,630 convertible notes, one director acquired 193,750 convertible notes, and one director sold 93,750 convertible notes.

Interest paid on convertible notes was $20,120 to one director, $14,468 to one director, and $5,030 to one director.

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(a), 3 and 8.

Dr. S. Baker is a Director and major shareholder in Syman Pty Ltd, which has entered into a consultancy agreement with Electrodata Pty Limited on terms and conditions no more favourable than those available or which might reasonably be expected to be available on similar transactions to non-director related entities on an arms length basis. Consulting fees paid under this agreement total $157,364 (1998: $216,036), of which $47,888 (1998: $108,018) was based on the performance of Electrodata Pty Limited in accordance with the consultancy agreement dated 6 September 1994, and are included in the remuneration disclosed in Note 23(b).

25. RESEARCH AND DEVELOPMENT SYNDICATION

Garratt's Limited and three of its controlled entities 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.

25. RESEARCH AND DEVELOPMENT SYNDICATION (continued)

The first and second syndicates were entered into on 22 September 1995 and 11 July 1996 respectively. The syndications are between the controlled entities Overland Sydney Pty Limited, Sandomir Pty Limited and Electrodata Pty Limited and a Joint Venture agreement with a non-related entity, Hanstock Pty Limited, for the development and exploitation of designated technology. Sandomir Pty Limited has a 0.5% share of the Joint Venture with the remaining 99.5% held by Hanstock Pty Limited. This is the identical financial structure for both syndicates.

As part of these syndicates, Electrodata Pty Limited granted Overland Sydney Pty Limited a licence (head licence) to certain technologies relating to the development of Electrodata Pty Limited's digital products for periods commencing on 22 September 1995 and 11 July 1996, ending at the expiration of three years from the completion of the research and development programs. Overland Sydney Pty Limited then granted a licence to this technology to the Joint Venture under the same terms and conditions as it acquired the licence from Electrodata Pty Limited.

All projects were finalised at 30 June 1998.

Forming part of these syndicates, Electrodata Pty Limited has negotiated a licence of the new technology with the Joint Venture for an exclusive right to exploit the new technology throughout the world over the commercialisation period which ends on 1 October 2002 for the first syndicate and 2 October 2004 for the second syndicate.

Electrodata Pty Limited will be liable to pay royalties to the Joint Venture in respect of sales under the licence agreement. A minimum royalty payment has been set under the terms of the licence commencing at the end of the research and development program. The liability to pay this amount is being progressively recognised in the financial report as the liability is incurred over the period of the research and development program. The minimum royalty commitment under the terms of the licence is $6,431,207 payable between 22 September 1998 to 1 October 2002. This minimum royalty commitment will be fully met by interest income being earned by the funds held on restricted deposit. The first payment of $770,824 was made on 22 September 1998.

At the end of the licence agreement the Joint Venture has the option to require Overland Sydney Pty Limited to purchase all of the issued shares in Hanstock Pty Limited for an agreed sum. This liability is recognised in the financial report as a provision for put option and is offset by funds that Overland Sydney Pty Limited received following the sale of the licence to the Joint Venture.

If the put option is exercised Overland Sydney Pty Limited will have effective ownership of all technology developed by the Joint Venture and will be entitled to all royalties payable to the Joint Venture. The Joint Venture financier may elect to let its put option lapse and continue receiving royalties until the end of the commercialisation period. In the event that the put option is exercised any monies remaining in the restricted security deposit will be paid to Overland Sydney Pty Limited at the time.

As the syndicate takes advantage of certain tax concessions available under the Income Tax Assessment Act, the Company and controlled entities are 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 Venturer and their financier. A comprehensive tax ruling has been obtained in respect of the syndication. Accordingly, unless there is a change in the taxation laws or in the interpretation of them it is not envisaged that any compensation payments will be required.

25. RESEARCH AND DEVELOPMENT SYNDICATION (continued)

The Research and Development Syndications may be terminated in the event of default by any of the parties or in accordance with other conditions normally attaching to syndications of this type.

	CONSOLIDATED	
	1999	1998
	$	**$**
The assets and liabilities arising from the syndication Included in the consolidated entity's balance sheets are:		
CURRENT ASSETS		
Cash on restricted deposit	**-**	398,660
NON CURRENT ASSETS		
Cash on restricted deposit	**16,041,947**	15,373,661
Total Assets	**16,041,947**	15,772,321
CURRENT LIABILITIES		
Deferred Research & Development revenue	**-**	678,273
NON CURRENT LIABILITIES		
Provision for royalties and put option	**16,041,947**	15,094,048
Total Liabilities	**16,041,947**	15,772,321

26. SUPERANNUATION

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

27. DEED OF CROSS GUARANTEE

Pursuant to ASIC Class Order 98/1418 dated 13 August 1998 the subsidiaries listed below are relieved from the Corporations Law requirements for preparation, audit, and lodgement of financial reports.

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Law. If a winding up occurs under other provisions of the Law, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiaries subject to the Deed are:

- Overland Sydney Pty Limited
- Sandomir Pty Limited
- Electrodata (Sales) Pty Limited

A consolidated profit and loss statement and consolidated balance sheet, comprising the Company and subsidiaries which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, at 30 June 1999 is set out on the following page.

27. DEED OF CROSS GUARANTEE (continued)

	1999
	$
Profit and Loss Statement	
Operating profit before income tax	**1,045,607**
Income tax benefit attributable to operating profit	**(443,704)**
Net profit after income tax	**1,489,311**
Accumulated losses at beginning of financial year	**(5,597,762)**
	(4,108,451)
Dividends provided for or paid	**(1,057,601)**
Accumulated losses at the end of the financial year	**(5,166,052)**

Balance Sheet

Cash	2,110,879
Receivables	831,187
Other	233,931
Total current assets	**3,175,997**
Receivables	8,582,598
Investments	1,270,572
Intangibles	10,692,004
Research Syndicate cash deposit	16,041,946
Other	445,338
Total non-current assets	**37,032,458**
Total assets	**40,208,455**
Accounts payable	164,853
Borrowings	272,000
Provisions	588,334
Total current liabilities	**1,025,187**
Accounts payable	16,120,830
Borrowings	6,066,934
Provisions	1,634
Research Syndicate provisions	12,369,673
Total non-current liabilities	**34,559,071**
Total liabilities	**35,584,258**
Net Assets	**4,624,197**
Share capital	9,790,249
Accumulated losses	(5,166,052)
Total shareholders' equity	**4,624,197**

	CONSOLIDATED		THE COMPANY	
	1999	1998	1999	1998
	$	$	$	$

28. FINANCING ARRANGEMENTS

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

	CONSOLIDATED 1999 $	CONSOLIDATED 1998 $	THE COMPANY 1999 $	THE COMPANY 1998 $
Total facilities available:				
Multi option facility	**796,000**	-	**796,000**	-
Bank overdraft	**-**	30,000	**-**	-
Bank bills facility	**-**	500,000	**-**	-
	796,000	530,000	**796,000**	-
Facilities not utilised at balance date:				
Multi option facility	**796,000**	-	**796,000**	-
Bank overdraft	**-**	30,000	**-**	-
Bank bills facility	**-**	500,000	**-**	-
	796,000	530,000	**796,000**	-

The bank facilities are secured by a registered first mortgage over controlled entities' assets. The facilities are subject to annual review.

29. NOTES TO THE STATEMENTS OF CASH FLOWS

(a) Reconciliation of operating profit after income tax to net cash provided by/(used in) operating activities

	CONSOLIDATED 1999 $	CONSOLIDATED 1998 $	THE COMPANY 1999 $	THE COMPANY 1998 $
Operating profit after income tax	**1,598,052**	1,285,052	**1,068,083**	784,092
(Profit)/loss on sale of non-current assets	**(201)**	(1,438)	**-**	-
Non-cash items:				
Goodwill amortised and written off	**45,988**	-	**-**	-
Deferred finance charges	**66,769**		**-**	
Interest charged to controlled entities, not received	**-**	-	**(627,131)**	-
Provision of doubtful debts	**(6,361)**	17,336	**-**	-
Provision/(write-back) on loan to controlled entity	**-**	-	**773**	(57,024)
Future income tax benefit	**(645,699)**	-	**(23,337)**	-
Provision for deferred income tax	**114,811**	-	**1,634**	-
Depreciation and amortisation	**197,233**	107,269	**-**	-
Obsolete stock provision	**(57,054)**	47,053	**-**	-
Net cash provided by operating activities before change in assets and liabilities	**1,313,538**	1,455,272	**420,022**	727,068
(Increase)/decrease in current receivables	**(1,791,664)**	(241,811)	**(424,187)**	(406,260)
(Increase)/decrease in prepayments	**(463,149)**	1,916	**(228,905)**	385
Increase/(decrease) in current liabilities	**1,099,357**	(85,886)	**70,394**	(100,403)
Increase/(decrease) in provisions	**63,718**	(13,880)	**14,890**	13,188
(Increase)/decrease in inventories	**(244,930)**	(259,761)	**-**	-
Net cash provided by/(used in) operating activities	**(23,130)**	855,850	**(147,786)**	233,978

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

(b) Reconciliation of cash

For the purpose of the Statements of Cash Flows, cash includes cash on hand and at bank and short term deposits at call. Refer to Note 17.

(c) Acquisition of controlled entities

During the financial year the consolidated entity purchased 100% of the ordinary shares in Premier Fasteners Pty Limited (formerly Savanite Pty Limited), Academies Australasia Pty Limited (formerly Prybron Pty Limited), Clarendon Business College Pty Limited, Academies Australasia (Management) Pty Limited (formerly Clarendon Management Pty Limited), and Supreme Business College Pty Limited (formerly Suedoc Pty Limited) (1998: Nil)

Details of the acquisitions are as follows:

	CONSOLIDATED 1999 $	CONSOLIDATED 1998 $	THE COMPANY 1999 $	THE COMPANY 1998 $
Consideration	**950,941**	-	**4**	-
Cash acquired	**(1,169)**	-	**-**	-
Net outflow of cash	**949,772**		**4**	
Fair value of net assets of entities acquired				
Property, plant and equipment	**144,868**	-	**-**	-
Cash	**1,169**	-	**-**	-
Other assets	**502**	-	**4**	-
Provision for tax	**(925)**	-	**-**	-
	145,614		**4**	
Goodwill on acquisition	**805,327**	-	**-**	-
Consideration (cash)	**950,941**	-	**4**	-

30. BORROWINGS

	CONSOLIDATED 1999 $	CONSOLIDATED 1998 $	THE COMPANY 1999 $	THE COMPANY 1998 $
Current				
Other loans – unsecured	**272,000**	-	**272,000**	-
Non-current				
5,230,934 12% convertible notes of $1.00 each	**5,230,934**	-	**5,230,934**	
Other loans – unsecured	**836,000**	-	**836,000**	
	6,066,934	-	**6,066,934**	

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.* (refer to Note 1(o)).

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Garratt's Limited:

   a. the financial statements, and notes, set out on pages 9 to 35 are in accordance with the Corporations Law,

      (i) giving a true and fair view of the financial position of the Company and consolidated entity as at 30 June 1999 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and

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

   b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. There are reasonable grounds to believe that the Company and the subsidiaries identified in Note 18 will be able to meet any obligations or liabilities to which they are or may become subject by virtue of the Deed of Cross Guarantee between the Company and those subsidiaries pursuant to ASIC Class Order 98/1418.

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

Mr. P. Burrows Director	Mr. C. Campbell Director

Sydney
9 September 1999

The KPMG Centre
45 Clarence Street
Sydney NSW 1213
Australia

PO Box H67
Australia Square
Sydney NSW 1213
Australia

Telephone: (02) 9335 7000
Facsimile: (02) 9299 7077
DX 1056 SYDNEY
www.kpmg.com.au

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GARRATT'S LIMITED

Scope

We have audited the financial report of Garratt's Limited for the financial year ended 30 June 1999, consisting of the profit and loss statements, balance sheets, statements of cash flows, accompanying notes, and the directors' declaration set out on pages 9 to 36. 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 year 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 the consolidated entity's financial position as at 30 June 1999 and of their performance for the financial year ended on that date; and
- ii) complying with Accounting Standards and the Corporations Regulations; and

(b) other mandatory professional reporting requirements.

KPMG

Sydney
9 September 1999

L J Gulson
Partner

GARRATT'S LIMITED
AND ITS CONTROLLED ENTITIES
AUSTRALIAN STOCK EXCHANGE – ADDITIONAL INFORMATION
For the 12 Months Ended 30 June 1999

Additional information required by the Australian Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is made up to 31 August 1999.

SUBSTANTIAL HOLDERS

Ordinary Shares

The number of shares held by the substantial shareholders as at 31 August 1999 were:

Shareholder	Number of Shares Held	%
Vasek Fasteners Pty Limited	1,684,211	15.8
Junorma Holdings Pty Limited	1,361,367	12.7
Mr Chiang Meng Heng	1,162,760	10.9
Syman Pty Ltd	735,888	6.9
Jilcy Pty Ltd	574,682	5.4
	5,518,908	51.7

Convertible Notes

The number of convertible notes held by the substantial noteholders as at 31 August 1999 were:

Noteholder	Number of Notes Held	%
Lost Ark Nominees Pty Limited	990,496	18.9
Vasek Fasteners Pty Limited	842,106	16.1
Mr Chiang Meng Heng	581,380	11.1
Syman Pty Ltd	400,000	7.7
Jilcy Pty Ltd	287,630	5.5
	3,101,612	59.3

VOTING RIGHTS

Ordinary Shares

At 31 August 1999 there were 328 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."

Convertible Notes

At 31 August 1999 there were 198 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 1999

Name	Number	Ordinary Shares	%
Vasek Fasteners Pty Limited	1	1,684,211	15.75
Mr Chiang Meng Heng	2	1,162,760	10.88
Junorma Holdings Pty Limited	3	888,951	8.32
Syman Pty Ltd	4	734,888	6.87
Jilcy Pty Ltd	5	565,442	5.29
Lost Ark Nominees Pty Limited	6	474,895	4.44
Turnbull & Partners Limited	7	451,730	4.23
AXA Trustees Limited	8	357,500	3.34
Ms Anthea Judith Drescher	9	262,640	2.46
Villaricci Pty Limited	10	228,300	2.14
Perpetual Trustee Company Limited	11	223,862	2.09
Dr Hoomis Pahos	12	211,796	1.98
Ms Gail Lesley Storey	13	207,200	1.94
Mr K S Baker & Mrs M I Baker	14	180,340	1.69
Overseas Investments Pty Ltd	15	136,800	1.28
Trafalgar Custodians Pty Limited	16	113,714	1.06
Lawnsong Pty Limited	17	109,864	1.03
Mr Trevor Bruce Wintston Ward	18	100,000	0.94
Mr Lim Sen Yap	19	83,181	0.78
Mrs Dudlee Gray Perry	20	77,689	0.73
		8,255,763	77.24

HOLDING RANGE (SHAREHOLDERS)

100,001+	18	7,967,733	74.53
10,001 – 100,000	59	1,869,728	17.49
5,001 – 10,000	48	393,965	3.69
1,001 – 5,000	133	404,312	3.78
1 – 1,000	70	54,431	0.51
	328	10,690,169	100.00

The number of shareholders holding less than a marketable parcel as at 31August 1999 was 7 (1,670 ordinary shares).

20 LARGEST NOTEHOLDERS AS AT 31 AUGUST 1999

Name	Number	Notes	%
Lost Ark Nominees Pty Limited	1	990,496	18.94
Vasek Fasteners Pty Limited	2	842,106	16.10
Mr Chiang Meng Heng	3	461,380	8.82
Syman Pty Ltd	4	400,000	7.65
Jilcy Pty Ltd	5	287,630	5.50
Reach Out Pty Ltd	6	260,000	4.97
Mr Chiang Meng Heng	7	120,000	2.29
AXA Trustees Limited	8	100,000	1.91
Australian Better Business Bureau Pty Ltd	9	99,000	1.89
Trafalgar Custodians Pty Limited	10	75,000	1.43
Mr K S Baker & Mrs M I Baker	11	73,270	1.40
Lawnsong Pty Limited	12	54,932	1.05
Mr Trevor Bruce Wintston Ward	13	50,000	0.96
J & H Singh Pty Ltd	14	45,900	0.88
Mr Ian Russell	15	43,573	0.83
Ms Jacqueline Dahl	16	43,200	0.83
Mr Lim Sen Yap	17	41,591	0.80
Doniman Pty Limited	18	40,000	0.76
Mr James Crosthwaite	19	38,400	0.73
Mrs Renata Gray	20	36,000	0.69
		4,102,478	78.43

HOLDING RANGE (NOTEHOLDERS)

100,001+	8	3,355,532	64.15
10,001 - 100,000	46	1,377,861	26.34
5,001 - 10,000	20	163,769	3.13
1,001 - 5,000	90	307,816	5.88
1 - 1,000	34	25,956	0.50
	198	5,230,934	100.00

OFFICES AND OFFICERS

DIRECTORS	Mr. P. Burrows, B.Ec., ASIA	Chairman (Non-Executive)
	Mr. C. Campbell, B.Soc.Sci.(Hons), FAIBF, FAICD, FCIS	Group Managing Director
	Dr. S. Baker, B.E.(Hons), Ph.D	Non-Executive Director

COMPANY SECRETARIES

Mr. P. Maundrell
Ms. P. Fitzsimmons

REGISTERED OFFICE

Garratt's Limited
15 McDonald Street
Mortlake NSW 2137

Telephone: (02) 9743 0988
Facsimile: (02) 9736 2291

SHARE REGISTRAR

National Registry Services Pty Limited
Level 1, Grosvenor Place
225 George Street
Sydney NSW 2000

Telephone: (02) 9372 6060
Facsimile: (02) 9372 6011

ASX CODES

Shares:	GRT
Convertible Notes:	GRTG