



PRESS RELEASE

PROFIT IMPROVEMENT FOR HILLS

The Chairman, Mr. Bob Ling, today announced the following operating results for the 12 months ended 30 June 2001 for the Hills group.

	12 MONTHS TO 30/6/01 \$'000	12 MONTHS TO 30/6/00 \$'000	% CHANGE
Total Revenue	506,151	439,081	+15.3%
Operating profit before interest and tax	37,295	36,655	+1.7%
Operating profit after tax (before Abnormal Tax Item in the prior period)	23,013	22,611	+ 1.8%
Earnings per share (before Abnormal Tax Item in the prior period)	19.2	18.8	+ 2.1%
Total dividend per share (including special dividend)	19.4	19.0	+ 2.1%
Operating profit after tax attributable to members (before Abnormal Tax Item in the prior period)	22,770	21,278	+ 7.0%

Mr Ling said that the 7% improvement in operating profit after tax attributable to shareholders of Hills was pleasing given the very tough trading conditions confronted during the year. Mr Ling commented that the year had been one of the more difficult ones in Hills recent history due to a number of compounding issues affecting the economy overall.

These issues have been reported extensively elsewhere but the difficulty for Hills and many other companies was to understand whether the shifts in demand caused by events such as the introduction of the GST, the downturn in the building industry and the Sydney Olympics were long term or temporary changes.

The results for individual business units were as follows:

ELECTRONICS

- ◆ Security revenues continued to grow, although the weakness of the Australian dollar meant that there was continuing pressure on margins. Investments were made in relation to a number of new product initiatives, the benefits of which will start to flow in the current financial year.
- ◆ The New Zealand Security operation performed strongly.

- ◆ An office was established in the United Kingdom for Public Transport Surveillance Systems. This office was opened to support contracts that were successfully negotiated in Australia. Interest in the product range in Europe remains high.
- ◆ Sales in the Antenna Division were relatively flat. A new digital antenna range was released and the new satellite dish manufacturing plant was commissioned in Adelaide.
- ◆ Radio Frequency Systems (30% owned) achieved record sales to the end of December. The strong sales and profit performance has continued in the current year driven by significant export success for their world leading panel antenna for mobile phone systems. Sales of Broadcast Antenna and HF Systems for Defence applications were also strong.

HOME & HARDWARE PRODUCTS

- ◆ Home & Hardware products achieved commendable results given the housing downturn and the general uncertainty in the economy. The results for Triton were particularly pleasing where growth in export markets (principally the UK) resulted in a healthy increase in sales.
- ◆ The weakness of the Australian dollar resulted in an increase in competitiveness for the Australian based manufacturing operations. Although this was welcomed, a committed programme of product innovation and new product introduction remains a priority.
- ◆ The first significant sales of rotary clothes dryers into Europe were achieved during the period and growth in this market is expected as further enhancements are made to the range.
- ◆ Some recovery in the housing sector is expected in the current year as a result of the Federal Government's First Home Owners Grant Scheme.

BUILDING & INDUSTRIAL PRODUCTS

- ◆ Effective October 1st 2000 Hills Tubing operations were merged with Welded Tube Mills of Australia Pty Limited to form Orrcon Pty Limited. The merged entity manufactures and distributes a full range of Precision and Structural tubing. The demand for steel in Australia declined over the last 6 months, which presented challenges to Orrcon's business plan. Notwithstanding the above, the final results were pleasing.
- ◆ The steep decline in building activity as a result of the introduction of the GST made it very difficult for the Metal Building Products business. Conditions remained soft throughout the year with the first quarter in particular impacted by the pull forward of demand into the previous financial year. This resulted in a poor full year profit performance. Strong foundations have now been laid for a significant improvement going forward.

- ◆ Korvest Ltd achieved a modest increase in sales and profitability. The final results were pleasing given the difficult climate for Galvanizing in particular.

ABNORMAL ITEM

It should be noted that last year's result included an abnormal income tax expense of \$2.477K due to the reduced company tax rate which resulted in a reduction in Future Income Tax Benefits.

DIVIDEND POLICY

The company continues to pay all of its after tax profits to shareholders as interim and final dividends. This policy will be subject to the same conditions as previously determined as follows:

- ◆ The debt to equity ratio remaining below 45% taking into account the funding required for growth.
- ◆ No change in the law in connection with the distribution of accumulated franking credits.
- ◆ Continuing profitability at an acceptable level.

The Directors announced a fully franked final dividend of 7.4 cents per share. This dividend can be taken as cash, reinvested in Hills shares at a 5% discount or received as bonus shares at a 5% discount or any combination of the above. The dividend will be paid on 28 September 2001. The Directors intend to have the Dividend Reinvestment plans underwritten to the extent of 50% of the total dividend declared. The Record Date is 7 September 2001.

CURRENT YEAR

Mr Ling said he expected a more stable year in 2001/2002. Internal budgets indicate that growth in both sales and profit will be achieved but given the volatility of recent times these forecasts need to be closely monitored. Growing existing operations profitably remains a key objective and the company will continue to seek out new business opportunities.

R.D.H. LING AO
CHAIRMAN

13 August 2001

Appendix 4B (rule 4.13(b))

Half yearly/preliminary final report

Introduced 1/7/2000.

Name of entity

HILLS INDUSTRIES LIMITED

ACN, ARBN or ARSN

007 573 417

Half yearly
(tick)

Preliminary
final (tick)

Financial year ended ('current period')

30 June 2001

For announcement to the market

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

\$A'000

Revenues from ordinary activities <i>(item 1.1)</i>	up	15.3%	to	506,151
Profit (loss) from ordinary activities after tax (before amortisation of goodwill) attributable to members <i>(item 1.20)</i>	up	9.4%	to	23,066
Profit (loss) from ordinary activities after tax attributable to members <i>(item 1.23)</i>	up	21.1%	to	22,770
Profit (loss) from extraordinary items after tax attributable to members <i>(item 2.5(d))</i>				NIL
Net profit (loss) for the period attributable to members <i>(item 1.11)</i>	up	21.1%	to	22,770
Dividends (distributions)		Amount per security		Franked amount per security
Final dividend <i>(Preliminary final report only - item 15.4)</i>				
Interim dividend <i>(Half yearly report only - item 15.6)</i>		7.4¢		7.4¢
Previous corresponding period <i>(Preliminary final report - item 15.5; half yearly report - item 15.7)</i>		7.4¢		7.4¢
+Record date for determining entitlements to the dividend, (in the case of a trust, distribution) <i>(see item 15.2)</i>		7 September 2001		
Brief explanation of omission of directional and percentage changes to profit in accordance with Note 1 and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				
NONE				

+ See chapter 19 for defined terms.

Consolidated profit and loss account

	Current period - \$A'000	Previous corresponding period - \$A'000
1.1 Revenues from ordinary activities	506,151	439,081
1.2 Expenses from ordinary activities (<i>see items 1.24 + 12.5 + 12.6</i>)	468,502	402,284
1.3 Borrowing costs	3,669	1,796
1.4 Share of net profit (loss) of associates and joint venture entities (<i>see item 16.7</i>)	-	-
1.5 Profit (loss) from ordinary activities before tax	33,980	35,001
1.6 Income tax on ordinary activities (<i>see note 4</i>)	10,967	14,967
1.7 Profit (loss) from ordinary activities after tax	23,013	20,034
1.8 Profit (loss) from extraordinary items after tax (<i>see item 2.5</i>)	-	-
1.9 Net profit (loss)	23,013	20,034
1.10 Net profit (loss) attributable to outside +equity interests	243	1,233
1.11 Net profit (loss) for the period attributable to members	22,770	18,801

Consolidated retained profits

1.12 Retained profits (accumulated losses) at the beginning of the financial period	63,067	62,094
1.13 Net profit (loss) attributable to members (<i>item 1.11</i>)	22,770	18,801
1.14 Net transfers to and from reserves	-	-
1.15 Net effect of changes in accounting policies	-	-
1.16 Dividends and other equity distributions paid or payable	18,357	17,827
1.17 Retained profits (accumulated losses) at end of financial period	67,480	63,068

Profit restated to exclude amortisation of goodwill

	Current period \$A'000	Previous corresponding period \$A'000
1.18 Profit (loss) from ordinary activities after tax before outside equity interests (<i>items 1.7</i>) and amortisation of goodwill	23,309	22,309
1.19 Less (plus) outside +equity interests	243	1,233
1.20 Profit (loss) from ordinary activities after tax (before amortisation of goodwill) attributable to members	23,066	21,076

+ See chapter 19 for defined terms.

Profit (loss) from ordinary activities attributable to members

	Current period \$A'000	Previous corresponding period \$A'000
1.21 Profit (loss) from ordinary activities after tax (<i>item 1.7</i>)	23,013	20,034
1.22 Less (plus) outside +equity interests	243	1,233
1.23 Profit (loss) from ordinary activities after tax, attributable to members	22,770	18,801

Revenue and expenses from ordinary activities

AASB 1004 requires disclosure of specific categories of revenue and AASB 1018 requires disclosure of expenses from ordinary activities according to either their nature or function. Entities must report details of revenue and expenses from ordinary activities using the layout employed in their accounts. See also items 12.1 to 12.6.

	Current period \$A'000	Previous corresponding period \$A'000
1.24 Details of revenue and expenses		
Sales Revenue	500,283	435,399
Other Revenue	5,868	3,682
Revenue from ordinary activities	<u>506,151</u>	<u>439,081</u>
Cost of Goods Sold	336,847	284,500
Sales & Marketing Expenses	68,445	62,240
Distribution Expenses	33,824	27,184
Administration Expenses	22,452	22,506
Occupancy Expenses	4,779	3,981
Other Expenses	2,155	1,873
Expenses from ordinary activities	<u>468,502</u>	<u>402,284</u>
Borrowing Expenses	3,669	1,796
	<u>472,171</u>	<u>404,080</u>
Profit from ordinary activities before tax	<u>33,980</u>	<u>35,001</u>

+ See chapter 19 for defined terms.

Intangible and extraordinary items

		<i>Consolidated - current period</i>			
		Before tax \$A'000 (a)	Related tax \$A'000 (b)	Related outside +equity interests \$A'000 (c)	Amount (after tax) attributable to members \$A'000 (d)
2.1	Amortisation of goodwill	296	-	-	296
2.2	Amortisation of other intangibles	671	228	-	443
2.3	Total amortisation of intangibles	967	228	-	739
2.4	Extraordinary items (details)	NIL	NIL	NIL	NIL
2.5	Total extraordinary items				

Comparison of half year profits

(Preliminary final report only)

		Current year - \$A'000	Previous year - \$A'000
3.1	Consolidated profit (loss) from ordinary activities after tax attributable to members reported for the <i>1st</i> half year (item 1.23 in the half yearly report)	11,370	8,962
3.2	Consolidated profit (loss) from ordinary activities after tax attributable to members for the <i>2nd</i> half year	11,400	9,839

+ See chapter 19 for defined terms.

Appendix 4B (rule 4.13(b))
Half yearly/preliminary final report

Consolidated balance sheet		At end of current period \$A'000	As shown in last annual report \$A'000	As in last half yearly report \$A'000
Current assets				
4.1	Cash	2,301	7,315	17,907
4.2	Receivables	89,542	81,439	88,527
4.3	Investments	-	-	-
4.4	Inventories	74,146	57,876	68,485
4.5	Other (provide details if material)			
4.6	Total current assets	165,989	145,630	174,919
Non-current assets				
4.7	Receivables	-	-	
4.8	Investments (equity accounted)	-		
4.9	Other investments	1,163	1,375	1,205
4.10	Inventories	-	-	-
4.11	Exploration and evaluation expenditure capitalised (see para .71 of <i>AASB 1022</i>)	-	-	-
4.12	Development properties (+mining entities)	-	-	-
4.13	Other property, plant and equipment (net)	116,067	91,314	109,011
4.14	Intangibles (net)	6,647	6,560	6,369
4.15	Other – Future Tax Benefits	13,512	14,632	15,003
4.16	Total non-current assets	137,389	113,881	131,588
4.17	Total assets	303,378	259,511	306,507
Current liabilities				
4.18	Payables	66,929	60,659	67,591
4.19	Interest bearing liabilities	14,124	4,725	16,219
4.20	Provisions	28,250	36,449	38,133
4.21	Other (provide details if material)	-	-	-
4.22	Total current liabilities	109,303	101,833	121,943
Non-current liabilities				
4.23	Payables	-	-	-
4.24	Interest bearing liabilities	48,716	32,313	46,179
4.25	Provisions	7,202	7,025	7,233
4.26	Other (provide details if material)	-		
4.27	Total non-current liabilities	55,918	39,338	53,412
4.28	Total liabilities	165,221	141,172	175,355
4.29	Net assets	138,157	118,339	131,152

+ See chapter 19 for defined terms.

Consolidated balance sheet continued

Equity				
4.30	Capital/contributed equity	30,751	27,055	29,206
4.31	Reserves	25,195	23,484	24,672
4.32	Retained profits (accumulated losses)	67,480	63,068	61,925
4.33	Equity attributable to members of the parent entity	123,426	113,607	115,803
4.34	Outside + equity interests in controlled entities	14,731	4,733	15,349
4.35	Total equity	138,157	118,340	131,152
4.36	Preference capital included as part of 4.33	-	-	-

Exploration and evaluation expenditure capitalised

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

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

Development properties

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

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

+ See chapter 19 for defined terms.

Consolidated statement of cash flows

		Current period \$A'000	Previous corresponding period - \$A'000
Cash flows related to operating activities			
7.1	Receipts from customers	563,595	414,356
7.2	Payments to suppliers and employees	(523,903)	(373,448)
7.3	Dividends received from associates	499	-
7.4	Other dividends received	-	-
7.5	Interest and other items of similar nature received	415	142
7.6	Interest and other costs of finance paid	(3,724)	(1,796)
7.7	Income taxes paid	(17,461)	(13,662)
7.8	Other (provide details if material)	-	-
7.9	Net operating cash flows	19,421	25,592
Cash flows related to investing activities			
7.10	Payment for purchases of property, plant and equipment	(18,474)	(11,594)
7.11	Proceeds from sale of property, plant and equipment	817	497
7.12	Payment for purchases of equity investments	(378)	(251)
7.13	Proceeds from sale of equity investments	601	86
7.14	Loans to other entities	-	(75)
7.15	Loans repaid by other entities	-	-
	Other – Payments for Intangibles	(712)	(6,850)
7.16	- Payments for Purchase of Business	(1,661)	(4,261)
	- Other	1,254	1,054
7.17	Net investing cash flows	(18,553)	(21,394)
Cash flows related to financing activities			
7.18	Proceeds from issues of +securities (shares, options, etc.)	3,723	6,214
7.19	Proceeds from borrowings	4,872	11,044
7.20	Repayment of borrowings	-	-
7.21	Dividends paid	(18,365)	(16,809)
7.22	Other (provide details if material)	(160)	-
7.23	Net financing cash flows	(9,930)	449
7.24	Net increase (decrease) in cash held		
7.25	Cash at beginning of period <i>(see Reconciliation of cash)</i>	(9,062)	4,647
7.26	Exchange rate adjustments to item 7.25.	7,315	2,533
		51	135
7.27	Cash at end of period <i>(see Reconciliation of cash)</i>	(1,696)	7,315

+ See chapter 19 for defined terms.

Non-cash financing and investing activities

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

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Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current period \$A'000	Previous corresponding period - \$A'000
8.1 Cash on hand and at bank	2,301	7,315
8.2 Deposits at call	-	-
8.3 Bank overdraft	(3,997)	-
8.4 Other (provide details)	-	-
8.5 Total cash at end of period (item 7.27)	(1,696)	7,315

Ratios

	Current period	Previous corresponding period
9.1 Profit before tax / revenue Consolidated profit (loss) from ordinary activities before tax (item 1.5) as a percentage of revenue (item 1.1)	6.7%	8.0%
9.2 Profit after tax / +equity interests Consolidated net profit (loss) from ordinary activities after tax attributable to members (item 7.9) as a percentage of equity (similarly attributable) at the end of the period (item 4.33)	18.6%	16.6%

Earnings per security (EPS)

	Current period	Previous corresponding period
10.1 Calculation of the following in accordance with AASB 1027: Earnings per Share		
(a) Basic EPS	19.2 cents	16.5 cents
(b) Diluted EPS (if materially different from (a))	N/A	N/A
(c) Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	118,367,674	113,662,282

NTA backing

	Current period	Previous corresponding period
11.1 Net tangible asset backing per +ordinary security <i>(see note 7)</i>	96.7 cents	92.0 cents

+ See chapter 19 for defined terms.

Details of specific receipts/outlays, revenues/ expenses

	Current period \$A'000	Previous corresponding period - \$A'000
12.1 Interest revenue included in determining item 1.5	354	142
12.2 Interest revenue included in item 12.1 but not yet received (if material)	-	-
12.3 Interest costs excluded from borrowing costs, capitalised in asset values	-	-
12.4 Outlays (except those arising from the +acquisition of an existing business) capitalised in intangibles (if material)	-	-
12.5 Depreciation and amortisation (excluding amortisation of intangibles)	10,055	8,789
12.6 Other specific relevant items not shown in item 1.24 (see note 15)	NIL	NIL

Control gained over entities having material effect

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

+ See chapter 19 for defined terms.

Dividends (in the case of a trust, distributions)

15.1	Date the dividend (distribution) is payable	28 September 2001
15.2	+Record date to determine entitlements to the dividend (distribution) (ie, on the basis of registrable transfers received by 5.00 pm if +securities are not +CHES approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if +securities are +CHES approved)	7 September 2001
15.3	If it is a final dividend, has it been declared? <i>(Preliminary final report only)</i>	YES

Amount per security

		Amount per security	Franked amount per security	Amount per security of foreign source dividend
	<i>(Preliminary final report only)</i>			
15.4	Final dividend: Current year	7.4¢	7.4¢	-¢
15.5	Previous year	7.4¢	7.4¢	-¢
	<i>(Half yearly and preliminary final reports)</i>			
15.6	Interim dividend: Current year : Interim	7.0¢	7.0¢	-¢
	: Special	5.0¢	5.0¢	-¢
15.7	Previous year : Interim	6.6¢	6.6¢	-¢
	: Special	5.0¢	5.0¢	-¢

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

(Preliminary final report only)

	Current year	Previous year
15.8 +Ordinary securities	19.4¢	19.0¢
15.9 Preference +securities	-¢	-¢

+ See chapter 19 for defined terms.

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

	Current period \$A'000	Previous corresponding period - \$A'000
15.10 +Ordinary securities	8,920	8,606
15.11 Preference +securities	-	-
15.12 Other equity instruments	-	-
15.13 Total	8,920	8,606

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

The Dividend Investment Plan and Share Investment Plan will operate.

A discount of 5% will apply under the Rules of the Plans.

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

7 September 2001

Any other disclosures in relation to dividends (distributions)

The Directors intend to have the Dividend Reinvestment Plan underwritten to the extend of 50% of
the total dividend declared.

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

	Current period \$A'000	Previous corresponding period - \$A'000
16.1 Profit (loss) from ordinary activities before income tax	N/A	N/A
16.2 Income tax on ordinary activities		
16.3 Profit (loss) from ordinary activities after income tax		
16.4 Extraordinary items net of tax		
16.5 Net profit (loss)		
16.6 Outside +equity interests		
16.7 Net profit (loss) attributable to members		

+ See chapter 19 for defined terms.

Material interests in entities which are not controlled entities

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

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

Issued and quoted securities at end of current period

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

Category of +securities	Total number	Number quoted	Issue price per security (see note 14) (cents)	Amount paid up per security (see note 14) (cents)
18.1 Preference +securities	N/A			
18.2 Changes during current period				
18.3 +Ordinary securities	120,546,050	120,546,050		
18.4 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks	4,242,177	4,242,177		
18.5 +Convertible debt securities	N/A			
18.6 Changes during current period				
18.7 Options			<i>Exercise Price</i>	<i>Expiry date</i>
1 December 2001	172,500	172,500	2.35	31/12/01
1 December 2002	195,000	195,000	2.50	31/12/02
18.8 Issued during current period				
18.9 Exercised during current period				
18.10 Expired during current period	175,000	175,000	2.13	31/12/00
18.11 Debentures (totals only)				
18.12 Unsecured notes (totals only)				

+ See chapter 19 for defined terms.

Comments by directors

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

Basis of accounts preparation

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

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

Refer Attached

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

Refer Attached

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

The Directors expect that dividends will be fully franked for the foreseeable future.

The consolidated balance in the franking account at 30 June 2001 is \$65,635,000

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

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

There were no changes in accounting policy.

Additional disclosure for trusts

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

Annual meeting

(Preliminary final report only)

The annual meeting will be held as follows:

Place	Australian Mineral Foundation
Date	9 November 2001
Time	2.30pm
Approximate date the +annual report will be available	12 October 2001

Compliance statement

- 1 This report has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 12).

Identify other standards used

N/A

- 2 This report, and the +accounts upon which the report is based (if separate), use the same accounting policies.
- 3 This report does/does not* (*delete one*) give a true and fair view of the matters disclosed (see note 2).

+ See chapter 19 for defined terms.

5. **Consolidated balance sheet**

Format The format of the consolidated balance sheet should be followed as closely as possible. However, additional items may be added if greater clarity of exposition will be achieved, provided the disclosure still meets the requirements of *AASB 1029: Half-Year Accounts and Consolidated Accounts*, and *AASB 1040: Statement of Financial Position*. Banking institutions, trusts and financial institutions identified in an ASIC Class Order dated 2 September 1997 may substitute a clear liquidity ranking for the Current/Non-Current classification.

Basis of revaluation If there has been a material revaluation of non-current assets (including investments) since the last ⁺annual report, the entity must describe the basis of revaluation adopted. The description must meet the requirements of *AASB 1010: Accounting for the Revaluation of Non-Current Assets*. If the entity has adopted a procedure of regular revaluation, the basis for which has been disclosed and has not changed, no additional disclosure is required. Trusts should also note paragraph 10 of *AASB 1029* and paragraph 11 of *AASB 1030: Application of Accounting Standards etc.*

6. **Consolidated statement of cash flows** For definitions of “cash” and other terms used in this report see *AASB 1026: Statement of Cash Flows*. Entities should follow the form as closely as possible, but variations are permitted if the directors (in the case of a trust, the management company) believe that this presentation is inappropriate. However, the presentation adopted must meet the requirements of *AASB 1026*. ⁺Mining exploration entities may use the form of cash flow statement in Appendix 5B.

7. **Net tangible asset backing** Net tangible assets are determined by deducting from total tangible assets all claims on those assets ranking ahead of the ⁺ordinary securities (ie, all liabilities, preference shares, outside ⁺equity interests etc). ⁺Mining entities are *not* required to state a net tangible asset backing per ⁺ordinary security.

8. **Gain and loss of control over entities** The gain or loss must be disclosed if it has a material effect on the ⁺accounts. Details must include the contribution for each gain or loss that increased or decreased the entity’s consolidated profit (loss) from ordinary activities and extraordinary items after tax by more than 5% compared to the previous corresponding period.

9. **Rounding of figures** This report anticipates that the information required is given to the nearest \$1,000. However, an entity may report exact figures, if the \$A’000 headings are amended. If an entity qualifies under ASIC Class Order 98/0100 dated 10 July 1998, it may report to the nearest million dollars, or to the nearest \$100,000, if the \$A’000 headings are amended.

10. **Comparative figures** Comparative figures are the unadjusted figures from the previous corresponding period. However, if there is a lack of comparability, a note explaining the position should be attached.

⁺ See chapter 19 for defined terms.

11. **Additional information** An entity may disclose additional information about any matter, and must do so if the information is material to an understanding of the reports. The information may be an expansion of the material contained in this report, or contained in a note attached to the report. The requirement under the listing rules for an entity to complete this report does not prevent the entity issuing reports more frequently. Additional material lodged with the +ASIC under the Corporations Law must also be given to ASX. For example, a directors' report and declaration, if lodged with the +ASIC, must be given to ASX.
12. **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if one) must be complied with.
13. **Corporations Law financial statements** As at 1/7/96, this report may be able to be used by an entity required to comply with the Corporations Law as part of its half-year financial statements if prepared in accordance with Australian Accounting Standards.
14. **Issued and quoted securities** The issue price and amount paid up is not required in items 18.1 and 18.3 for fully paid securities.
15. **Relevant Items** AASB 1018 requires the separate disclosure of specific revenues and expenses which are not extraordinary but which are of a size, nature or incidence that disclosure is *relevant* in explaining the financial performance of the reporting entity. the term "relevance" is defined in AASB 1018. For foreign entities, there are similar requirements in other accounting standards normally accepted by ASX.
16. **\$ Dollars** If reporting is not in A\$, all references to \$A must be changed to the reporting currency. If reporting is not in thousands of dollars, all references to "000" must be changed to the reporting value.

+ See chapter 19 for defined terms.