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3. Advance Conveyors budget (as revised 31 December 2002) anticipated sales of \$945,000 in the second quarter of calendar year 2003. Actual sales were in fact \$785,392. However expenses were also reduced by \$40,000.

Trading conditions for Advance Conveyors have improved over the past two months. The recently revised budget for Advance Conveyors anticipates sales of \$942,500 for the three month period ending 30 September 2003 with an anticipated profit for the quarter.

4. Advance Conveyors invoices its clients on a progress payment basis and in a number of cases the final invoicing for conveyors delivered prior to the end of June was not implemented until early July. The final costing on completed jobs does not usually become available until the middle of the following month.
5. The Company continues to pursue its business objectives as fully conveyed to shareholders on numerous occasions.

The ongoing rationalization of overheads in the conveyor business and new marketing initiatives in that business will assist the medium and long term viability of this business.

The sale of the Company's forestry assets at Burruga, Lawson and Lithgow will generate a net amount of approximately \$350,000. The reorganisation and registration of titles has delayed the expected finalisation of these sales. It is now expected that this process will be completed in the next three months.

As previously advised on 17 July 2003 the Luxlite opportunity has been abandoned.

6. The Company confirms that it is in compliance with the listing rules, and in particular, listing rule 3.1. The Directors believe that the Company has complied with its responsibility in respect of continuous disclosure and in particular the supply of any information that might have a material effect on the price or value of Harrington's securities.
7. The Company believes that it is in compliance with listing rule 12.2 and in particular that the Company is in a sound financial position and that the current capital raising program will underpin this situation in the months to come.

In conclusion we hope that the above responses adequately answer your queries.

Yours sincerely,
HARRINGTON GROUP LIMITED



Michael B. Silver
Chairman



1 August 2003

Mr William Tien
Company Secretary
Harrington Group Limited
352 Horsley Road
Milperra NSW 2214

Dear William

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Harrington Group Limited (the "Company")

I refer to the Company's Quarterly Report in the form of Appendix 4C for the period ended 30 June 2003, released to Australian Stock Exchange Limited ("ASX") on Thursday, 31 July 2003, (the "Appendix 4C"), and to the Company's announcements dated 1 May 2003, and 17 July 2003, (the "Announcements").

ASX notes that the Company has reported the following.

1. Receipts from customers of \$761,000.
2. Net negative operating cash flows for the quarter of \$123,000.
3. Cash at end of quarter of \$40,000.

In light of the information contained in the prospectus, the Announcements and the Appendix 4C, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 4C, the Company may only have sufficient cash to fund its activities for less than 3 months. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 4C for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. To what extent have the Company's actual revenues and expenses in the quarter, as reported in the Appendix 4C, matched the Company's anticipated revenues and expenses for that reporting period?
4. If the Company's actual revenues and expenses are not substantially in accordance with the Company's anticipated revenues and expenses, when did the Company become

aware that its revenues and expenses would not substantially match the anticipated revenues and expenses? You may wish to outline any circumstances that may have had an effect on the Company's revenues and expenses.

5. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives as set out in the prospectus? The Company's business objectives and strategies may have changed since the date of the prospectus. If so, this should be taken into account in your response.
6. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
7. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rules 3.1, 3.1A and Guidance Note 8 - Continuous Disclosure.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

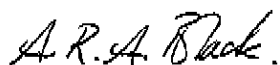
Under listing rule 18.7A, a copy of this letter and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately. Your response should be sent to me on facsimile number (02) 9241 7620. It should **NOT** be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (ie before 9.30 a.m. E.S.T.) on Tuesday, 5 August 2003.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,



Andrew Black
Senior Companies Advisor