

AUTO ENTERPRISES LIMITED

ABN 28 001 894 033

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FEB 27 17:35:30

27 February 2003

Companies Announcements Office
Australian Stock Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Fax to: 02 9241 7620

RE - CONTINUOUS DISCLOSURE

In relation to the unauthorised use of the Company's funds that was the subject of previous announcements and provided for and reported on in the audited accounts for the year to 30 June 2002, the directors further advise as follows.

The third party company referred to in those reports is Halion Limited A C N 086 278 640 ("Halion"). A liquidator was appointed to Halion on 14 November 2002.

In relation to set-off of the Company's Term Deposit ("TD") with the National Australia Bank ("NAB") against the Halion overdraft not authorised by the Company's directors, the Company has negotiated and completed full and final settlement in which NAB has taken \$125,000 of the TD and released the balance. A provision of \$230,000 was made in the Company's accounts.

Further to the above, no additional amount of the funds transferred from the TD to Halion without the authorisation of the Company's directors has been repaid, leaving an amount of \$60,000 not returned. This amount was provided for in the Company's accounts.

The Company is taking action under the terms of undertakings from parties associated with Halion for recovery of outstanding funds. The directors are unsure whether further funds will be recovered as a result of this action.

Yours sincerely



DON WILSON
Company Secretary
For the Directors of Auto Enterprises Limited