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AUSTRALIAN STOCK EXCHANGE



HNG000663



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27 November 2002

HGL PROFITS UP 31%

Diversified industrial and investment group, HGL Limited (HGL), has increased profit after tax and outside equity interests to \$8.0 million for the year to 30 September 2002, a 31% increase on the previous year's \$6.1 million.

Earnings per share increased to 17.24 cents from 13.21 cents last year. HGL has achieved an average compound earnings per share growth of 10% since 1990.

Net operating cash flows increased by \$3.3 million to \$8.0 million, with directors attributing this increase to the excellent trading performance of the operating divisions and a reduction in the amount of capital employed.

Two other significant items affecting HGL's cash flows were:

- sale of the Industrial Abrasives division for \$18.2 million in March 2002
- investment of an additional \$7.5 million in listed securities

At 30 September 2002, HGL had net cash of \$6.0 million compared with net borrowings of \$7.2 million last year.

Net tangible assets increased 12% from 86 cents a share to 96 cents a share.

Dividends

Directors have announced a final dividend of 6.00 cents a share unfranked, which will be paid on 14 February 2003. The interim dividend was 6.00 cents a share unfranked, bringing the total dividend to 12.00 cents unfranked (equivalent to 8.4 cents franked). In 2001, the total dividend was equivalent to 8.3 cents franked.

Earnings

All operating divisions performed well, with profit before interest, tax and the write off of goodwill increasing by 135% from \$2.8 million to \$6.6 million. Combined pre-tax profits increased 49% to \$14.3 million.

HGL's investment banking activities augmented the sound performance of the operating companies.

This strong earnings performance was due to the following factors:

- *Optical* division increased earnings by \$1.4 million, due to Optical Products returning a small profit after the losses in prior years and a \$1 million stock write down in 2001
- *Information Technology* division increased earnings by \$1.3 million before writing off goodwill of \$2.0 million. This was due to strong earnings from Aarque Graphics in New Zealand and Anitech generating a profit compared to a loss in 2001
- *Fabrics* division increased earnings by \$0.9 million consolidating its increasing profit trend of recent years



The sale of the Industrial Abrasives division was completed on 26th March 2002 and resulted in a pre tax profit of \$5.9 million.

Last year Laubman & Pank, an optical retailer, contributed \$360,000 to earnings before being sold in April 2001 for \$2.1 million pre tax profit.

HGL owns 7% of Hunter Hall International, the boutique international funds manager. During the year part of our shareholding was sold and together with the revaluation of the balance to a market price of \$4.40 at 30 September 2002, a pre-tax profit of \$4.2 million has been recognised (2001:\$3.4 million).

Anitech

To facilitate the introduction of Anitech's management as shareholders, half the business was sold for a small discount to net tangible asset value. This necessitated the expensing \$0.9 million of goodwill.

While it is disappointing to write off the goodwill and incur a loss on the introduction of new shareholders to Anitech, our experience indicates the benefits of a long term partnership with management will increase shareholder value.

At 31 March 2002, \$0.8 million of goodwill relating to Anitech was expensed. In addition, the value of an equity accounted investment has been reassessed to nil, resulting in a write off of \$0.3 million.

Taxation

HGL's tax charge increased due to the need to recognise the future tax liability on its Hunter Hall investment and the increased profitability of the operating businesses.

Investments

Following the sale of the Industrial Abrasives division, the Investment Banking division now comprises approximately half of HGL's net assets.

HGL's recent announcement of an offer for Lemarne Corporation will, if successful, redistribute assets. The offer is \$1.70 a share for a total consideration of approximately \$23 million valuing Lemarne at \$29 million.

Currently, the Investment Banking division comprises the following key investments:

- \$5.3 million in 15% of Sabre Group (ASX code: SBE). Sabre distributes the Fudge and Joico range of hair care products
- \$4.2 million in 19.9% of Lemarne Corporation (ASX code: LMC). Lemarne is a group of niche engineering businesses
- \$6.9 million in 7% of Hunter Hall International (ASX code: HHL). Hunter Hall is an international boutique funds manager
- \$1.4 million in 5% of Reinsurance Australia Corporation (ASX code: RAC). The company is managing the run off of its existing reinsurance arrangements
- \$2.7 million in units of the Strategic Value Trust managed by AM Constable Limited. The units are invested in Australian listed securities

There are a number of smaller listed investments totalling \$1.0 million and property with a book value of \$3.0 million.



Outlook

HGL has net cash of \$6 million and unutilised bank facilities of \$22 million which would represent a debt to equity ratio of 40% if fully drawn.

With a solid balance sheet and operating businesses with strong cash flows, HGL is in an excellent position to pursue growth opportunities and has a number of acquisitions under review.

As previously mentioned, HGL has an off-market offer for all the shares on issue in Lemarne Corporation with an offer of \$1.70 for each Lemarne share (offer announced on 6 November 2002). Currently, HGL owns 20.1 per cent of Lemarne.

HGL LIMITED

P G Miller
Chairman

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Summary of Results

	2002 \$'000	2001 \$'000
Revenue	114,623	106,773
EBIT	14,564	10,581
Net interest	(192)	(956)
Pre-tax profit	14,372	9,625
Taxation	(3,960)	(1,522)
Profit after taxation	10,412	8,103
Minorities	(2,399)	(1,991)
Attributable profit	8,013	6,112
EPS (c)	17.24	13.21
Dividends (c)	12.00	10.25
NTA per share (c)	95.63	85.63

Appendix 4B
Half yearly/preliminary final report

Rules 4.1, 4.3

Appendix 4B

Half yearly/preliminary final report

Introduced 30/6/2002.

Name of entity

HGL Limited

ABN or equivalent company
reference

25 009 657 961

Half yearly
(tick)

Preliminary
final (tick)

Half year/financial year ended ('current period')

30 September 2002

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	7.35%	to	114,623
Profit (loss) from ordinary activities after tax attributable to members (<i>item 1.22</i>)	up	31.10%	to	8,013
Profit (loss) from extraordinary items after tax attributable to members (<i>item 2.5(d)</i>)	gain (loss) of			Nil
Net profit (loss) for the period attributable to members (<i>item 1.11</i>)	Up	31.10%	to	8,013
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>)		6.0 ¢		Nil ¢
Previous corresponding period (<i>Preliminary final report - item 15.5; half yearly report - item 15.7</i>)		6.5 ¢		Nil ¢

*Record date for determining entitlements to the dividend,
(in the case of a trust, distribution) (*see item 15.2*)

24th January 2003

Brief explanation of any of the figures reported above (see Note 1) and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

Refer to Chairman's Announcement

If this is a half yearly report it is to be read in conjunction with the most recent annual financial report.

+ See chapter 19 for defined terms.

Appendix 4B
Half yearly/preliminary final report

Condensed consolidated statement of financial performance

	Current period - \$A'000	Previous corresponding period - \$A'000
1.1 Revenues from ordinary activities (see items 1.23 -1.25)	114,623	106,773
1.2 Expenses from ordinary activities (see items 1.26 & 1.27)	99,062	96,604
1.3 Borrowing costs	818	1,419
1.4 Share of net profits (losses) of associates and joint venture entities (see item 16.7)	(371)	875
1.5 Profit (loss) from ordinary activities before tax	14,372	9,625
1.6 Income tax on ordinary activities (see note 4)	3,960	1,522
1.7 Profit (loss) from ordinary activities after tax	10,412	8,103
1.8 Profit (loss) from extraordinary items after tax (see item 2.5)	-	-
1.9 Net profit (loss)	10,412	8,103
1.10 Net profit (loss) attributable to outside +equity interests	2,399	1,991
1.11 Net profit (loss) for the period attributable to members	8,013	6,112
Non-owner transaction changes in equity		
1.12 Increase (decrease) in revaluation reserves	77	62
1.13 Net exchange differences recognised in equity	-	-
1.14 Other revenue, expense and initial adjustments recognised directly in equity (attach details)	-	-
1.15 Initial adjustments from UIG transitional provisions	-	-
1.16 Total transactions and adjustments recognised directly in equity (items 1.12 to 1.15)	77	62
1.17 Total changes in equity not resulting from transactions with owners as owners	8,090	6,174

Earnings per security (EPS)	Current period	Previous corresponding Period
1.18 Basic EPS	17.24 ¢	13.21 ¢
1.19 Diluted EPS	n/a	n/a

+ See chapter 19 for defined terms.

Appendix 4B
Half yearly/preliminary final report

Notes to the condensed consolidated statement of financial performance

Profit (loss) from ordinary activities attributable to members

	Current period - \$A'000	Previous corresponding period - \$A'000
1.20 Profit (loss) from ordinary activities after tax (item 1.7)	10,412	8,103
1.21 Less (plus) outside [†] equity interests	2,399	1,991
1.22 Profit (loss) from ordinary activities after tax, attributable to members	8,013	6,112

Revenue and expenses from ordinary activities

(see note 15)

	Current period - \$A'000	Previous corresponding period - \$A'000
1.23 Revenue from sales or services	83,874	88,119
1.24 Interest revenue	626	463
1.25 Other relevant revenue:		
Dividends	964	1,069
Proceeds on sale of PPE	1,598	627
Proceeds on sale of operating and equity investments	4,432	12,116
Proceeds from sale of controlled entity	18,210	-
Marking to market of securities	3,409	2,885
Other	1,510	1,494
1.26 Details of relevant expenses:		
Change in inventories	(3,551)	(1,199)
Raw material and consumables used	47,478	44,412
Cost of disposal of controlled entity	12,304	-
Employee benefits	19,603	20,110
Cost of disposal of securities	3,478	9,406
Freight and packaging	2,662	5,601
Advertising, marketing and distribution	3,619	3,566
Operating lease expenses	1,814	1,848
Other	7,657	9,430
1.27 Depreciation and amortisation excluding amortisation of intangibles (see item 2.3)	2,007	3,430
Capitalised outlays		
1.28 Interest costs capitalised in asset values	-	-
1.29 Outlays capitalised in intangibles (unless arising from an [†] acquisition of a business)	-	-

[†] See chapter 19 for defined terms.

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Half yearly/preliminary final report

Consolidated retained profits

	Current period - \$A'000	Previous corresponding period - \$A'000
1.30 Retained profits (accumulated losses) at the beginning of the financial period	16,271	15,966
1.31 Net profit (loss) attributable to members (<i>item 1.11</i>)	8,013	6,112
1.32 Net transfers from (to) reserves (<i>details if material</i>)	-	-
1.33 Net effect of changes in accounting policies	-	-
1.34 Dividends and other equity distributions paid or payable	5,574	5,807
1.35 Retained profits (accumulated losses) at end of financial period	18,710	16,271

Intangible and extraordinary items

<i>Consolidated - current period</i>				
	Before tax \$A'000	Related tax \$A'000	Related outside + equity interests \$A'000	Amount (after tax) attributable to members \$A'000
	(a)	(b)	(c)	(d)
2.1 Amortisation of goodwill	305	-	(54)	251
Write off intangibles	1,676	-	-	1,676
2.2 Amortisation of other intangibles	10	-	(3)	7
2.3 Total amortisation of intangibles	1,991	-	(57)	1,934
2.4 Extraordinary items (details)	-	-	-	-
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 1.22 in the half yearly report)	6,323	3,100

+ See chapter 19 for defined terms.

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Half yearly/preliminary final report

3.2 Consolidated profit (loss) from ordinary activities after tax attributable to members for the 2nd half year	1,690	3,012
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Condensed consolidated statement of financial position

	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	9,175	3,222	18,536
4.2 Receivables	17,509	22,706	15,989
4.3 Investments	-	-	-
4.4 Inventories	29,357	26,356	26,737
4.5 Tax assets	1,090	1,869	491
4.6 Other (provide details if material)	-	-	-
4.7 Total current assets	57,131	54,153	61,753
Non-current assets			
4.8 Receivables	1,071	946	999
4.9 Investments (equity accounted)	252	5,772	449
4.10 Other investments	11,258	609	7,978
4.11 Inventories	-	-	-
4.12 Exploration and evaluation expenditure capitalised (see para .71 of AASB 1022)	-	40	-
4.13 Development properties (+mining entities)	-	3,844	-
4.14 Other property, plant and equipment (net)	7,094	20,535	7,107
4.15 Intangibles (net)	2,091	4,249	3,012
4.16 Tax assets	-	-	-
4.17 Other (provide details if material)	-	-	-
4.18 Total non-current assets	21,766	35,995	19,545
4.19 Total assets	78,897	90,148	81,298
Current liabilities			
4.20 Payables	13,254	11,781	9,011
4.21 Interest bearing liabilities	1,063	3,039	1,129
4.22 Tax liabilities	596	2,779	826
4.23 Provisions exc. tax liabilities	4,298	4,914	4,147
4.24 Other (provide details if material)	-	-	-
4.25 Total current liabilities	19,211	22,513	15,113

+ See chapter 19 for defined terms.

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Half yearly/preliminary final report

Condensed consolidated statement of financial position continued

	Non-current liabilities			
4.26	Payables	-	-	-
4.27	Interest bearing liabilities	2,144	7,369	9,851
4.28	Tax liabilities	2,030	1,403	2,024
4.29	Provisions exc. tax liabilities	1,061	1,264	1,058
4.30	Other (provide details if material)	-	-	-
4.31	Total non-current liabilities	5,235	10,036	12,933
4.32	Total liabilities	24,446	32,549	28,046
4.33	Net assets	54,451	57,599	53,252
	Equity			
4.34	Capital/contributed equity	27,994	27,947	27,848
4.35	Reserves	(66)	(143)	(136)
4.36	Retained profits (accumulated losses)	18,710	16,271	19,808
4.37	Equity attributable to members of the parent entity	46,638	44,075	47,520
4.38	Outside ⁺ equity interests in controlled entities	7,813	13,524	5,732
4.39	Total equity	54,451	57,599	53,252
4.40	Preference capital included as part of 4.37	-	-	-

Notes to the condensed consolidated statement of financial position

Exploration and evaluation expenditure capitalised

(To be completed only by entities with mining interests if amounts are material. Include all expenditure incurred.)

	Current period \$A'000	Previous corresponding period - \$A'000
5.1	40	42
5.2	-	-
5.3	(2)	(2)
5.4	(38)	-
5.5	-	-
5.6	-	40
	Closing balance as shown in the consolidated balance sheet (item 4.12)	

+ See chapter 19 for defined terms.

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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	3,844	4,048
6.2 Expenditure incurred during current period	-	-
6.3 Expenditure transferred from exploration and evaluation	-	-
6.4 Expenditure written off during current period/amortisation	(114)	(204)
6.5 Acquisitions, disposals, revaluation increments, etc.	(3,730)	-
6.6 Expenditure transferred to mine properties	-	-
6.7 Closing balance as shown in the consolidated balance sheet (item 4.13)	-	3,844

Condensed 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	83,471	86,795
7.2 Payments to suppliers and employees	(74,699)	(83,196)
7.3 Dividends received from associates	203	469
7.4 Other dividends received	843	1,918
7.5 Interest and other items of similar nature received	552	515
7.6 Interest and other costs of finance paid	(818)	(1,432)
7.7 Income taxes paid	(1,545)	(334)
7.8 Other (provide details if material)	-	-
7.9 Net operating cash flows	8,007	4,735
Cash flows related to investing activities		
7.10 Payment for purchases of property, plant and equipment	(2,058)	(3,035)
7.11 Proceeds from sale of property, plant and equipment	1,598	627
7.12 Payment for purchases of equity investments	(11,974)	(6,500)
7.13 Proceeds from sale of equity investments	4,432	12,464
7.14 Loans to other entities	(143)	(408)
7.15 Loans repaid by other entities	1,314	365
7.16 Other (provide details if material)		
Payment for intangibles	-	(404)
Proceeds on sale of controlled entity	18,210	-
Cash in disposed entity	(1,558)	-
7.17 Net investing cash flows	9,821	3,109

+ See chapter 19 for defined terms.

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	Cash flows related to financing activities		
7.18	Proceeds from issues of ⁺ securities (shares, options, etc.)		-
7.19	Proceeds from borrowings	5,084	929
7.20	Repayment of borrowings	(9,925)	(2,619)
7.21	Dividends paid	(6,118)	(4,850)
7.22	Other (provide details if material) Share buyback	(916)	(487)
7.23	Net financing cash flows	(11,875)	(7,027)
7.24	Net increase (decrease) in cash held	5,953	817
7.25	Cash at beginning of period <i>(see Reconciliation of cash)</i>	3,222	2,405
7.26	Exchange rate adjustments to item 7.25.	-	-
7.27	Cash at end of period <i>(see Reconciliation of cash)</i>	9,175	3,222

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.)

	Current \$A1000	Period	Previous correspondence period - \$A1000
Acquisition of plant & equipment by finance lease		1,198	514
Dividends satisfied by issue of shares under DRP		964	921

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	3,675	3,222
8.2 Deposits at call	5,500	-
8.3 Bank overdraft	-	-
8.4 Other (provide details)	-	-
8.5 Total cash at end of period (item 7.27)	9,175	3,222

Other notes to the condensed financial statements

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)	12.54%	9.02%
9.2 Profit after tax / ⁺equity interests Consolidated net profit (loss) from ordinary activities after tax attributable to members (item 1.11) as a percentage of equity (similarly attributable) at the end of the period (item 4.37)	17.18%	13.87%

+ See chapter 19 for defined terms.

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Earnings per security (EPS)

10. Details of basic and diluted EPS reported separately in accordance with paragraph 9 and 18 of *AASB 1027: Earnings Per Share* are as follows.

The diluted earnings per share is the same as the basic earnings per share as the company does not have any potential ordinary shares on issue. No adjustments have been made to the net profit attributable to members of HGL Limited when calculating earnings per share. The weighted average number of shares used to calculate the earnings per share is 46,485,167.

NTA backing <i>(see note 7)</i>	Current period	Previous corresponding period
11.1 Net tangible asset backing per ⁺ ordinary security	95.63¢	85.63¢

Discontinuing Operations

(Entities must report a description of any significant activities or events relating to discontinuing operations in accordance with paragraph 7.5 (g) of AASB 1029: Interim Financial Reporting, or, the details of discontinuing operations they have disclosed in their accounts in accordance with AASB 1042: Discontinuing Operations (see note 17).)

12.1 Discontinuing Operations

On 20 December 2001 HGL announced its intention to dispose of its interest in the GMA businesses.

On 26 March 2002 the consolidated entity disposed of its 50% interest in GMA Garnet Partnership and GMA Garnet Pty Ltd. The disposed entities were producers and suppliers of industrial garnet to the abrasive blasting industry and were reported as the industrial abrasives segment.

	Consolidated Period ended 26 March 2002 \$'000	Year ended 2001 \$'000
Financial Performance		
Revenue from discontinued operation	10,661	20,166
Expense from discontinued operation	(8,819)	(16,895)
Profit from ordinary activities of discontinued operation	1,842	3,271
Income tax expense related to discontinued operation	(540)	(1,070)
Profit after tax	1,302	2,201
Outside equity interest	(591)	(902)
HGL Limited share of profit after tax	711	1,299
Net Cashflows		
Net cashflows from operating activities	2,808	3,108
Net cashflows from investing activities	16,697	(917)
Net cashflows from financing activities	(4,002)	(1,767)
Total net cash flows	15,503	424

+ See chapter 19 for defined terms.

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Control gained over entities having material effect

13.1 Name of entity (or group of entities)

--

13.2 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was ⁺acquired

\$

13.3 Date from which such profit has been calculated

--

13.4 Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period

\$

Loss of control of entities having material effect

14.1 Name of entity (or group of entities)

GMA Garnet Group

14.2 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control

\$ 1,302,000

14.3 Date to which the profit (loss) in item 14.2 has been calculated

26 March 2002

14.4 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period

\$ 2,201,000

14.5 Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control

\$ 5,906,000

⁺ See chapter 19 for defined terms.

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Dividends (in the case of a trust, distributions)

15.1 Date the dividend (distribution) is payable

14 February 2003

15.2 +Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if +securities are not +CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if +securities are +CHESS approved)

24 January 2003

15.3 If it is a final dividend, has it been declared?
(Preliminary final report only)

No

Amount per security

		Amount per security	Franked amount per security at 30% tax (see note 4)	Amount per security of foreign source dividend
15.4	<i>(Preliminary final report only)</i> Final dividend: Current year	6.00¢	NIL ¢	NIL ¢
15.5	Previous year	6.50¢	NIL ¢	NIL ¢
15.6	<i>(Half yearly and preliminary final reports)</i> Interim dividend: Current year	6.00¢	NIL ¢	NIL ¢
15.7	Previous year	3.75¢	3.75¢	NIL ¢

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

(Preliminary final report only)

	Current year	Previous year
15.8 +Ordinary securities	12.00 ¢	10.25 ¢
15.9 Preference +securities	- ¢	- ¢

+ See chapter 19 for defined terms.

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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 <i>(each class separately)</i>	2,795	3,023
15.11 Preference +securities <i>(each class separately)</i>	-	-
15.12 Other equity instruments <i>(each class separately)</i>	-	-
15.13 Total	2,795	3,023

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

Dividend Reinvestment Plan (DRP)

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

24 January 2003

Any other disclosures in relation to dividends (distributions). *(For half yearly reports, provide details in accordance with paragraph 7.5(d) of AASB 1029 Interim Financial Reporting)*

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

Group's share of associates' and joint venture entities':	Current period \$A'000	Previous corresponding period - \$A'000
16.1 Profit (loss) from ordinary activities before tax	(32)	1,485
16.2 Income tax on ordinary activities	(39)	(610)
16.3 Profit (loss) from ordinary activities after tax	(71)	875
16.4 Extraordinary items net of tax	-	-
16.5 Net profit (loss)	(71)	875
16.6 Adjustments	(300)	-
16.7 Share of net profit (loss) of associates and joint venture entities	(371)	875

+ See chapter 19 for defined terms.

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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 dd/mm/yy") or disposal ("to dd/mm/yy").)

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				
Sabre Group Limited – to 1 October 2001	14.5%	13.7%	Nil	511
Charmant Australia Pty Ltd	25.0%	25.0%	24	100
Digital Management Ltd	27.3%	27.3%	(395)	(96)
Laubman & Pank Holdings Ltd to 31 March 2001	Nil	Nil	Nil	360
			(371)	875
17.2 Total				
17.3 Other material interests				
17.4 Total				

+ See chapter 19 for defined terms.

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Issued and quoted securities at end of current period

(Description must include 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 <i>(description)</i>				
18.2 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks, redemptions				
18.3 ⁺ Ordinary securities	46,582,668	46,582,668		
18.4 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks	802,341 (726,862)	802,341 (726,862)	120.16 126.02	120.16 126.02
18.5 ⁺ Convertible debt securities <i>(description and conversion factor)</i>				
18.6 Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted				
18.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date (if any)</i>
18.8 Issued during current period				
18.9 Exercised during current period				
18.10 Expired during current period				
18.11 Debentures <i>(description)</i>				
18.12 Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted				

⁺ See chapter 19 for defined terms.

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18.13 Unsecured notes (description)		
18.14 Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted		

Segment reporting

(Information on the business and geographical segments of the entity must be reported for the current period in accordance with *AASB 1005: Segment Reporting* and for half year reports, *AASB 1029: Interim Financial Reporting*. Because entities employ different structures a pro forma cannot be provided. Segment information in the layout employed in the entity's [†]accounts should be reported separately and attached to this report.)

REFER ATTACHED APPENDIX A

Comments by directors

(Comments on the following matters are required by ASX or, in relation to the half yearly report, by *AASB 1029: Interim Financial Reporting*. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) 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 financial report preparation

19.1 *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: Interim Financial Reporting. It should be read in conjunction with the last [†]annual report and any announcements to the market made by the entity during the period. The financial statements in this report are "condensed financial statements" as defined in AASB 1029: Interim Financial Reporting.*

19.2 Material factors affecting the revenues and expenses of the economic entity for the current period. In a half yearly report, provide explanatory comments about any seasonal or irregular factors affecting operations.

Refer to chairman's announcement

19.3 A description of each event since the end of the current period which has had a material effect and which is not already reported elsewhere in this Appendix or in attachments, with financial effect quantified (if possible).

Refer to chairman's announcement

[†] See chapter 19 for defined terms.

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

With effect from 1 July 2002, Australian Tax Law requires companies to maintain franking accounts on a tax paid basis. Accordingly the consolidated entity has \$598,000 franking credits (2001: \$NIL)

- 19.5 Unless disclosed below, the accounting policies, estimation methods and measurement bases used in this report are the same as those used in the last annual report. Any changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows. (Disclose changes and differences in the half yearly report in accordance with *AASB 1029: Interim Financial Reporting*. Disclose changes in accounting policies in the preliminary final report in accordance with *AASB 1001: Accounting Policies-Disclosure*).

- 19.6 Revisions in estimates of amounts reported in previous interim periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous +annual reports if those revisions have a material effect in this half year.

- 19.7 Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last + annual report.

Additional disclosure for trusts

- 20.1 Number of units held by the management company or responsible entity or their related parties.

- 20.2 A statement of the fees and commissions payable to the management company or responsible entity.

Identify:

- initial service charges
- management fees
- other fees

+ See chapter 19 for defined terms.

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Annual meeting

(Preliminary final report only)

The annual meeting will be held as follows:

Place

Level 8, 123 Pitt Street Sydney

Date

21 January 2003

Time

11:00am

Approximate date the ⁺annual report will be available

17 December 2002

Compliance statement

- 1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX (see note 12).

Identify other standards used

--

- 2 This report, and the ⁺accounts upon which the report is based (if separate), use the same accounting policies.
- 3 This report does give a true and fair view of the matters disclosed (see note 2).
- 4 This report is based on ⁺accounts to which one of the following applies.

(Tick one)

The ⁺accounts have been audited.

The ⁺accounts have been subject to review.

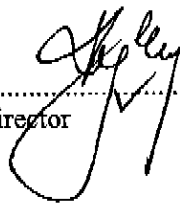
The ⁺accounts are in the process of being audited or subject to review.

The ⁺accounts have *not* yet been audited or reviewed.

- 5 If the audit report or review by the auditor is not attached, details of any qualifications are attached/will follow immediately they are available* (*delete one*). (*Half yearly report only - the audit report or review by the auditor must be attached to this report if this report is to satisfy the requirements of the Corporations Act.*)
- 6 The entity has a formally constituted audit committee.

Sign here:

Director



Date:

27th November 2002.

Print name:

Kevin J Eley.

⁺ See chapter 19 for defined terms.

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Notes

1. **For announcement to the market:** The percentage changes referred to in this section are the percentage changes calculated by comparing the current period's figures with those for the previous corresponding period. Do not show percentage changes if the change is from profit to loss or loss to profit, but still show whether the change was up or down. If changes in accounting policies or procedures have had a material effect on reported figures, do not show either directional or percentage changes in profits. Explain the reason for the omissions in the note at the end of the announcement section. Entities are encouraged to attach notes or fuller explanations of any significant changes to any of the items in page 1. The area at the end of the announcement section can be used to provide a cross reference to any such attachment.
2. **True and fair view:** If this report does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the entity must attach a note providing additional information and explanations to give a true and fair view.
3. **Condensed consolidated statement of financial performance**
 - Item 1.1 The definition of "revenue" and an explanation of "ordinary activities" are set out in *AASB 1004: Revenue*, and *AASB 1018: Statement of Financial Performance*.
 - Item 1.6 This item refers to the total tax attributable to the amount shown in item 1.5. Tax includes income tax and capital gains tax (if any) but excludes taxes treated as expenses from ordinary activities (eg, fringe benefits tax).
4. **Income tax:** If the amount provided for income tax in this report differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the entity must explain in a note the major items responsible for the difference and their amounts. The rate of tax applicable to the franking amount per dividend should be inserted in the heading for the column "Franked amount per security at % tax" for items 15.4 to 15.7.

REFER ATTACHED APPENDIX B

5. **Condensed consolidated statement of financial position**

Format: The format of the consolidated statement of financial position 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: Interim Financial Reporting*, and *AASB 1040: Statement of Financial Position*. Also, banking institutions, trusts and financial institutions 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.

+ See chapter 19 for defined terms.

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6. **Condensed 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. If an entity reports exact figures, the \$A'000 headings must be 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, and the \$A'000 headings must be amended.
10. **Comparative figures:** Comparative figures are to be presented in accordance with *AASB 1018* or *AASB 1029 Interim Financial Reporting* as appropriate and are the unadjusted figures from the latest annual or half year report as appropriate. However, if an adjustment has been made in accordance with an accounting standard or other reason or if there is a lack of comparability, a note explaining the position should be attached. For the statement of financial performance, *AASB 1029 Interim Financial Reporting* requires information on a year to date basis in addition to the current interim period. Normally an Appendix 4B to which *AASB 1029 Interim Financial Reporting* applies would be for the half year and consequently the information in the current period is also the year to date. If an Appendix 4B Half yearly version is produced for an additional interim period (eg because of a change of reporting period), the entity must provide the year to date information and comparatives required by *AASB 1029 Interim Financial Reporting*. This should be in the form of a multi-column version of the consolidated statement of financial performance as an attachment to the additional Appendix 4B.
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 Act must also be given to ASX. For example, a director's 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 exists) must be complied with.

⁺ See chapter 19 for defined terms.

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Half yearly/preliminary final report

13. **Corporations Act financial statements:** This report may be able to be used by an entity required to comply with the Corporations Act 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. **Details of expenses:** *AASB 1018* requires disclosure of expenses from ordinary activities according to either their nature or function. For foreign entities, there are similar requirements in other accounting standards accepted by ASX. *AASB ED 105* clarifies that the disclosures required by *AASB 1018* must be either *all* according to nature or *all* according to function. Entities must disclose details of expenses using the layout (by nature or function) employed in their ⁺accounts.

The information in lines 1.23 to 1.27 may be provided in an attachment to Appendix 4B.

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*. There is an equivalent requirement in *AASB 1029: Interim Financial Reporting*. For foreign entities, there are similar requirements in other accounting standards 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.
17. **Discontinuing operations**

Half yearly report

All entities must provide the information required in paragraph 12 for half years beginning on or after 1 July 2001.

Preliminary final report

Entities must either provide a description of any significant activities or events relating to discontinuing operations equivalent to that required by paragraph 7.5 (g) of *AASB 1029: Interim Financial Reporting*, or, the details of discontinuing operations they are required to disclose in their ¹accounts in accordance with *AASB 1042 Discontinuing Operations*.

In any case the information may be provided as an attachment to this Appendix 4B.

18. **Format**

This form is a Word document but an entity can re-format the document into Excel or similar applications for submission to the Companies Announcements Office in ASX.

⁺ See chapter 19 for defined terms.

APPENDIX A

SEGMENT REPORTING

	Industrial Abrasives \$'000	Information Technology \$'000	Optical \$'000	Fabrics \$'000	Investment Banking** \$'000	Segment Total \$'000	Unallocated* \$'000	Consolidated \$'000
Business segments								
30 September 2002								
Revenue	10,134	30,776	7,699	35,265	-	83,874	-	83,874
Segment Revenue - External Sales	527	(26)	749	1,542	27,586	30,378	-	30,378
Segment Revenue - Other	10,661	30,750	8,448	36,807	27,586	114,252	-	114,252
Segment Result	1,842	(255)	1,443	3,435	7,907	14,372	-	14,372
Profit before income tax	1,842	(255)	1,443	3,435	7,907	14,372	(3,960)	(3,960)
Income tax	-	-	-	-	-	-	(3,960)	(3,960)
Profit/(Loss) after income tax	1,842	(255)	1,443	3,435	7,907	14,372	(3,960)	10,412
Segment Assets	-	13,464	3,832	22,170	38,341	77,807	1,090	78,897
Segment Liabilities	-	5,831	1,011	6,730	8,248	21,830	2,626	24,456
Net Assets	-	7,633	2,821	15,440	30,093	55,987	(1,536)	54,451
Other disclosures	590	1,160	94	521	17	2,322		2,322
Depreciation & Amortisation		1,076				1,676		1,676
Write off intangibles					316	316		316
Non-cash exps other than depn & amort	893	492	136	515	86	2,122		2,122
Acquisition of segment assets			252		282	534		534
Carrying value of equity investments		(395)	24			(371)		(371)
Share of associates profit/(loss)					3,409	3,409		3,409
Other significant revenue:					18,210	18,210		18,210
Marking to market listed securities					4,432	4,432		4,432
Sale of unaffiliated entity					471	471		471
Sale of shares								
Stock obsolescence		481	106	676	71	1,334		1,334
Other significant expenses:								
Stock obsolescence								

* Unallocated refers to income tax assets, liabilities and expenses

** Investment Banking segment assets includes cash. Investment Banking segment liabilities includes all interest bearing debt. The results of the Investment Banking segment includes net interest.

The consolidated entities main business is carried on in Australia. There are no material geographical segments to report.

The Industrial Abrasives division was sold in March 2002. The gross proceeds were \$18 million and the resulting profit before tax of \$5.9 million, is included in the Investment Banking division.

The 2002 Information Technology PBT is stated after the write off of \$2.0 million of goodwill.

2001 PBT is stated after restructuring costs of \$1.8 million. The restructuring cost allocation was Optical \$1 million, Information Technology \$0.4 million and Fabrics \$0.4 million.

The Investment Banking division is mainly comprised of the profits made on exiting partnership and other long term equity investments net of unallocated central costs.

APPENDIX A (continued)

	Industrial Abrasives \$'000	Information Technology \$'000	Optical \$'000	Fabrics \$'000	Investment Banking** \$'000	Segment Total \$'000	Unallocated* \$'000	Consolidated \$'000
Business segments								
30 September 2001								
Revenue	19,906	28,711	7,776	31,776	-	88,119	-	88,119
Segment Revenue - External sales	260	377	2,438	313	16,241	19,529	-	19,529
Segment Revenue - Other	20,166	28,988	10,164	32,089	16,241	107,648	-	107,648
Segment Result	3,271	395	193	2,527	3,239	9,625	(1,522)	9,625
Profit before income tax								(1,522)
Income tax	3,271	395	193	2,527	3,239	9,625	(1,522)	8,103
Profit after income tax								
Segment Assets	25,547	15,387	4,594	22,387	20,364	88,279	1,869	90,148
Segment Liabilities	1,986	5,212	1,151	5,190	14,828	28,367	4,182	32,549
Net Assets	23,561	10,175	3,443	17,197	5,536	59,912	(2,313)	57,599
Other disclosures	1,198	1,517	122	551	42	3,430		3,430
Depreciation & Amortisation					750	750		750
Non-cash exps other than depn & amort					33	2,553		2,553
Acquisition of segment assets	728	624	164	1,004	4,946	5,772		5,772
Carrying value of equity investments		393	433		511	875		875
Share of associates profit/(loss)		(96)	460					
Other significant revenue:								
Marking to market listed securities					2,885	2,885		2,885
Sale of associates					7,248	7,248		7,248
Sale of shares			272		4,868	4,868		4,868
Stock obsolescence								272
Dividends on sale of associates					1,013	1,013		1,013
Other significant expenses:								
Stock obsolescence	232		1,980					1,347

* Unallocated refers to income tax assets, liabilities and expenses

** Investment Banking segment assets includes cash. Investment Banking segment liabilities includes all interest bearing debt. The results of the Investment Banking segment includes net interest.

The consolidated entities main business is carried on in Australia. There are no material geographical segments to report. Laubman & Pank, an optical retailer, was sold in April 2001. The PBT of \$2.1 million on the sale of Laubman & Pank, which includes \$1.0 million of dividends, is included in the Investment Banking division.

APPENDIX B

4 INCOME TAX

The prima facie income tax expense on pre-tax accounting profit reconciles to the income tax expense in the Appendix 4B as follows:

Prima facie income tax expense on the operating profit at 30% (2001:34%)

Tax effect of permanent differences:

Rebatable dividends

Tax rate differential relating to overseas controlled entities

Equity share of associates' profit

Marking to market of securities

Utilisation of prior year unbooked future income tax benefit

Amortisation of intangibles

Amortisation and depreciation on buildings

Non-allowable expenses

Effect of decrease in tax rate

CONSOLIDATED	
Current Period \$A'000	Previous Corresponding Period \$A'000
4,312	3,272
(215)	(666)
36	(8)
111	(298)
821	-
(1,246)	(1,087)
95	103
35	101
11	85
-	20
3,960	1,522

Income tax expense on operating profit