Sietel LIMITED
A.C.N. 004 217 734 Incorporated in Victoria

FACSIMILE MESSAGE

To: Manager Company Announcements Office.
Company: Australian Stock Exchange
From: Managing Director – Mr RJ Rees
Date: 23/12/02
Fax No. 1 300 300 021
Subject: ASIC Annual Audited Accounts for the period ended 30 September 2002.
No. of pages (including this sheet) 28

Please find attached,

① Annual financial statements to be lodged with the ASIC by 31 December 2002. This includes the Audited accounts, Audit report and Directors Statement.

② List of our top 20 shareholders (both ordinary and preference) @ September 2002.

③ Other documents required to be lodged with ASIC.

Yours sincerely

Richard Rees
Sietel Ltd.

Sietel Limited
A.C.N. 004 217 734
Address: 463-467 Warrigal Rd, Moorabbin, Victoria, Australia
Postal Address: PO Box 1195 Moorabbin, Victoria 3189
Telephone: (03) 9553 5740 Fax: (03) 9532 5244

SIETEL LIMITED

A.B.N. 75 004 217 734

Registered Office: 463-67 Warrigal Road, Moorabbin 3189

FORM OF PROXY

I/We...

of...

Being a member of Sietel Limited and entitled to...

HEREBY APPOINT...

....

of...

or failing him the Chairman of the Meeting as my/our proxy vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 11am on the 29th January 2003 and at the adjournment thereof.

Should you desire to direct your proxy how to vote please complete the following section of this form by inserting X in the appropriate boxes. If you do not direct your proxy on any item he will vote on it as he thinks fit or may abstain from voting.

I/WE INSTRUCT MY/OUR PROXY TO VOTE AS INDICATED BELOW IN RESPECT OF:-

	FOR	AGAINST
Adoption of Reports and Accounts	☐	☐
Election of a Director - Mr. D. G. Rees	☐	☐

As witness on this..day of.................................2002

Signature..

A member entitled to attend and vote is entitled to appoint not more than two proxies. Where a member appoints more than one proxy, each proxy must be appointed a specified portion of the members voting rights. A proxy need not be a member of the Company. To be effective Proxies and any Power of Attorney under which a Proxy may be signed must be lodged at the company's registered office, 463-67 Warrigal Road, Moorabbin, not less than 48 hours before the time for holding the Meeting. A proxy executed by a Corporation must be under seal. Under the Articles of Association, Preference Shareholders are entitled to vote at this Meeting and have four votes for each share held.

2002

Fifty Sixth Annual Report

FOR THE YEAR ENDED 30 SEPTEMBER 2002

SIETEL LIMITED **and Controlled Entities**

A.B.N. 75 004 217 734

Sietel LIMITED A.C.N. 004 217 734

BOARD OF DIRECTORS	**REGISTERED AND PRINCIPAL BUSINESS OFFICE**	**AUDITORS**	**SECRETARY**
D. G. Rees, Chairman R. Rees, Managing Director G. E. Nanscawen, Director	463/67 Warrigal Road Moorabbin Vic. 3189 Phone : (03) 9553 5740	McDonald Carter HPW Business Advisors & Chartered Accountants Level 4/256 Queen Street Melbourne 3000	R. Rees, B. Comm., C.A. Australian Company No. 004 217 734 ABN 75 004 217 734
SOLICITORS	**BANKERS**	**SHARE REGISTER**	
Brian Ward and Partners Eggleston Clifton-Jones & Co Prior and Prior	National Australia Bank Ltd 445 Warrigal Road Moorabbin 3189 Australia and New Zealand Banking Group 13 Chesterville Rd Cheltenham 3192	Douglas Heck & Burrell Registries GPO Box 35 Brisbane QLD 4001	

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Sietel Limited will be held at 11.00am on Wednesday 29th January 2003 at the Registered Office of the Company, 463/67 Warrigal Road, Moorabbin, Victoria, for the purpose of transacting the following business:

1. To receive and consider the Statement of Financial Position as at September 30, 2002 and Statement of Financial Performance of the Company and the economic entity for the year ended and Reports of the Directors and Auditors thereon.

2. Mr. D. G. Rees retires being over the age of 72 and being eligible offers himself for re-election.

3. To transact any other business as may legally be brought forward.

By Order of the Board.

R. Rees
B. Comm., C.A.

Moorabbin, 13 December 2002.

PROXIES :
A member is entitled to appoint no more than two other persons to attend the Meeting and to act on his behalf. Where a member appoints two proxies, the proportion of the members' voting rights given in favour of each proxy must be specified. An additional proxy form will be supplied by the Company on request. The proxy must be deposited at the Office of the Company not less than 48 hours before the time of the Meeting. A proxy may, but need not be a member of the Company. Under the Articles of Association Preference Shareholders are entitled to vote at this Meeting and have four votes for each share held.

SIETEL LIMITED AND CONTROLLED ENTITIES

DIRECTORS REPORT FOR YEAR ENDED 30 SEPTEMBER 2002

In accordance with a resolution of the Directors dated 13 December 2002, the Directors of the Company have pleasure in reporting on the Statements of Account of the Chief Entity and the Economic Entity for the financial year ended 30 September 2002 and the state of affairs as at 30 September 2002.

The Directors of the Chief Entity in office at the date of this report are:- Delwyn Garland Rees, Richard Rees, and Geoffrey Nanscawen. The directors have been in office since the start of the financial year to the date of this report unless otherwise stated. Refer table "Directors Meetings" page 3 of this report.

PRINCIPAL ACTIVITIES:
The Chief Entity is engaged principally in investment in industrial and commercial real estate, provision of leased facilities, and plant and management services to its controlled entities and management, evaluation and expansion of these and other business opportunities. No significant change in the principal activities of the Chief Entity occurred during the year.

The wholly owned controlled entity Cooks Body Works Pty Ltd continued trading as a commercial vehicle body builder.

The controlled entity, The Cylinder Company Pty Ltd provided equipment to related companies and is the trustee company for the Sierac Unit Trust.

Aqua-Max Pty Ltd has operated a research and development division since it became a controlled entity.

Aqua-Max Pty Ltd Manufacturing division continued production and sales of water heaters during the year.

There were no significant changes in the nature of the economic entity's activities during the year.

DIVIDENDS:
No dividends were paid or recommended since the end of the previous financial year.

REVIEW OF OPERATIONS:
The properties owned by the Chief Entity have been tenanted for the full year with a significant proportion of the premises in Moorabbin being occupied by the Chief Entity's controlled entities, Cook's Body Works Pty Ltd and Aqua-Max Pty Ltd.

The water heating business experienced continuing competition especially from imported products and increased costs of labour on costs and marketing expenditures. The over all market remained relatively static. The company has implemented cost savings where possible but has found it difficult to gain any price increases especially from large customers.

Considerable engineering resources were employed and capital expenditure made during the year on finalising product development and plant design and set up for a new range of vitreous enamel storage electric water heaters, due for release early in the new year. Extra costs were incurred on equipment supplied that did not meet specifications and required significant redesign and rework. Arbitration currently in progress could result in recovery of all or part of these costs.

The body building business experienced cost and demand pressures with changing demand patterns of existing large customers and the continued need to develop new products. The operating loss was the result of these market forces and it is anticipated that corrective action taken during the year will bring about an improved result in the coming year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS:
There have been no significant changes in the state of affairs of the economic entity during the financial year.

Sietel LIMITED A.C.N. 004 217 734

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 and the results of those operations or the state of affairs of the economic entity in financial years subsequent to the financial year ended 30 September 2002.

FUTURE DEVELOPMENTS:
No information has been included on the likely developments of the Chief Entity or the economic entity as the directors are of the opinion that to include such comments would be unreasonably prejudicial to the interests of the economic entity.

INFORMATION ON DIRECTORS:

MR. DELWYN G. REES	**DIRECTOR (CHAIRMAN) Age 76**
Qualifications	Diploma of Commerce (Melbourne University) Member of Australian Society of Accountants Certified Practising Accountant
Experience	Board Member since 1967 Appointed Chairman in 1970 An accountant in public practice for over 30 years
Interests in Contracts	Director of a company which provides financial and management services to the Chief Entity. Consultant to Garland Consulting Services which provides consulting and secretarial services to the Chief Entity.
Interests in Shares	Refer to Table headed Directors' Interest in Ordinary Shares on page 21 which is to be read as forming part of this report.
MR. RICHARD REES	**MANAGING DIRECTOR Age 52**
Qualifications	Bachelor of Commerce (Melbourne University)
Experience	Member of the Institute of Chartered Accountants in Australia Board Member and Chief Executive of Chief Entity since 1981.
Interests in Contract	Has a service and share option agreement with the Chief Entity dated March 1984. Receives allowance for the provision of motor vehicles for use by the Economic Entity. Share options taken up during 1996/1997 in accordance with the Trust Deed of Sietel Limited "A Staff Equity Participation Plan" ("the plan") which expired in February 2002.
Interest in Shares	Refer to Table headed Directors' Interest in Ordinary Shares on page 21 which is to be read as forming part of this report.
MR. GEOFFREY NANSCAWEN	**DIRECTOR Age 54**
Experience	Board Member since 2001 and marketing executive of a subsidiary since 1994. Over 30 years experience in the gas industry occupying numerous managerial positions, particularly in marketing, sales and advertising. Member of various Committees within the industry, including the Australian Gas Association. Involved in the product development of many local gas appliances as well as overseas products.
Interests in Contract	Share options taken up during 1996/1997 in accordance with the Trust Deed "A Staff Equity Participation Plan" ("the plan") which expired in February 2002.

DIRECTORS' MEETINGS
During the financial year the attendance at Directors' meetings was as follows:

	Meetings held	Meetings attended
D.G. Rees	9	9
R. Rees	9	8
G. E. Nanscawen	9	9

Sietel LIMITED A.C.N. 004 317 724

INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above) and all executive officers of the company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent of the policy limits with a current $1ml in aggregate.

The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

DIRECTOR'S REMUNERATION

NAME	OFFICE	SALARY/FEES	BENEFITS	TOTAL
D. G. Rees	Director	-	-	-
R. Rees	Director	110,528	75,047	185,575
G. E. Nanscawen	Director	110,238	58,594	168,852
				354,427

There are no proceedings on behalf of the company.

Signed in accordance with a resolution of the Directors made pursuant to S.298 (2) of the Corporations Act 2001.
On behalf of the Board

D. G. Rees, Director

R. Rees, Director

Moorabbin, 13 December 2002

Corporate Governance

The Board of Directors has a non executive director being Mr D. G. Rees (Chairman) who is an experienced business man and director.

The Chairman can seek independent professional advice in the furtherance of his duties as a Director and has direct access to senior staff of the Company. The company will pay claims for re-imbursement of this expenditure provided prior written authority of the expenditure and amount has been obtained from the Chairman and one other Director.

The small size of the Board does not lend itself or provide any advantage in the appointment of committees and for this reason the whole Board has retained the responsibility for all committee work including audit and Corporate governance committees.

The Chairman has agreed to attend the premises on a regular basis to;

- Counter sign a significant proportion of cheques for the Company or in his absence Mr G. L. Rees of Brian Ward & Partners.
- Counter sign a significant sample of cheques for the subsidiary companies.
- Review operations and have direct contact with staff and consultants.
- Review remuneration packages of executive directors and senior staff.

The Board has focused on a number of specific areas relating to business risk and opportunities along with overseeing of financial reporting and maintenance of internal controls for the coming year.

The Boards responsibilities and duties include the following;

- Appointment of senior executives.
- Determination of strategic direction of the company and group entities.
- Measuring of performance against past performance after adjusting for factors outside management's control.
- Appointment and ongoing arrangements with auditors.
- Overview of company and subsidiary companies with compliance with legal requirements and maintenance of general business conduct standards.
- Balancing competing interests of shareholders employees, customers, consumers and creditors.

Sietel LIMITED A.C.N. 004 217 734

INDEPENDENT AUDIT REPORT

To the members of Sietel Limited

Scope

We have audited the financial report of Sietel Limited and controlled entities comprising the Directors' Declaration, Profit and Loss Statement, Balance Sheet, Statement of Cash Flows and notes to and forming part of the financial statements of Sietel Limited for the financial year ended 30 September 2002.

The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at year's end or from time to time during the financial year. The company's directors are responsible for the preparation and presentation of 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 include 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 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 Sietel Limited and controlled entities is in accordance with:

(a) the Corporations Act 2001, including:

  (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 September 2002 and its performance for the year ended on that date; and

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

(b) other mandatory professional reporting requirements.

McDONALD CARTER HPW

CHARTERED ACCOUNTANTS

G.S.PARKER
PARTNER

Dated this 13 day of December, 2002
Melbourne

DIRECTORS' DECLARATION

The directors declare that:

a) The attached financial statements and notes thereto comply with accounting standards;

b) The attached financial statements and notes thereto give a true and fair view of the financial position and performance of the company and the economic entity;

c) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and

d) In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed, in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors

Director, Mr. D. G. Rees
Director, Mr. R. Rees

Moorabbin, 13 December 2002

Sietel LIMITED A.C.N. 044 217 734

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 SEPTEMBER 2002

Note	Economic Entity 2001 $	Economic Entity 2002 $		Chief Entity 2002 $	Chief Entity 2001 $
20	18,915,175	19,904,903	Revenues from ordinary activities	3,288,081	2,845,453
21	18,559,865	18,309,956	Expenses from ordinary activities	2,532,715	2,146,999
21	178,977	232,958	Borrowing expenses	232,707	178,720
21	176,333	1,361,989	Profit (loss) from ordinary activities before income tax expense	522,659	519,734
22	-	(636,794)	Income tax expense/(revenue) relating to ordinary activities	(501,200)	-
	176,333	1,998,783	Profit (loss) from ordinary activities after income tax expense	1,023,859	519,734
	-	-	Total revenues, expenses and valuation adjustments attributable to members of the parent entity and recognised directly in equity.	-	-
	176,333	1,998,783	Total changes in equity other than those resulting from transactions with owners as owners.	1,023,859	519,734

33	2.20	24.96	Earnings per share - Basic (cents per share)
33	2.10	24.72	Earnings per share - Diluted (cents per share)

Notes to and forming part of the accounts are set out on pages 10 to 21.

Sietel LIMITED A.C.N. 004 217 734

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2002

Note	Economic Entity 2001 $	Economic Entity 2002 $		Chief Entity 2002 $	Chief Entity 2001 $
			Current Assets		
	1,116,177	1,296,608	Cash assets	67,325	127,154
2	1,391,390	1,176,723	Receivables	38,472	18,631
3	-	-	Other financial assets	842,823	2,235
4	1,303,395	1,494,033	Inventories	-	-
5	72,318	97,533	Other	97,525	72,246
	3,883,280	4,064,897	Total Current Assets	1,046,145	220,266
			Non-Current Assets		
6	165,142	125,132	Receivables	125,132	165,142
7	28,587	28,587	Other financial assets	1,186,298	1,186,298
8	11,337,594	11,698,412	Property, plant and equipment	9,992,183	9,719,818
9	452,571	418,597	Intangibles	-	-
10	-	867,650	Deferred tax assets	728,724	-
11	631,561	525,637	Other	-	-
	12,615,455	13,664,015	Total Non-Current Assets	12,032,337	11,071,258
	16,498,735	17,728,912	**Total Assets**	13,078,482	11,291,524
			Current Liabilities		
12	3,448,328	1,705,752	Payables	46,693	268,005
13	2,220,214	1,911,150	Interest bearing liabilities	1,911,150	2,201,822
14	2,498,827	2,604,992	Provisions	517,251	427,889
15	-	218,671	Current tax liabilities	227,524	-
	8,167,369	6,440,565	Total Current Liabilities	2,702,618	2,897,716
			Non-Current Liabilities		
16	533,847	1,492,044	Interest bearing liabilities	1,492,044	533,847
	533,847	1,492,044	Total Non-Current Liabilities	1,492,044	533,847
	8,701,216	7,932,609	**Total Liabilities**	4,194,662	3,431,563
	7,797,519	9,796,303	**Net Assets**	8,883,820	7,859,961
			Equity		
18	4,257,129	4,257,129	Contributed equity	4,257,129	4,257,129
19	1,223,240	1,223,241	Reserves	1,223,241	1,223,240
	2,317,150	4,315,933	Retained profits	3,403,450	2,379,592
	7,797,519	9,796,303	Total Shareholders' Equity	8,883,820	7,859,961

Notes to and forming part of the accounts are set out on pages 10 to 21.

Sietel LIMITED A.C.N. 004 217 734

STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 SEPTEMBER 2002

Note	Economic Entity 2001 $	Economic Entity 2002 $		Chief Entity 2002 $	Chief Entity 2001 $
			Cash flows from Operating Activities		
	19,635,855	20,684,653	Receipts from customers	4,227,881	3,238,569
	(17,345,848)	(17,934,139)	Payment to suppliers and employees	(2,895,007)	(1,214,624)
	-	(12,185)	Income Tax Paid	-	-
	69,644	38,652	Interest received	2,896	15,845
	(178,975)	(140,532)	Borrowing costs	(232,707)	(178,721)
32(ii)	2,180,676	2,636,449	Net cash provided by/(used in) operating activities	1,103,063	1,861,069
			Cash flows from Investing Activities		
	(15,715)	-	Cash paid for investments	-	(12,816)
	167,536	55,591	Proceeds from sale of property, plant and equipment	4,091	167,536
	41,696	683,636	Proceeds from sale of investments	683,636	41,696
	(2,039,446)	(582,804)	Payment for property, plant and equipment	84,594	(1,096,642)
	(736,592)	(26,182)	Payment for Research and Development and Intangibles	-	-
	1,992	1,371	Dividends received	711	1,452
	(2,580,529)	131,612	Net cash provided by/(used in)investing activities	773,032	(898,774)
			Cash flows from Financing Activities		
			Loans (to)/repaid by Controlled Entities	(968,635)	312,609
	500,000	-	Proceeds from borrowings	-	500,000
	(288,292)	(2,569,238)	Repayment of borrowings	(967,289)	(1,536,489)
	211,708	(2,569,238)	Net cash provided by/(used in) financing activities	(1,935,924)	(723,880)
	(188,145)	198,823	**Net increase/(decrease) in cash held**	(59,829)	238,415
	1,285,930	1,097,785	**Cash as at 1 October 2001**	127,154	(111,261)
32(i)	1,097,785	1,296,608	**Cash as at 30 September 2002**	67,325	127,154

Notes to and forming part of the accounts are included on pages 10 to 21.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2002

Note 1 STATEMENT OF ACCOUNTING POLICIES

Financial Reporting Framework

The financial report is a general purpose financial report which has been prepared in accordance with the Accounting Standards, Urgent Issues Group Consensus Views, and other authoritative pronouncements of the Australian Accounting Standards Board.

(A) Significant Accounting Policies

Accounting policies are selected and applied in a manner which helps ensure that the resultant financial information satisfies the concepts of relevance and reliability, thereby, ensuring that the substance of the underlying transactions and other events is reported. The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

In addition to the accounting policies prescribed by applicable Accounting Standards and Urgent Issues Group Consensus Views, the following significant accounting policies have been adopted in the preparation and presentation of the financial report.

(B) Property, Plant and Equipment and Investments

Depreciation has been charged in the accounts using either the reducing balance or straight line method on all classes of depreciable assets so as to write off their book value over the estimated useful life of the asset including buildings classified as investments. The economic entity's land and buildings leased to third parties and land and buildings occupied by the economic entity have been classified as Property, Plant and Equipment. The following estimated useful lives are used in the calculation of depreciation. Buildings: 20 – 25 years and Plant and Equipment 4 - 8 years. The policy of the company is to review its valuations of land and buildings every 3 years. There has also been no capital gains tax taken into account in determining revalued amounts.

(C) Inventories

All entities in the economic entity have:

(i) Valued stocks at the lower of cost and net realisable value

(ii) Calculated costs by including all variable manufacturing cost, and an appropriate portion of fixed manufacturing cost, but excluding selling, distribution and administration expenses, and

(iii) Assigned cost to inventory quantities on hand at balance date on a first in first out basis.

(D) Goodwill

Goodwill is recorded initially at the amount by which the purchase price for a business exceeds the fair value attributed to its net tangible assets at date of acquisition. Goodwill is amortised on a straight line basis over the period in which the future benefits are expected to arise, but not exceeding 20 years. The balances are reviewed annually and any balance representing future benefits, the realisation of which is considered to be no longer probable, are written off.

(E) Research and Development Expenditure

Research and development expenditure on new major projects is deferred where it is expected beyond reasonable doubt that sufficient future benefits will be derived so as to recover those deferred costs.

Deferred research and development expenditure is amortised on a straight line basis over the period during which the related benefits are expected to be realised.

(F) Employee Entitlements

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and are capable of being measured reliably.

Provisions made in respect of wages and salaries, annual leave, and long service leave expected to be settled within 12 months , are measured at their nominal values.

Provisions made in respect of other employee entitlements (annual leave, long service leave) which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the economic entity in respect of services provided by employees up to the reporting date.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2002

(G) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities within the economic entity are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated to the reduction of the lease liability. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(H) Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted with changes in presentation for the current financial year.

(I) Receivables

Trade receivables and other receivables are recorded at amounts due less any provision for doubtful debts.

(J) Recoverable Amount of Non-Current Assets

Non-current assets are written down to recoverable amounts where the carrying value of any non-current assets exceed recoverable amounts. In determining the recoverable amount of non-current assets, the expected net cash flows have been discounted to their present value.

Investment in subsidiary companies are valued at cost although in the case of one subsidiary the net assets are less than the company's investment. The Directors have written down this investment as they believe there is a permanent diminution in value.

(K) Accounts Payable

Trade payables and other accounts payable are recognised when the economic entity becomes obliged to make future payments resulting from the purchase of goods and services.

(L) Principles of Consolidation

The consolidated accounts comprise the accounts of Sietel Limited and all of its controlled entities . A controlled entity is any entity controlled by Sietel Limited. Control exists where Sietel Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Sietel Limited to achieve the objectives of Sietel Limited. A list of controlled entities is contained in Note 20 to the financial statements.

All inter company balances and transactions between entities in the economic entity, including any unrealised profit or losses, have been eliminated on consolidation.

(M) Revenue

Revenue from the sale of goods is recognised upon the delivery and invoicing of goods to customers.
Revenue from rent is recognised on expiration of time. The holding company recognises rental income from all properties as normal operating income.
Interest revenue is recognised on proportional basis taking into account the interest rates applicable to the financial assets.
Revenue from the rendering of a service is recognised upon the delivery and invoicing of the service to the customers.

(N) Provision for Warranties

Provision is made in respect of the economic entity's estimated liability on products under warranty at balance date.

(O) Income Tax

The economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty or realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Sietel LIMITED A.C.N. 004 217 734

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2002

	Economic Entity		Chief Entity	
	2002 $	2001 $	2002 $	2001 $
Note 2 CURRENT RECEIVABLES				
Trade Receivables	1,129,338	1,319,382	-	-
Other	47,385	72,008	38,472	18,631
	1,176,723	1,391,390	38,472	18,631
Note 3 OTHER FINANCIAL ASSETS				
Investments in controlled entities				
- Loans	-	-	842,823	2,235
	-	-	842,823	2,235
Note 4 CURRENT INVENTORIES				
Raw materials and stores	423,100	415,068	-	-
Work in progress	356,961	351,321	-	-
Finished goods	713,972	537,006	-	-
	1,494,033	1,303,395	-	-
Note 5 OTHER CURRENT ASSETS				
Pre-payments	97,533	72,318	97,525	72,248
Note 6 NON-CURRENT RECEIVABLES				
Receivables	125,132	165,142	125,132	165,142
	125,132	165,142	125,132	165,142
NOTE 7 NON-CURRENT OTHER FINANCIAL ASSETS				
Investments in controlled entities				
- Loans at Cost	-	-	400,000	400,000
- Shares at Cost	-	-	771,713	771,713
	-	-	1,171,713	1,171,713
Investments in other companies				
- Shares at cost	28,587	28,587	14,585	14,585
	28,587	28,587	14,585	14,585
	28,587	28,587	1,186,298	1,186,298
Note 8 PROPERTY PLANT AND EQUIPMENT				
Plant and Equipment at cost	11,461,394	12,031,198	5,136,510	5,740,173
Less Accumulated depreciation	(8,525,892)	(8,990,586)	(3,907,237)	(4,317,337)
	2,935,502	3,040,612	1,229,273	1,422,836
Leased Plant and Equipment	2,079,967	894,805	2,079,967	894,805
Less Accumulated depreciation	(399,926)	(197,990)	(399,926)	(197,990)
	1,680,041	696,815	1,680,041	696,815
Total Plant and Equipment	4,615,543	3,737,427	2,909,314	2,119,651
Property				
Land at Directors Valuation 1998*	3,702,937	3,887,937	3,702,937	3,887,937
Land at Cost*	1,273,568	1,273,568	1,273,568	1,273,568
Total Land	4,976,505	5,161,505	4,976,505	5,161,505
Buildings at Directors Valuation 1998*	1,989,750	2,279,750	1,989,750	2,279,750
Buildings at Cost*	379,659	379,659	379,659	379,659
Additions at Cost*	294,799	294,799	294,799	294,799
Less Accumulated depreciation	(557,844)	(515,546)	(557,844)	(515,546)
Total Buildings	2,106,364	2,438,662	2,106,364	2,438,662
Total Property	7,082,869	7,600,167	7,082,869	7,600,167
Total Property Plant and Equipment	11,698,412	11,337,594	9,992,183	9,719,818

Sietel LIMITED A.C.N. 004 217 734

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2002

*Last year the Directors resolved to leave the current book value for the Group properties at this stage at 1998 Directors valuations at cost. An independent valuation of interests in land and buildings was carried out by Mr. N. Walsh, certified practising valuer F.A.P.I., A.R.E.I. November 2001. The valuation was carried out for the company's bankers to provide the current market value for mortgage security purposes.

Valuation November 2001	$9,160,000
WD Book Value as at 30 September 2001	$7,600,167
Less property 16 Powlett St (sold November 2001)	$ 388,000
Net Gain	$1,947,833
Capital Gain applicable to the above	$ 392,197

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land	Buildings	Plant and Equipment	Leased plant and Equipment	Total
Balance at the beginning of the year	5,161,505	2,438,662	3,040,612	696,815	11,337,594
Additions	-	-	892,082	1,325,537	2,217,619
Disposals	(185,000)	(199,375)	(41,449)	-	(425,824)
Depreciation expense	-	(132,923)	(983,818)	(314,236)	(1,430,977)
Transfers to plant and equipment	-	-	-	(140,375)	(140,375)
Transfers from leased plant and equipment	-	-	140,375	-	140,375
Transfers to plant and equipment (depreciation)	-	-	-	112,300	112,300
Transfers from leased plant and equipment (depreciation)	-	-	(112,300)	-	(112,300)
Carrying amount at the end of the year	4,976,505	2,106,364	2,935,502	1,680,041	11,698,412

	Economic Entity 2002 $	Economic Entity 2001 $	Chief Entity 2002 $	Chief Entity 2001 $
Note 9 INTANGIBLES				
Goodwill at cost	679,495	679,495	-	-
Accumulated amortisation	(260,898)	(226,924)	-	-
Total intangibles	418,597	452,571	-	-
Note 10 DEFERRED TAX ASSETS				
Future income tax benefit				
- The future income tax benefit is made up of the following estimated tax benefits:				
- tax losses	-	-	-	-
- timing difference	867,650	-	728,724	-
	867,650	-	728,724	-
Note 11 OTHER NON-CURRENT ASSETS				
Research and Development Expenditure Ref Note 1 (e)				
Balance 1st October	2,533,128	1,796,536	-	-
Capitalised during the year	26,182	736,592	-	-
Balance 30th September	2,559,310	2,533,128	-	-
Less accumulated amortisation	2,033,673	1,901,267	-	-
	525,637	631,561	-	-
Note 12 CURRENT ACCOUNTS PAYABLE				
Unsecured :				
Trade Creditors	1,327,426	1,300,230	2,457	8,750
Sundry Creditors	378,326	2,148,098	44,236	131,208
Amounts payable to controlled entities wholly owned	-	-	-	128,047
	1,705,752	3,448,328	46,693	268,005

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2002

	2002 $	2001 $	2002 $	2001 $
Note 13 INTEREST BEARING LIABILITIES				
Unsecured :	-	-	-	-
Secured :				
Bank Overdraft (i)	-	18,392	-	-
Commercial Bills (I)	1,500,000	2,000,000	1,500,000	2,000,000
Finance Lease Liabilities (ii)	363,388	181,645	363,388	181,645
Hire Purchase Creditors (ii)	58,283	20,557	58,283	20,557
Less Unexpired term changes	(10,521)	(380)	(10,521)	(380)
	47,762	20,177	47,762	20,177
	1,911,150	2,220,214	1,911,150	2,201,822

(i) Bank overdraft and commercial bills secured by 1st ranking registered mortgage over free hold property and 1st ranking debentures over undertaking of the chief entity.

(ii) Effectively secured over the assets leased or hired.

	2002 $	2001 $	2002 $	2001 $
Note 14 CURRENT PROVISIONS				
Employee entitlements :				
Annual Leave	563,906	505,300	338,437	267,081
Long Service Leave	144,265	114,688	86,469	83,620
Sick Pay	79,821	73,839	10,345	7,188
Directors' Fees	92,000	80,000	82,000	70,000
Other : Provision for Warranty	1,725,000	1,725,000	-	-
	2,604,992	2,498,827	517,251	427,889
Note 15 CURRENT TAX LIABILITIES				
Current				
- Income Tax	218,671	-	227,524	-
Note 16 NON-CURRENT BORROWINGS				
Secured :				
Lease Liability (ii) above	1,358,134	533,847	1,358,134	533,847
Hire Purchase Creditor	145,708	-	145,708	-
Less Unexpired term charges	(11,798)	-	(11,798)	-
(ii) Ref Note 13 above	133,910	-	133,910	-
	1,492,044	533,847	1,492,044	533,847
Note 17 NON-CURRENT PROVISIONS				
Employee Entitlements Long service leave	-	-	-	-
Note 18 SHARE CAPITAL				
Issued and Paid Up Capital				
8,007,479 Ordinary Shares fully Paid (2000 8,007,479)	4,107,129	4,107,129	4,107,129	4,107,129
75,000 Preference Shares 5% Cumulative fully paid (2000 75,000)	150,000	150,000	150,000	150,000
	4,257,129	4,257,129	4,257,129	4,257,129
Note 19 RESERVES				
Asset revaluation - Land and Buildings	1,223,241	1,223,241	1,223,241	1,223,241
As per Balance Sheet	1,223,241	1,223,241	1,223,241	1,223,241

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2002

	Economic Entity		Chief Entity	
	2002 $	2001 $	2002 $	2001 $
Note 20 REVENUE FROM ORDINARY ACTIVITIES				
Operating:				
Sales Revenue	18,549,557	17,693,145	-	-
Dividends				
- Other Corporations	1,371	1,992	711	1,452
Interest Received				
- Controlled Entities	-	-	50,000	50,000
- Other Corporations	38,652	69,644	2,896	15,845
Rent Revenue				
- Controlled Entities	-	-	573,048	436,800
- Other Corporations	294,497	392,621	294,497	392,621
Other Revenue	281,599	548,541	1,679,202	1,739,503
	19,165,676	18,705,943	2,600,354	2,636,221
Non Operating:				
Proceeds on disposal				
- property, plant and equipment	59,227	167,535	7,727	167,535
- investments	680,000	41,697	680,000	41,697
	739,227	209,232	687,727	209,232
Total Revenue from ordinary activities	19,904,903	18,915,175	3,288,081	2,845,453
Note 21 EXPENSES				
(a) Operating profit before income tax has been determined after:				
Cost of goods sold	9,563,400	9,731,980	-	-
Overheads	4,708,421	4,034,508	1,982,304	2,008,218
Administration expenses	918,128	1,807,366	117,964	109,789
Selling expenses	2,827,948	2,691,723	16,069	22,623
Finance expenses	292,059	294,288	416,378	6,369
Total expense from ordinary activities	18,309,956	18,559,865	2,532,715	2,146,999
Depreciation of:				
- Buildings	132,923	142,401	132,923	142,401
- Plant and equipment owned	983,818	958,024	446,322	442,373
- Plant and equipment leased	314,236	103,473	314,236	103,473
Amortisation of:				
- Goodwill	33,974	33,974	-	-
- Research and development costs	132,102	105,274	-	-
	1,597,053	1,343,146	893,481	688,247
(b) Borrowing expenses:				
- Interest paid				
Other corporations	140,532	156,643	140,281	156,386
Finance leases	92,426	22,334	92,426	22,334
	232,958	178,977	232,707	178,720
(c) Net transfers to (from) provisions for:				
- Employee entitlements	106,165	31,135	89,362	4,688
- Provision for doubtful debts	-	-	-	300,000
(d) Research and Development Costs	2,014,298	1,535,247	-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2002

	Economic Entity 2002 $	2001 $	Chief Entity 2002 $	2001 $
Note 22 INCOME TAX REVENUE				
a) The prima facie tax on operating profit is reconciled to the income tax expense (benefit) in the accounts as follows:				
Operating profit (loss) before income tax	1,361,989	176,333	522,659	949,827
Prima Facie income tax expense applicable to Operating Profit at 30% (2001 34%)	408,597	59,953	156,798	322,941
Add/Deduct tax effect of:				
Permanent differences				
Residual depreciation	-	20,400	-	20,400
Amortisation of Goodwill	3,000	3,400	-	-
Depreciation on Buildings	-	19,257	-	19,257
Legal Expenses	46,060	58,757	-	-
Entertainment Expenses	6,834	4,560	-	-
Research and Development Expenditure	(151,073)	(189,594)	-	-
Prepayments	-	(51,738)	-	(51,738)
Timing differences (not brought to account since 1988)	(807,070)	8,014	(783,253)	2,010
Tax losses not previously recognised now brought to account	(143,142)	66,991	-	(312,870)
Tax losses transferred from 100% owned entity to Chief Entity	-	-	124,955	312,870
Income Tax Expense/(Revenue) per Accounts	(636,794)	-	(501,500)	-
Future Income Tax benefits not brought to account the benefits of which will only be realised if the conditions for deductibility occur				
- Timing differences at 30% (2001 34%)	-	85,424	-	147,107
- Tax losses at 30% (2001 34%)	-	92,172	-	-
	-	177,596	-	147,107

The Economic Entity and company at the 30 September 2002 for the first time since 1988 recognised the future tax benefit of timing differences and carried forward losses.

This charge has resulted in the recognition of deferred tax assets of $867,650 and $728,724 for the Economic Entity and Company respectively (refer Note 10).

The above recognition has resulted in a once off gain of $636,794 and $501,200 for the economic entity and company respectively as set out in the Statement of Financial Performance for the current year.

Note 23 CONTROLLED ENTITIES

(a) Controlled entities and contribution to Consolidated Profit(Loss)

Name of controlled Entity of Sietel Limited	Beneficially Owned by Sietel Ltd		Contribution to consolidated operating Profit (loss) after income tax attributable to members of the chief entity		Investment by Sietel Ltd at cost.	
	2002 %	2001 %	2002 $	2001 $	2002 $	2001 $
Cooks Body Works Pty Ltd	100	100	(323,964)	(406,836)	290,000	290,000
The Cylinder Co Pty Ltd	100	100	4,564	379	-	-
Aqua-Max Pty Ltd	100	100	1,262,670	(367,037)	481,713	481,713
Sietel Limited	N/A	N/A	1,055,513	949,827	-	-
			1,998,783	176,333	771,713	771,713

* All companys' incorporated in Australia.

Sietel LIMITED A.C.N. 004 217 734

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2002

(b) Statement of Operations by Business

	Assets		Revenue		Results	
	2002 $	2001 $	2002 $	2001 $	2002 $	2001 $
Manufacturing Vehicle Bodies	654,523	424,364	1,817,206	2,050,958	(323,964)	(406,836)
Manufacturing Hot Water Services	3,995,907	5,551,412	17,232,108	16,088,697	1,262,670	(367,037)
Equipment services	-	17,992	16,329	-	4,564	379
Total Manufacturing	4,650,430	5,993,768	19,065,643	18,139,655	271,991	(773,494)
Investment	13,078,482	10,504,967	839,260	775,520	1,055,513	949,827
Total Investment	13,078,482	10,504,967	839,260	775,520	1,055,513	949,827
	17,728,912	16,498,735	19,904,903	18,915,175	1,998,783	176,333

*All businesses operated within Australia.

	Economic Entity		Chief Entity	
	2002 $	2001 $	2002 $	2001 $
Note 24 DIVIDENDS PAID AND PROPOSED				
5% Cumulative Preference	NIL	NIL	NIL	NIL
A preference dividend was last paid for the half year ended 31st March 1987.				
Adjusted Franking Account Balance	NIL	NIL	NIL	NIL

Note 25 REMUNERATION OF DIRECTORS AND EXECUTIVES

Income received or due and receivable by all directors of each entity in the Economic Entity from all entities in the Economic Entity and any related bodies corporate : $354,427 (2001 $360,103), including superannuation as disclosed below.

Income received or due and receivable by all directors of the Chief Entity from the Chief Entity and any related bodies corporate $354,427 (2001 $360,103), including superannuation as disclosed below.

Number of Chief Entity Directors whose income from the Chief Entity and related bodies corporate was within the following bands:

	2002	2001
$0 - $9,999	-	2
$180,000 - $189,999	1	1
$190,000 - $209,999	1	-

Retirement and Superannuation payments paid on retirement from office or to prescribed superannuation funds for the provision of retirement benefits of Directors of the Chief Entity : $25,000 (2001 - $26,000)

The names of Chief entity directors who have held office during the financial year:

Mr Delwyn Garland Rees Mr Richard Rees Mr. Geoffrey Ernest Nanscawen

	Economic Entity		Chief Entity	
	2002 $	2001 $	2002 $	2001 $
Note 26 AUDITORS REMUNERATION				
Amount received or due and receivable by the Chief Entity Auditors for:				
- Auditing the accounts	21,525	20,500	7,534	7,175
- Other services	-	-	-	-
	21,525	20,500	7,534	7,175

Sietel LIMITED A.C.N. 004 217 734

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2002

Note 27 CAPITAL AND LEASING EQUIPMENT

(a) Finance leasing Commitments					
Payable					
- not later than one year		475,616	227,657	475,616	227,657
- later than one year and not later than five years		1,538,078	622,890	1,538,078	622,890
Minimum lease payments		2,013,694	850,547	2,013,694	850,547
Less future finance charges		292,172	135,055	292,172	135,055
Total finance lease liability		1,721,522	715,492	1,721,522	715,492
Represented by:					
Current liability	Note 12	363,388	181,645	363,388	181,645
Non-current liability	Note 14	1,358,134	533,847	1,358,134	533,847
(b) Hire purchase commitments					
Payable					
- not later than one year		63,140	20,557	63,140	20,557
- later than one year and not later than five years		140,851	-	140,851	-
Minimum hire purchase payments		203,991	20,557	203,991	20,557
Less future finance charges		22,319	380	22,319	380
Total hire purchase liability		181,672	20,177	181,672	20,177
Represented by:					
Current liability	Note 12	47,762	20,177	47,762	20,177
Non-current liability	Note 14	133,910	-	133,910	-
(c) Capital Commitments-Capital Expenditure					
Project -not later than 1 year			780,681		780,681
(d) Contingent Liabilities					
Guarantee on other Bodies Corporate					
Equipment					
Lease and Hire purchase agreement			-		-

Note 28 STANDBY ARRANGEMENTS AND UNUSED CREDIT FACILITIES

Standby arrangements with banks to provide funds and support facilities				
Credit facility	6,350,000	5,050,000	6,350,000	5,050,000
Amount Utilised	3,403,194	2,715,492	3,403,194	2,715,492
Unused credit facility	2,946,806	2,334,508	2,946,806	2,334,508

The major facilities are as follows:
Lease Facitlities $3,000,000 (2001 $1,800,000)
Commercial Bill Facility
$2,500,000 (2001 $2,500,000) variable interest rate facility provided by an Australian bank. As at 30 September 2002 $1,500,000 (2001 $2,000,000) was utilised.
Banking Overdrafts - Bank overdraft facilities are arranged with an Australian bank with the general terms and conditions being set and agreed to from time to time.
Finance will be provided under all facilities provided the company and the economic entity have not breached any borrowing requirements and the required financial ratios are met.

Note 29 SUPERANNUATION COMMITMENTS

Sietel Ltd, Cook's Body Works Pty Ltd and Aqua-Max Pty Ltd each sponsor a Colonial Select Superannuation plan for their respective employees. The benefits are the accumulation of contributions by the employer and if applicable the employees which become available on retirement, death or total and permanent disability. Contributions are made in accordance with the Superannuation Guarantee Charge Act. The relevant company has a legal obligation to contribute to its superannuation fund in accordance with relevant requirements of the Superannuation Guarantee legislation. Sietel Ltd also has another fund called the Senior Staff Superannuation fund where the benefits are the accumulation of contributions by the employer and if applicable the employees which become payable on retirement, death or total and permanent disability. Contributions are at the discretion of the employer or the employee.

Sietel LIMITED A.C.N. 004 217 734

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2002

	Economic Entity 2002 $	2001 $	Chief Entity 2002 $	2001 $
Note 30 RELATED PARTY TRANSACTIONS				
Transactions between related parties are on normal commercial terms and conditions unless otherwise stated.				
(a) Transactions with directors and director-related entities -				
- Motor vehicles are leased by the Chief Entity from Mr. R. Rees	11,000	49,500	11,000	49,500
- Consulting fees are paid to a company of which Mr. D. G. Rees is a Director for financial and management services provided.	25,000	10,400	25,000	10,400
- Directors of entities within the economic entity are able to receive goods and services at discounted prices and participate in field testing of new products.				
(b) Controlling entities				
- Personnel charges by Chief Entity to :				
Cooks Body Works Pty Ltd	-	-	254,400	235,200
Aqua-Max Pty Ltd	-	-	860,803	803,040
Interest Received :				
Cooks Body Works Pty Ltd	-	-	50,000	50,000
Aqua-Max Pty Ltd	-	-	-	-
Rent received from premises for:				
Cooks Body Works Pty Ltd	-	-	120,000	67,503
Aqua-Max Pty Ltd			453,048	369,297
Lease rentals for plant :				
Cook's Body Works Pty Ltd	-	-	60,000	60,000
Aqua-Max Pty Ltd	-	-	512,750	354,893
Data Processing:				
Aqua-Max Pty Ltd	-	-	50,000	50,000
Equipment rental:				
Aqua-Max Pty Ltd	-	-	80,000	80,000
-Guarantees and Indemnities given by Chief Entity to controlled entities banker for facilities:				
Cooks Body Works Pty Ltd	50,000	50,000	50,000	50,000
Aqua-Max Pty Ltd	100,000	100,000	100,000	100,000
- Guarantees and Indemnities given by Controlled Entity to Chief Entity's banker for facilities:	3,750,000	5,005,000	3,750,000	5,005,000

Directors acquired 79,962 ordinary shares in Sietel Ltd, the Chief Entity. Directors sold 0 ordinary shares.

Note 31 EMPLOYEE SHARE OPTION PLAN

The company extended an invitation to certain employees and executives to apply for options to be issued in accordance with the Trust Deed of the Sietel Limited "A Staff Equity Participation Plan" in February 1998. These executives and employees were invited to apply for up to a specified maximum number of options for ordinary shares in the company at a specified maximum purchase price of .5 cents per option. A total of 400,000 share options were available and all were taken up for a total exercise value of $2,000. All options expired on 28 February 2002.

Sietel LIMITED A.C.N. 004 217 734

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2002

	Economic Entity		Chief Entity	
	2002	2001	2002	2001
	$	$	$	$
Note 32 NOTES TO THE STATEMENT OF CASH FLOWS				
(i) Reconciliation of cash for the purpose of the statement of cash flows				
Cash includes:				
(a) Cash on hand and at call deposits with banks or financial institutions				
(b) Investments in money market instruments with less than 14 days to maturity				
Cash at the end of the year is shown in the balance sheet as:				
Cash on hand	1,296,608	1,116,177	67,325	127,154
Bank overdrafts				
- Secured	-	(18,392)	-	-
- Unsecured	-	-	-	-
	1,296,608	1,097,785	67,325	124,154
(ii) Reconciliation of cash flows from operations with Operating Profit after Income Tax				
Operating Profit after Income Tax				
Cash flows in Operating Profit attributable to Non-Operating activities	1,998,783	176,333	1,023,859	819,734
Dividends Received	(1,371)	(1,992)	(711)	(1,452)
Non-cash flows in Operating Profit				
- Amortisation	166,081	33,974	-	-
- Depreciation	1,430,977	1,309,172	893,479	688,247
- Bad Debts	-	-	-	-
- Income Tax	(636,794)	-	(501,200)	
Charges to provisions				
- tax	(12,185)	-	-	-
- employee entitlements	106,163	317,660	89,361	100,690
(Profit)/Loss on sale of Plant and Equipment	(17,778)	(167,535)	(7,727)	(167,535)
(Profit)/Loss on sale of investments	(295,625)	414	(295,625)	414
Changes in assets and liabilities				
(Increase)/Decrease trade debtors	254,678	1,167,193	22,404	393,116
(Increase)/Decrease in pre-payments	(190,638)	19,926	(25,277)	19,998
(Increase)/Decrease in inventories	(25,215)	(212,280)	-	-
Increase/(Decrease) in trade creditors	(140,627)	(462,189)	(95,500)	7,857
	2,636,449	2,180,676	1,103,063	1,861,069

(iii) Net cash provided by operating activities the statement of cash flows should be read in conjunction with Note 24- Standby Arrangements and Unused Credit Facilities

(iv) Non Cash Financing and Investing Activities
During the financial year, the economic entity and chief entity acquired property, plant and equipment with an aggregate fair value of $1,432,817 (2001 $596,255) by means of finance leases and hire purchase. These acquisitions are not reflected in the statement of cash flows.

	Economic Entity	
	2002	2001
Note 33 EARNINGS PER SHARE		
Basic earnings per share (cents per share)	24.96	2.20
There were NIL options on issue at the end of the year. Options that were on issue expired February 2002. (2001 NIL)		
Diluted earnings per share (cents per share)	24.72	2.10
The weighted average number of ordinary shares on issue used in the calculation of basic earnings per share.	8,007,479	8,007,479

Sietel LIMITED A.C.N. 004 217 734

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2002

Note 34 FINANCIAL INSTRUMENTS

(a) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the accounts.

(b) Significant Terms and Conditions

Cap Interest Rate Option Agreement

Contracts	Principal Amount	Cap Rate	Maturity Date	Premium Amount
10 JAN 2001	2,500,000	7.00% PA	9 AUGUST 2005	46,200

(c) Interest Rate Risk

The following details the economic entity's exposure to interest rate risk as at the reporting date.

	Average Interest Rate %	Variable Interest Rate $	Non-Interest Bearing $	Total $
Financial Assets				
Trade receivables (net)	-	-	1,129,338	1,129,338
Other receivables	-	-	47,385	47,385
Cash	2.8	1,296,608	-	1,296,608
		1,296,608	1,176,723	2,473,331
Financial Liabilities				
Trade Payables	-	-	1,300,239	1,300,239
Lease liabilities	-	715,492	-	715,492
Other liabilities	-	-	2,543,549	2,543,549
Employee entitlements	-	-	773,827	773,827
		715,492	4,617,615	5,333,107

(d) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the economic entity. The economic entity has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The economic entity measures credit risk on a fair value basis.

(e) Net Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in note 1 to the accounts.

Security Holders Privacy Statement

Douglas Heck & Burrell collects personal information from security holders of entities ("clients") for which we act as security registrars. We are committed to protecting the privacy of these security holders' personal information.

We need to collect personal information from you so we can accurately identify your security interest in our clients, fulfil legal obligations under the Corporations Act and other legislation governing the operation and activities of the clients' progress, business activities and ranges of products and services that may be of interest to you.

Without this information we may not be able to, for instance, process your application for securities issued by clients, pay dividends to you or provide copies of notices of meetings.

As Share Registrar, we may provide your personal information to the securities issuer, persons inspecting securities registers, bidders for your securities in the context of take-overs, regulatory bodies, including the Australian Tax Office, authorised security brokers, print service providers and mail houses. Your personal information may also be disclosed to a related body corporate of Douglas Heck & Burrell for the purpose of facilitating securities registry functions such as paying distributions or preparing information for mailouts.

At any time you may request access to the personal information that we hold about you and advise us of any inaccuracies.

If you would like to access or update your personal information, obtain a copy of our Security Holder Privacy Policy or change your mind about receiving marketing information, you can contact us by:

Telephone:	(07) 3228 4219
Facsimile:	(07) 3221 3149
Correspondence:	Douglas Heck & Burrell Registries GPO Box 35 Brisbane Qld 4001
Website:	www.dhb.com.au; Share Enquiries

Douglas Heck & Burrell | Chartered Accountants | Share Registries | Consultants

STATEMENT IN COMPLIANCE WITH AUSTRALIAN ASSOCIATED STOCK EXCHANGES LISTING REQUIREMENTS.

DIRECTORS' INTEREST IN ORDINARY SHARES AS AT 30TH SEPTEMBER 2002

Director	Ordinary Shares in name of Director	Ordinary shares in which Directors may have relevant interest
D. G. Rees	28,237	4,591,693
R.Rees	463,250	5,828,051

The Company has issued 400,000 options with an exercise price of 50 cents per option and all were with a total exercise value of $2,000. All options have an expiry date on or before 28 February 2002. Mr. R. Rees has 230,000 outstanding share options with an exercise price of 50 cents per option.

Substantial Shareholders
Triple Two Investments Pty. Ltd and Delvest Pty.Ltd. of Suite 3, 15 Tintern Avenue, Toorak, Lyntina Pty. Ltd. of Suite 3, 15 Tintern Avenue Toorak and The Three Pumpkins of Suite 3, 15 Tintern Avenue Toorak are shown in the Substantial Shareholder Register as holding 2,310,891; 652,000;689,000 and 560,000 Ordinary shares respectively.

20 Largest Shareholders at 30th September 2001

The twenty largest Ordinary Shareholders of the Company held 6,790,151 Ordinary Shares representing 84.80% of the voting shares of the Company. The twenty largest preference Shareholders of the Company held 71,300 Preference Shares which attract votes on the basis of four for each $2 Preference Share held while there are Dividends in arrears as is the present situation.

List of the twenty largest Shareholders for each class of Shares have been supplied to The Stock Exchange of Melbourne Limited.

Directors

There were no loans to Directors during the financial year nor do any loans to Directors exist, except for a housing loan of $7,000 to Mr. G. E. Nanscawen. The Company has not entered into any service agreement with any Director or with a Company in which a Director has a direct or indirect interest, except for a service and option agreement with the Managing Director, lease of a motor vehicle and supply of motor vehicles. There is no contingent liability or termination under this agreement.

Distribution of Shareholding as at 30th September 2002

Number of Shareholders		Number of Shares Held
Ord	Pref	
327	45	Up to 1,000
214	3	1,001 to 5,000
16	1	5,001 to 10,000
41	4	10,001 and over

The number of shareholders holding less than marketable parcels is :
319 Ordinary
45 Preference

" I certify that this is a true copy of all accounts and Group accounts (if any) required to be laid before the Company at the Annual General Meeting together with a copy of every other document required by Section 16 to be laid before the Annual General Meeting."

Richard Rees

23 Dec 2002

PROG=AC0627

AS AT 30/09/02 SHAREHOLDER RANKING ORDINARY SIETEL LIMITED

NUMBER	NAME	RANKING	NO. SHARES HELD	PERC. SHARES HELD
13180	TRIPLE TWO INVESTMENTS PTY LTD	1	2,271,666	28.37
8018	LYNTINA PTY. LTD.	2	689,000	8.60
3790	DELVEST PTY.LTD.	3	590,000	7.37
30034	THE THREE PUMPKINS PTY LTD	4	560,000	6.99
30016	MERBEN PTY. LIMITED	5	385,250	4.81
11170	REES RICHARD	6	353,800	4.42
12100	SIDERFIN HOLDINGS PTY.LTD.	7	337,250	4.21
4370	ELKINGTON, DR. GORDON BRADLEY	8	334,750	4.18
9170	METASOKOL PTY.LTD.	9	333,000	4.16
30049	SIDERFIN HOLDINGS PTY. LTD.	10	219,645	2.74
9140	MERBEN PTY. LTD.	11	121,450	1.52
12104	SIDERFIN HOLDINGS PTY. LTD.	12	120,000	1.50
30015	REES,RICHARD	13	107,450	1.34
9840	NIGHTINGALE JOHN KENNING	14	101,250	1.26
30021	MERBEN PTY. LTD.	15	68,865	.86
11090	REDEN INVESTMENTS PTY.LTD.	16	62,000	.77
30024	DELVEST PTY LTD,	17	62,000	.77
30030	TRIPLE TWO INVESTMENTS P/L	18	39,225	.49
7770	LILLIE JAMES MOAR	19	38,500	.48
11604	RR INVESTMENTS PTY. LTD.	20	37,500	.47

-- END OF REPORT -*-*

PROG=AC0627

AS AT 30/09/02 SHAREHOLDER RANKING PREFERENCE SIETEL LIMITED

NUMBER	NAME	RANKING	NO. SHARES HELD	PERC. SHARES HELD
10001	WINPAR HOLDINGS LIMITED	1	16,300	21.73
10055	OPAL MAX PTY. LTD.	2	15,100	20.13
4370	ELKINGTON, DR. GORDON BRADLEY	3	11,500	15.33
4380	ELKINGTON, MILLY	4	11,500	15.33
30036	LYNTINA PTY. LTD.	5	5,300	7.07
7650	LEAVER GRAHAM ALAN	6	4,800	6.40
1119	ALITON PTY. LTD.	7	1,600	2.13
4800	FLINT GRACE LAMOND	8	1,200	1.60
7655	LEAVER, GRAHAM ALAN AND	9	500	.67
8355	MANNERIM PTY. LTD.	10	500	.67
8360	MARSHALL EST. OF THE LATE GUY	11	500	.67
3480	CROFTON HENRY EDWARD MELVILLE	12	400	.53
8430	MARTINDALE MARJORIE HILDA	13	300	.40
11515	ROSS DORIS ISABEL	14	300	.40
30027	BRENTNALL, GWENDOLINE	15	300	.40
30108	KENEALLY, SUZANNE DENISE	16	300	.40
30109	MORTLOCK, PATRICIA GAIL	17	300	.40
2110	BODLE MARY CATHERINE	18	200	.27
2538	BROWN, PATRICIA FLORENCE EMILY	19	200	.27
4930	FOWLES HERBERT ALEXANDER	20	200	.27

-- END OF REPORT -*-*

ASIC registered agent number

lodging party or agent name

office, level, building name or PO Box no.

street number & name

suburb/city state/territory postcode

telephone ( )

facsimile ( )

DX number suburb/city

388 1/2 15 October 1998

ASS. CASH. PROC. REQ-A REQ-P

Australian Securities & Investments Commission

copy of financial statements and reports

form 388

Corporations Law

294, 295, 298-300, 307, 308, 319, 321, 322

Name SIETEL LIMITED

ACN / ARBN / ARSN 75 004 217 734.

Reason for lodgement of statements and reports

tick the appropriate box

- [x] A public company or a disclosing entity which is not a registered scheme (A)
- [ ] A registered scheme (B)
- [ ] A large proprietary company that is not a disclosing entity (H)
- [ ] A small proprietary company that is controlled by a foreign company for all or part of the period and where the company's profit or loss for the period is not covered by the statements lodged with ASIC by a registered foreign company, company, registered scheme, or disclosing entity (I)
- [ ] A small proprietary company that is requested by ASIC to prepare and lodge statements and reports (J)
- [ ] Amendment of financial statements or directors' reports previously lodged (C/D)

Financial year ended (d/m/y) 30 / 9 / 2002 Date of Annual General Meeting (if applicable) 29 / 1 / 2003 11.00 am

Details of large proprietary company

If the company is a large proprietary company that is not a disclosing entity, please complete the following information as at the end of the financial year for which the financial accounts relate:

A What is the consolidated gross operating revenue of the large proprietary company and the entities that it controls?

$ 19,904,903

B What is the value of the consolidated gross assets of the large proprietary company and the entities that it controls?

$ 17,728,912

C How many employees are employed by the large proprietary company and the entities that it controls?

120

D How many members does the large proprietary company have?..

Details of Auditor & audit report

name (family & given names)

Auditor Registration no:

or

if a firm, name of firm McDonald Carter HPW

office level 4 building name

street number & name 256 Queen St

suburb / city Melbourne state / territory Vic postcode 3000.

Business Registration number (if applicable) State / Territory registered in

date of appointment (d/m/y) 22 / 2 / 99

Were the financial statements audited? **Yes** [x] **No** [ ]

If yes: Does the auditor's report (section 308) **for the financial year contain a statement of:**

- reasons for the auditor not being satisfied as to the matters referred to in section 307? Yes [ ] No [x]
- details of the deficiency, failure or shortcoming concerning any matter referred to in section 307? Yes [ ] No [x]

If no: Is there a class order exemption current for audit relief? **Yes** [ ] **No** [ ]

Statements and reports to be attached to this form

Financial statements for the year (as per ss295(2))
profit and loss statement for the year
balance sheet as at the end of the year
statement of cash flows for the year
If required by accounting standards - consolidated profit & loss statement, balance sheet and statement of cash flows

Notes to financial statements (as per ss295(3))
disclosures required by the regulations
notes required by the accounting standards
any other information necessary to give a true and fair view (see s297)

The directors' declaration about the statements and notes (as per ss 295(4))

The directors' report for the year (as per s 298 to 300)

Auditor's report required under sections 308 and 314

Certification

I certify that the attached documents marked ( ) are a true copy of the annual reports required under Section 319.

print name R. REES capacity MANAGING DIRECTOR

sign here date 23 DEC 2002