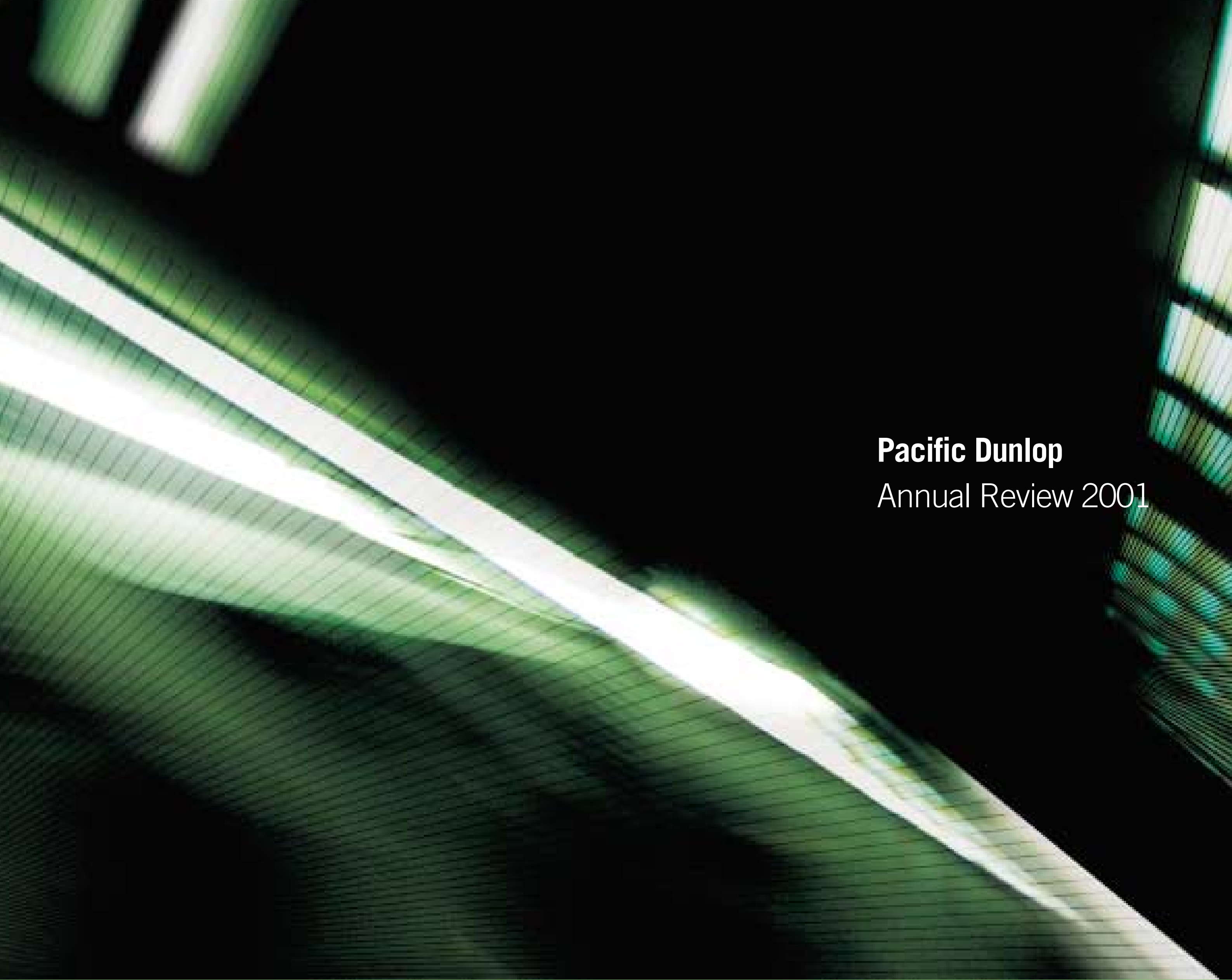


Pacific Dunlop
Annual Review 2001

Changing shape

Pacific Dunlop Limited ABN 89 004 085 330

The Annual General Meeting will be held in the John Batman Theatre at the Melbourne Convention Centre on Friday, 12 October 2001 at 11.00am.

Details of the business of the meeting are contained in the Notice of Meeting enclosed with this Annual Review.

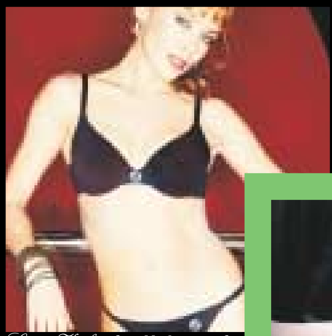
Shareholders unable to attend the Annual General Meeting are encouraged to participate in the Company's affairs by completing and returning the proxy form enclosed with the Notice of Meeting.

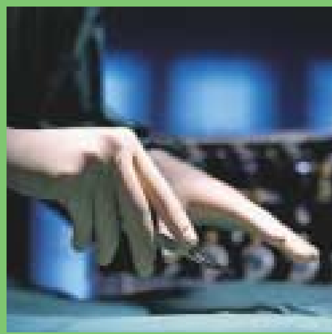
Contents

Pacific Dunlop narrows its focus

Market leadership

Pacific Dunlop meets the needs of people in many countries. Worldwide, its products provide protection for living and working, ranging from sophisticated critical and medical environments to ordinary household chores. Regionally in Australia and New Zealand, it provides essential products for daily living, including icon brands in clothing, footwear, household products, sporting goods and automotive products. Nearly all Pacific Dunlop products are leaders in their respective markets.


Love Kylie for Holeproof

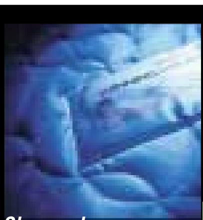

Encore Surgical Gloves


Nitrilite Gloves


Repcosport


Hyflex Gloves


Super Gloves


Sleepmaker


Julius Marlow


Sarah O'Hare wearing *Bonds*

Financial Results

	2001	2000	% change
Sales Revenue ($ million)	4,157	5,726	- 27.4
Operating EBIT from continuing operations ($ million)	222	249	- 10.8
Operating EBIT from non-recurring activities ($ million)	(31)	(161)	–
Operating loss after tax ($ million)	(139)	(87)	–
Total assets ($ million)	3,137	4,008	- 21.7
Total funds employed ($ million)	2,286	2,941	- 22.3
Return on shareholders' equity (%)	(13.1)	(5.8)	–
Average shares on issue (million)	970	1,032	- 6.0
Earnings per share (cents)	(14.4)	(8.4)	–
Dividends per share (cents)	5.0	10.0	- 50.0

All figures in this report are in A$ unless otherwise stated.

Dear Shareholder

This report outlines what Pacific Dunlop is doing to overcome the problems which have plagued the Company over the last several years and which have led to poor returns for its shareholders. While the result last year was another disappointment, the past 12 months have been significant for the action taken to bring Pacific Dunlop back on course for improved returns in the future, with Ansell as the main growth driver. This action is continuing and at the time of writing, some businesses are being considered for sale. These are good businesses and the sales process is taking place to realise value for shareholders.

Operating earnings before interest and tax from continuing operations of $221.5 million for the year include an improved result from Ansell but a disappointing loss by South Pacific Tyres. Cashflow from operations before non-recurring items improved by 26 per cent. Ansell last year maintained its pre-eminent competitive position in the world's markets for protective healthcare products, and we expect this to be enhanced by a restructuring now underway of its manufacturing and marketing operations. The comparable profit to last year's result represented a 46 per cent decline; a disappointing outcome, but a consequence of reducing the size and complexity of the Group.

The reported net loss of $139.4 million included non-recurring items and the writing off of recorded future tax benefits of $158.5 million. In view of the result and the need to rebuild the Company's balance sheet and capacity to fund future growth, it was decided not to pay a final dividend.

Most of the major problems which have dragged the Company down in recent years are now either behind it, or close to resolution. The legacy problems of the Accufix pacing leads litigation, the unsatisfactory battery business involvement and other unprofitable activities have been eliminated. Ambri's biosensor technology business was sold to Optecom Limited to reduce cash commitments going forward.

Negotiations for the sale of Pacific Automotive are well advanced with an investor consortium comprising GS Private Equity, Gresham Partners and Macquarie Direct Investment and a Memorandum of Understanding has been signed regarding the future of South Pacific Tyres. The understanding on the future of South Pacific Tyres reached recently with Goodyear, provides Pacific Dunlop with the opportunity, subject to final agreement, to realise its investment in four to five year's time with no significant commitment to any new cash outflow in the meantime.

We are also investigating the prospects for sale of the Pacific Brands business. This business has undergone considerable rationalisation over the past two years and, with the integration of the Sara Lee operations during the year, is well positioned. It will only be sold if the price is satisfactory and in the opinion of the Directors, delivers value to shareholders.

The actions of the past year accelerate a long and deep restructuring process designed to equip the Company for the changed conditions and demands of today's business environment. The call on all those involved, particularly in management and among our employees, has been intense, and on behalf of the Board I express our thanks.

I also wish to acknowledge the disappointment of shareholders who have seen the value of their shares deteriorate as the Company has tackled a legacy of problems. This has not been a happy time for the Company but the problems have had to be addressed. Work still has to be done in relation to Tyres, but the remaining businesses are now in sound condition and well able to compete effectively in the markets in which they participate.

I wish to record the Board's appreciation of the contribution and service of Directors who have retired or resigned in the past 12 months – Professor David Penington, Mr Rod Chadwick and Mr Rob McLean, and also Mr Nuno D'Aquino, who has announced his intention to resign at the end of September, to take up the Chairmanship of another company. I would also like to welcome as a Director, Mr Herb Elliott, who has a strong background in management and branded product businesses.

John Ralph

John T Ralph, Chairman

Key Events

- Progressed the Company's asset restructure with the sale of GNB Technologies for US$368 million and Electrical Distribution for $343 million and initiated the sale processes for Pacific Automotive, Pacific Brands and other non-core businesses.

- Resolved all outstanding Accufix litigation in the United States within the previously provided provisions.

- Strengthened Ansell's global leadership and competitiveness in barrier protection products by continuing the integration of the Johnson & Johnson medical gloves business, fully commissioning the new condom plant in Surat Thani, Thailand, commencing a major manufacturing and marketing restructure and bringing to market successful new products.

- Improved Pacific Brands' position in key markets with the acquisition and integration of Clarks Shoes and Sara Lee Apparel, adding the *Clarks, Hush Puppies, King Gee, Stubbies, Razzamatazz, Kayser, Formfit, Playtex* and *Wonderbra* brands to its already outstanding line-up.

- Partially restructured the Australian operations of South Pacific Tyres (SPT), closing the heavy truck tyre plant, realigning marketing along consumer and commercial lines, and committing to making it a strongly competitive business within two years. Signed a Memorandum of Understanding with The Goodyear Tire and Rubber Company regarding the future of the SPT Partnership.

- Sold the Ambri biosensor business to Optecom Limited for $10 million cash and 19.9 per cent equity.

Working towards realising shareholder value

Pacific Dunlop last year made a number of decisions which tightened its focus further. Some of the decisions involved the future of businesses which have been an intrinsic part of Pacific Dunlop for many years. None of the decisions was easy or clear-cut. The outcome, however, is a much clearer path towards the goal of realising shareholder value. In the following, we have set out many of the key questions and issues and provide comment.

Why are you pursuing divestment of the Company's businesses apart from Ansell and can you explain the change of strategy that occurred earlier in the year?

In recent times the Board's strategy has been to seek increased value for shareholders by separating unlike businesses, to reduce the conglomerate nature of the Company and provide further clarity to the market, and, by eliminating or containing problem areas.

It was with this outcome in mind that in February 2001, the Board announced its intention to de-merge Ansell into a separate company. In March 2001, it also announced its intention to divest Pacific Automotive to focus the strategy of two clear businesses going forward, and to alleviate debt.

The market, being shareholders and investors, could then choose which style of investment they wished to hold – a global healthcare unit in Ansell with most of its profits made outside Australia, or an Australian-based business in Pacific Brands with its own cash flows and the other remaining investments.

The businesses could then perform on their own merits and also be subject to the disciplines of market scrutiny. The complications of the past Company structure and the old problems would not be there to cloud the issues.

However, some major shareholders, with sufficient votes to deny this proposal, indicated clearly that they would not support the Board's recommended path. Given the virtual certainty of failure and the considerable costs involved in proceeding, it was not open to the Board to continue with this process.

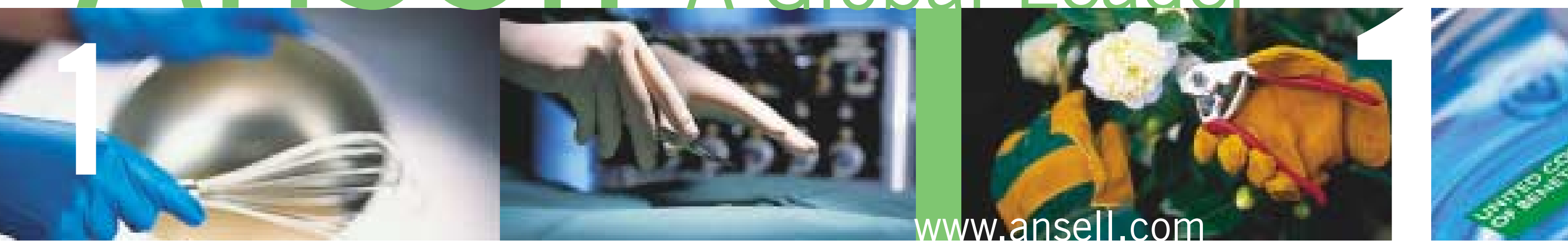
The Board then announced later in March 2001, that it would investigate the sale of the Pacific Brands business, leaving Ansell as the core of Pacific Dunlop and that process is currently underway. The next move depends on whether a price representing appropriate shareholder value can be realised for Pacific Brands.

Is the restructuring of Ansell, which was announced for the second half, happening? When can we expect to see the benefits?	Yes, the restructuring is underway and should be completed by the end of this calendar year. The restructure is probably the most wide ranging that Ansell has undertaken in many years. It involves transferring all US production of surgical gloves to existing Ansell facilities in Sri Lanka and Malaysia, which are being expanded, and US knitted glove operations to Mexico. Sales and marketing functions around the world are also being reorganised to provide greater supply chain and shared services benefits. The restructure will enhance Ansell's competitiveness and capacity for profitable growth.
How is Ansell going about delivering its growth potential?	Ansell is a successful business with products that are in increasing demand throughout the world. All the market indicators and Ansell's own research indicate that this growth will continue into the foreseeable future. An illustration of this is the market conversion to powder-free surgeons' gloves where Ansell has leading edge technology. Current restructuring and the priority being given to product innovation will underpin Ansell's continued competitiveness and growth.
Pacific Brands has long been one of Pacific Dunlop's better performers and a strong generator of cash, although this year it does not seem to have been as good. Do you think its recent performance will affect its sale valuation? Is selling it in the best interest of shareholders?	Pacific Brands had a reasonable year in conditions that can be best described as difficult. At the same time, it continued to strengthen the value and positioning of its outstanding collection of branded products. It improved its supply chain and distribution capabilities and further rationalised its production and sourcing. Pacific Brands is a business with significant scale, a stable revenue base and a track record of generating strong cash flows. Its value is in its product innovation, brands and supply chain management and it has an unrivalled position as the major supplier to Australia's retail industry. In our view, having this advantage means that short-term economic conditions should be less important in valuing the long-term strategic value of the business. We will only sell Pacific Brands if we can achieve value for shareholders.
Last December you announced a major restructuring of the South Pacific Tyres (SPT) business and said it would make a profit in the second half. Was the restructuring successful?	The losses sustained from manufacturing truck tyres were eliminated but conditions in the passenger and light truck tyre market deteriorated and the expected return to profitability, was not able to be attained. If the restructure had not been undertaken the results would have been worse. Obviously, the overall result is unsatisfactory, which is why the partners are working towards an arrangement that will bring the business back to acceptable profitability.
What is the arrangement between Pacific Dunlop and Goodyear in respect of SPT?	Both Goodyear and ourselves have signed a Memorandum of Understanding for the future of SPT based on our conviction that its medium to long-term outlook is strong and viable. This understanding, which is still subject to a formal agreement and approval of both Boards, essentially limits Pacific Dunlop's future funding of the partnership to the use of the loans already in the business and between the partners. In other words, no new cash will be required from Pacific Dunlop. The agreement would also provide Pacific Dunlop with an option to sell its interest in SPT to Goodyear within four to five years. If that option is not exercised, Goodyear would have the opportunity to acquire Pacific Dunlop's interest on the same basis in the six months after the expiry of Pacific Dunlop's option. The exercise price is based on a multiple of earnings averaged over the two years prior to the option being exercised.
The Company's bottom line this year had to absorb a large loss from non-recurring items, which makes well over $1 billion in the last seven years. What has caused these losses?	The significant majority of non-recurring losses in recent years have resulted from the sale of assets, notably GNB, and the Telectronics pacemaker litigation. Action taken during the year has put most of the major problems plaguing the Company in recent years behind it, or close to being resolved.

Why is the Company still so much in debt when it has already sold off some of its businesses, such as GNB Technologies and Electrical Distribution?	During the year the sale of GNB and Electrical Distribution brought in net cash after costs of $907 million. However, due to foreign currency borrowings (predominantly US dollars) increasing as the Australian dollar fell and a number of one-off cash outflows occurring, such as the share buy-back, acquisitions made during the year and additional investment in SPT, it meant net debt only fell by $222 million.
Was the downturn in trading in the second half much greater and more sudden than expected?	Many of the major economies are experiencing a major slowdown in growth. In Australia the retail sector had a difficult time in the period from the end of the Olympics to Easter this year. What was not expected was that it would continue for so long after Christmas. The GST also had a greater impact on demand than many people expected. This produced widespread sales weaknesses, which has been referred to by many of the major retailers and led to overstocking. Being a major supplier to these large retailers, this reduced our own sales levels and results consequently suffered.
How are you maintaining motivation among your staff during a time of rationalisation and change such as that currently taking place?	We are acutely aware of this issue and keep our people informed of each step as far as possible. Naturally there is some uncertainty in these circumstances. We think most of our people understand the Company's need for change and that it may possibly affect them or their colleagues directly.
Why did you sell your Ambri subsidiary and its revolutionary new biosensor technology which you have said is on the way to being commercialised?	We sold Ambri to relieve the Company of the burden of having to continue financing the ongoing research and development. In selling Ambri to Optecom Limited we have retained a 19.9 per cent share in that company, which means we will continue to participate in the outcome of the development of Ambri's technology. In this way we will share in the benefit if it is successfully commercialised. Ambri's focus at present is on the development of products for the medical diagnostic market and the rapidly growing pharmaceutical drug discovery market. We believe that the prospects of successful commercialisation of the technology are very good, but continuing to bear the full risks of the ongoing R & D was not appropriate for the Company.
How much of the Accufix pacing leads litigation is still outstanding, and how well are you covered against any further claims or compensation awards that may arise?	The class action in the US was settled recently on terms acceptable to the Company and accommodated within the provision which had been established previously. An action with a Japanese distributor was also settled during the year. The class actions in Australia and Canada were settled earlier. There is now only a limited number of cases outstanding and adequate provision is considered to have been made to cover any likely payments.
What are Pacific Dunlop's current priorities?	Our priority is to execute the current strategy and move the Company to a clearer, more profitable business structure with good growth prospects and a solid financial foundation.

Ansell Healthcare's products provide essential barrier protection against injury, infection and contamination for many millions of people at work, in the home and in environments such as food preparation and micro-electronics.

Ansell A Global Leader



Ansell Healthcare is organised across three broad market segments and three geographic regions, supported by a common operations and supply chain group. These are Occupational Healthcare, which is 47 per cent of Ansell's total business and covers the market for protective gloves in industry and the workplace; Professional Healthcare (38%) which supplies medical, surgical and examination gloves for hand barrier protection and infection control; and Consumer Healthcare (15%) which covers the markets for condoms, household gloves and other personal products.

Over half of Ansell's $1.4 billion sales last year were in North America where Ansell's corporate headquarters has been based since 1997. Another third was in Europe, and the balance in Asia. The production hubs are in Asia where 75 per cent of Ansell's products are now manufactured and in Mexico, where the Free Trade Agreement with the US has provided strategic growth opportunities. The story of Ansell last year was one of continued market and product growth even though difficult trading conditions slowed sales and profit growth in the second half. Ansell consolidated its global leadership position in healthcare barrier protection and held or increased market share of all key products in most major markets worldwide.

Sales increased in Europe, and this region is now a significant growth market for Ansell, as the result of new distribution and marketing initiatives. These gains, however, were offset in North America by a second-half reduction in the market for occupational gloves for workplace use as a direct result of the economic downturn there and its impact on the manufacturing industry.

Overall performance was also affected by the over-capacity and fierce pricing competition in the US$1 billion world market for examination gloves. Notwithstanding this, Ansell maintained full plant utilisation and its ranking as number two in the world market.

In the US$600 million growing world market for surgical gloves, Ansell remained the clear leader with a 25 per cent market share, with very strong growth in the emerging powder-free segment.

A pleasing feature of the year was the strong contribution of new products. Ansell regards a steady flow of new products from its Science and Technology group as essential in order to differentiate its products and services from low-price competitors. It has a year-on-year target of achieving 15 per cent of total sales with products developed within the previous three years, and last year it exceeded the target with 18 per cent of sales falling into this category.

Three highly successful examples of significant new products are *Hyflex™* in protective workplace gloves, *Encore™* and *Gammex PF*™ in powder-free surgical gloves, and *Xtra Pleasure™* in condoms.

Hyflex™ last year became the fastest growing new product in Ansell's history. Designed for industry and workplace use, *Hyflex™* is a glove with an ergonomically correct and comfortable, snug-fitting, knitted liner. It is coated with a patented foam synthetic polymer, and is the first product to combine the engineered yarns knitting technology of Golden Needles acquired in 1997 with the advanced polymer dipping technology of Ansell.

The potential world market among users of traditional leather or cotton gloves and people who still work in industry without gloves is substantial. In its first two years on the market, *Hyflex™* sales are already running at approximately 7.5 per cent of total Ansell sales to the Occupational Healthcare market worldwide.

Encore™ and *Gammex PF*™ are leading Ansell's drive into the powder-free latex surgical glove market. Both these gloves have an exclusive, environmentally friendly inner coating which is proving increasingly popular with medical and healthcare professionals.

Today, they are Ansell's fastest growing powder free surgical gloves in the US and European markets.

The LifeStyles *Xtra Pleasure™* condom features innovative design. Launched with an attention-grabbing promotional campaign, it has achieved excellent early sales in both the US and Australia. Increased government-funded programs supporting the worldwide fight against AIDS have helped to lift the demand for condoms. With state-of-the-art low-cost manufacturing facilities in India and Thailand, Ansell is well-positioned to participate in this growth in the years ahead.

Ansell's leadership position in the global Occupational Healthcare market was further strengthened by an exclusive agreement to supply Ford plants with all their protective glove requirements. The basis of the agreement is for Ansell to work with Ford and a local distribution partner in recommending appropriate Ansell products to reduce the incidence of hand injuries, as well as reducing their overall glove inventory and costs, starting with its US plants.

Another large global automotive manufacturing organisation has since expressed interest in a similar supply-and-solution exclusive arrangement with Ansell.

During the second half, implementation began on a major global restructuring designed to bring about sustainable improvement in Ansell's customer focus and competitiveness as it faces the challenges of the 21st century marketplace. The focus of the restructuring is on world-class manufacturing and logistics which will place Ansell in an even stronger position as a low-cost producer.

The changes involve a progressive transfer of the production, packing and sterilisation of surgical gloves from the US to existing Ansell facilities in Sri Lanka and Malaysia. US-based knitted glove production is being transferred to new facilities in Mexico. Sales, marketing and support teams in all regions are being progressively consolidated into fewer locations.

Brands

Ansell	*Hylite*	*Golden Needles*
Perry	*LifeStyles*	*Hyflex*
Edmont	*Mates*	*Solvex*
Chekmate	*Manix*	*Encore*
Xtra Pleasure	*Gammex*	*Elite*
Kamasutra	*NuTex*	*Ovation*
Tuxedo	*Allergard*	*Ultralon*
Hycron	*Nitrilite*	

Scale

31 facilities in 16 countries. Manufacturing in the US, UK, Malaysia, Thailand, Sri Lanka, Mexico and India.

Scope

Europe, North America, Japan, Asia-Pacific and Latin America. More than 90% of sales outside Australia.

People

Australia	60
Europe	380
Americas	2,200
Asia-Pacific	9,436

Market Share

US	
Professional Healthcare (Medical gloves)	17-20%
Occupational Healthcare (Industrial gloves)	25-30%
Consumer Healthcare (Condoms & H/hold gloves)	25-30%
Europe	
Professional Healthcare (Medical gloves)	25-30%
Occupational Healthcare (Industrial gloves)	25-30%
Consumer Healthcare (Condoms & H/hold gloves)	10-15%
Australia	
Professional Healthcare (Medical gloves)	60-70%
Occupational Healthcare (Industrial gloves)	20-25%
Consumer Healthcare (Condoms & H/hold gloves)	70-75%

Three Year Summary at 30 June

$ million	**2001**	2000	1999
Sales Revenue	**1,412**	1,173	1,185
Depreciation	**41**	40	36
Operating Profit	**144**	135	170
Assets Employed	**1,139**	1,099	876
Funds Employed	**845**	849	666
Capital Expenditure	**21**	48	93
Profit Margin (%)	**10.2**	11.5	14.3
People	**12,076**	13,447	12,053
Sales per Person ($'000)	**117**	87	98

Pacific Brands is one of Australia's largest consumer goods businesses marketing some of the most recognised brands in the country. Many of these icon brands are household names and include *Berlei, Bonds, Holeproof, Sleepmaker, Tontine, Dunlop, Enduro, Razzamatazz, Malvern Star, Grosby* and *King Gee*. Pacific Brands' commitment to market leadership has provided it with leading market shares, unrivalled in Australia, across a number of categories.

Pacific Brands

Pacific Brands is organised into four key operating groups:

Clothing

The Clothing Group is the leading player in the Australian apparel industry, holding either the largest or the major share in each of its categories. Sales in this segment are derived from a broad range of socks, underwear, intimate apparel and outerwear garments.

Household Products

The Household Products Group is the largest manufacturer of foam, polyester fibre, mattresses and bedding accessory products in Australia.

Footwear

The Footwear Group is the largest supplier of footwear in Australia and offers a full complement for men, women and children including casual comfort and fashion.

Sport, Leisure and Workwear

The Sport, Leisure & Workwear Group is the leading supplier of sporting equipment, apparel and footwear in Australia and New Zealand with products encompassing traditional sports, leisure and workwear activities.

The four key operating Groups of Clothing, Household Products, Footwear and Sport, Leisure & Workwear constitute a business which last year recorded sales of $1.4 billion and EBIT of $100 million. Although the trading result was $8 million down on the previous year, sales were maintained in a retail environment that was adversely impacted by:

- the introduction of the GST, which impaired the ability of the business to increase prices leading to a contraction of margins;
- a post-Olympics slump in consumer spending; and
- a rapid depreciation of the Australian dollar which increased the cost of imported goods.

Features of the year include:

- The successful integration and rejuvenation of Sara Lee's Australian brands followed their acquisition for $59.8 million in March 2001, giving Pacific Brands leadership in the new markets of hosiery and workwear, and expanding its position in the clothing and intimate apparel markets.
  - Sara Lee's *Playtex, Formfit* and *Wonderbra* business was merged with Pacific Brand's Berlei and Hestia divisions to create a new $150 million Intimates Group which benefits from the competitive advantages of increased scale, supply chain synergies, and coordinated marketing/branding strategies. Sara Lee's Casual Wear was merged with Boydex to optimise sourcing and distribution opportunities.
- Clarks Shoes and its range of premium children's and adult footwear including *Hush Puppies*, acquired in September 2000, benefited from its access to the infrastructure of the Footwear Group and was returned to profitability.
- The Sport & Leisure Group, the largest Australian-owned sporting business, performed strongly. Growth continued in the *Dunlop* and *Everlast* brands.
- The downturn in the housing market led to a difficult year for the Household Products Group. The bedding market remained subdued, however, the new Tontine pillow plant in Melbourne operated at capacity.
- Restructuring continued with the sale of Bonds Spinning and the Vita Pacific upholstered furniture business. The closure of four clothing plants in Australia and New Zealand was also announced. Warehousing was further reorganised as part of the supply chain improvement program.

- The merging of the New Zealand clothing operations after the purchase of Jockey NZ led to a much improved performance.
- Our involvement with the Sydney 2000 Olympic Games included Bonds' outfitting some 70,000 volunteers with 750,000 garments and Sleepmaker providing 23,000 beds to the Olympic Village.

Also during the year there were some exciting new product developments. Pacific Brands continues to lead in innovation and growing its product range. New products have been selling well and are anticipated to ultimately contribute another $50 million per annum to retail sales. Two features in this financial year of product innovation were:

- The new Sarah O'Hare range of *Bonds* underwear and outerwear saw the addition of two exciting new lines to the *Bonds* brand, including the *Bonds* Bra and a new range of women's outerwear.

  In November, the Company announced that international model, Sarah O'Hare, had been signed as a spokesperson and ambassador for its *Bonds* brand. Sarah follows in the footsteps of a number of Australians proud to be associated with *Bonds* including Paul Mercurio and the Oarsome Foursome.

  Sarah's involvement with Bonds extended to working with the design and development team and focusing on new product lines within the highly successful women's youth and contemporary categories. She is a wonderful ambassador for the Company.

- The *Love Kylie* lingerie range.
  During the year, the Holeproof division announced a new range of lingerie that was created in partnership with Australian pop icon, Kylie Minogue. The new range was launched by Ms Minogue in April 2001 during her 'On a Night Like This' tour of Australia. Ms Minogue worked closely with Holeproof designers over several months to create the new range of lingerie which features six styles, all very different. New designs for the *Love Kylie* range are being introduced seasonally. The range of lingerie commenced selling in April and has been selling very strongly through retail outlets.

It is the ability of Pacific Brands to continually improve and expand its range that enables the Company to grow its existing businesses.

Scale

40 plants in Australia, New Zealand, China, Indonesia and Malaysia.

Scope

Australia, New Zealand, Asia-Pacific, Europe, United Kingdom, Canada and the United States.

People

Australia	5,074
Europe	38
Asia-Pacific	1,591
New Zealand	649

Market Share

Australia

Intimate Apparel	30-35%
Socks	50-55%
Underwear	45-50%
Hosiery	45-50%
Footwear	30-35%
Bicycles	35-40%
Premium Tennis Balls	65-70%
Golf Balls	25-30%
Beds	30-35%

Three Year Summary at 30 June

$ million	**2001**	2000	1999
Sales Revenue	**1,359**	1,276	1,173
Depreciation	**18**	19	20
Operating Profit	**100**	108	97
Assets Employed	**727**	583	567
Funds Employed	**472**	386	406
Capital Expenditure	**12**	14	16
Profit Margin (%)	**7.4**	8.5	8.3
People	**7,352**	6,603	6,046
Sales per Person ($'000)	**185**	193	194

Brands

Amco
Berlei
Bonds
Candy
Dreamland
Dunlop
Dunlopillo
Enduro
Everlast
Formfit
Grosby
Hanes
Hang Ten
Hestia
Holeproof
Jockey
Jordache
Julius Marlow
Kayser
King Gee
Lightning Bolt
Luxura
Malvern Star
Maxfli
Naturalizer
Niblick
Pierre Fontaine
Playtex
Razzamatazz
Red Robin
Repco Sport
Rio
Rosebank
Simmons
Slazenger
Sleepmaker
Springtred
Stubbies
Tontine
Wonderbra

Automotive

South Pacific Tyres

A loss before tax of $29.7 million was incurred by Pacific Dunlop from its share in the South Pacific Tyres Partnership (SPT), compared with the previous year's loss of $2.1 million. The losses reflected the lower volumes, falling prices, and other inefficiencies which are currently being addressed in a wide-ranging review of SPT operations.

Market share decreased even though total Australian demand for tyres increased slightly. Competitive imports, mainly from low-cost Asian manufacturers, increased significantly – up 23 per cent in light truck radials, 8 per cent in truck radials, and nearly 3 per cent in passenger radials.

Another factor influencing the market has been the changing market profile for tyres as increased sales of imported passenger and light commercial luxury vehicles broaden the range of tyre brands, sizes and types. Their relatively small volumes, however, mean that local production is not economic.

The closure of the heavy truck radial plant at Somerton, Victoria, reduced excess capacity as part of a major restructuring initiated in the second half, allowing a reduction in costs and simplification and reinvigoration of the product portfolio.

Marketing was reorganised into two separate but coordinated Consumer and Commercial divisions to provide a more customer-focused, responsive structure. This has resulted in closer, more effective working relationships with key customers.

Export business received a boost with a substantial order for *Dunlop* tyres in the US.

While the year under review was disappointing in terms of profitability, it was a watershed period in terms of re-establishing a number of fundamentals essential to SPT's future business success.

Further changes will be necessary to SPT's operations to return this business to profitability. A major review is currently proceeding which Pacific Dunlop and Goodyear propose to support in moving SPT toward competitive operating performance.

Brands

Dunlop, Goodyear, Olympic, Kelly Springfield, Beaurepaires for Tyres, Goodyear Auto Service Centres, Dunlop Super Dealers, Discount Tyre Service, TyreMarketers

Scale

Four tyre plants, 16 retreading plants and 711 tyre outlets in Australia and New Zealand.

Scope

Australia, New Zealand and Papua New Guinea. More than 20% of sales outside Australia to 44 markets.

People

Australia	4,231
Asia-Pacific	1,048

Market Share

Australia	35-40%
New Zealand	30-35%

Three Year Summary at 30 June**

$ million	**2001**	2000	1999
Sales Revenue	**950**	1,048	1,070
Depreciation	**40**	43	39
Operating Profit	**(40)**	17	73
Assets Employed	**677**	681	686
Funds Employed	**423**	477	488
Capital Expenditure	**19**	30	45
Profit Margin (%)	**(4.2)**	1.6	6.8
People	**5,279**	5,953	6,005
Sales per Person ($'000)	**180**	176	178

** These details represent 100% of this joint venture. Pacific Dunlop is entitled to a 50% interest in the operating profit of the joint venture with The Goodyear Tire and Rubber Company.

Pacific Automotive

Pacific Automotive's parts and accessories distribution business contributed $39.0 million EBIT with sales for the period of $761.9 million, down 4.1 per cent on the previous year, but up one per cent if the previous year is adjusted for the removal of wholesale sales tax.

Results were after including restructuring and acquisition costs, and the impact on sales and margins of the introduction of the GST in Australia, particularly in the first half. Sales improved in the second half, including a strong performance by Repco New Zealand.

- The year's main focus was consolidation of the Group's five operating business units into a stronger operational platform as the largest wholesale and retail distributor of its kind in Australia and New Zealand. This included the successful establishment of Motospecs as a specialty Australian importing and kitting business and ongoing rationalisation of the distribution network which included closure of a further five distribution centres and integration of Repco's and CarParts' information systems.
- During the year, the rollout of the new style of Repco retail store continued, with nearly one-third of Repco's 301 Australian stores now operating in this format. Repco also launched an innovative Team Repco customer loyalty program which attracted 13,000 members in its first nine months.

Brands

Repco, Carparts, Checkpoint, Appco, Auto Pro, Ashdown, Motospecs

Scale

401 outlets in Australia and New Zealand.

Scope

Australia and New Zealand.

People

Australia	2,989
New Zealand	696

Market Share

Australia

Trade	10-15%
Retail	5-10%

New Zealand

Trade	25-30%
Retail	35-40%

Three Year Summary at 30 June

$ million	**2001**	2000	1999
Sales Revenue	**762**	794	767
Depreciation	**10**	11	11
Operating Profit	**39**	45	48
Assets Employed	**333**	352	297
Funds Employed	**219**	192	176
Capital Expenditure	**12**	12	9
Profit Margin (%)	**5.1**	5.7	6.3
People	**3,685**	3,838	3,909
Sales per Person ($'000)	**207**	207	196

Pacific Dunlop Board

The following are the backgrounds of the Directors of Pacific Dunlop Limited at the date of this Report:

Mr John T Ralph AC, FCPA, FAICD, Hon LLD (Melb & Qld), DUniv (ACU)

Chairman since August 1997 and a non-executive Director since 1994. Chairman of the Commonwealth Bank of Australia, and Deputy Chairman of Telstra Corporation Ltd.; he is also a Director of BHP Billiton Limited, BHP Billiton plc, and of the Melbourne Business School, Deputy National Chairman of The Foundation for Young Australians and Chairman of the Australian Foundation for Science.

Resident Melbourne. Age 68.

Mr Anthony B Daniels OAM

Acting Chief Executive Officer and in that capacity Managing Director since April 2001, and a non-executive Director since 1997. A Director of the Australian Gaslight Company, the Commonwealth Bank of Australia, and Orica Limited; he was formerly Managing Director of Tubemakers of Australia.

Resident Sydney (and Melbourne since April 2001). Age 66.

Mr Nuno A D'Aquino BSc, MAICD

Appointed a non-executive Director in February 2001, he is the Deputy Chief Executive Officer of Foster's Group Limited. From 1994-2000 he was Managing Director of Carlton United Breweries.

Resident Melbourne. Age 60.

Mr Herbert J Elliott MBE, MA Cantab

Appointed a non-executive Director in February 2001, he is a member of the Board of the Sydney Olympic Parks Authority, a former President of Puma North America and Chief Executive Officer of Puma Australia.

Resident Melbourne. Age 63.

Ms S Carolyn H Kay BA, LLB, MAICD

Appointed a non-executive Director in May 2000. She is an Advisory Director with Morgan Stanley, a Director of the Treasury Corporation of Victoria, the Victorian Funds Management Corporation and Deputy Chairman of the Art Foundation of the National Gallery of Victoria.

Resident Melbourne. Age 40.

Mr Ian E Webber AO, BEng

Non-executive Director since 1991. He is a Director of Santos Limited and WMC Limited, and a member of the General Motors Australian Advisory Council. Formerly Chairman of Mayne Nickless Limited, he was an Associate Commissioner to the Post 2000 Automotive Industry Review.

Resident Adelaide. Age 66.

Relevant Interests

The relevant interests of each of those Directors in the share capital of the Company as at the date of this Report, as notified to the Australian Stock Exchange Limited pursuant to the provisions of section 235 of the Corporations Act, were:

J T Ralph	71,963
A B Daniels	9,732
N A D'Aquino	12,356
H J Elliott	12,356
S C H Kay	9,318
I E Webber	69,249

All shares were beneficially held in the Director's own name, or in the name of a trust, nominee company or private company.
No interests were held in the shares of any related body corporate.

Corporate Governance

Introduction

The Board works under a set of well-established corporate governance policies which reinforce the responsibilities of all Directors in accordance with the requirements of the Corporations Act and the Australian Stock Exchange (ASX). In addition, many of the governance elements are enshrined in the Company's Constitution.

Responsibilities

The Board's responsibilities and duties include the following:

- reviewing and determining strategic direction and policies, allocation of resources, planning for the future and succession planning;
- appointing a Chief Executive Officer for the ongoing management task of developing and implementing suitable business strategies consistent with the Company's policies and strategic direction;
- regularly evaluating the performance of the Chief Executive Officer and senior management, and determining their remuneration;
- monitoring and overseeing the Company's financial position, including the audit process; and
- ensuring that the conduct of the Company and its officers is legally and ethically of the highest order, and that working practices in all operations give priority to safety.

Pacific Dunlop places high priority on risk identification and management throughout the Group's operations and has processes in place to review their adequacy. These include:

- a comprehensive risk control program which includes property protection and health, safety and environmental audits using underwriters, self-audits, engineering and professional advisers; and
- a process for the identification and measurement of business risk.

In carrying out its duties, the Board meets formally over one or two days at least ten times a year. Directors also participate in meetings of various Board Committees which assist the full Board in examining particular areas or issues.

Board Composition

The Board's policy is that there should be a majority of non-executive Directors. This is a requirement embodied in the Company's Constitution, ensuring that all Board discussions or decisions have the benefit of predominantly outside views and experience. Maintaining a balance of experience and skills is an important factor in Board composition.

The requirement under the Constitution is for at least twice as many non-executive Directors as executive Directors. As an additional safeguard in preserving independence, the office of the Chairman cannot be held by an executive Director.

Any Director can seek independent professional advice at the Company's expense in the furtherance of his or her duties, subject to prior discussion with the Chairman. If this occurs, the Chairman must notify the other Directors of the approach, with any resulting advice received to be generally circulated to all Directors.

Election Process

The Pacific Dunlop Board currently has six Directors, all of whom were appointed as non-executive Directors (including the Chairman). Subsequently, Mr A B Daniels was appointed Acting Chief Executive Officer, and in that capacity Managing Director; the position he now holds.

New Directors are nominated by the Board as described below, and then must face a vote of shareholders at the next Annual General Meeting in order to be confirmed in office. All Directors other than the Managing Director are required to seek re-election at least once in every three years on a rotating basis.

Remuneration

Non-executive Directors are paid an annual fee within a fixed amount approved for all non-executive Directors by shareholders. The total annual amount approved for Pacific Dunlop is currently $750,000, which was approved in 1989.

The fee takes into account what is paid by comparable companies and what is necessary to attract high calibre people. Retirement benefits based on period of service are paid in accordance with the Corporations Act and a schedule previously approved by shareholders.

At the Annual General Meeting on 13 October 2000 shareholders approved a proposal that all non-executive Directors be required to reinvest 10 per cent of their Directors' fees prior to deduction of taxation in acquiring shares in the Company until their shareholding is equal to at least one year's fees, pursuant to a non-executive Directors' Share Plan, to allow their interests to be more closely aligned with those of shareholders. The first purchases under the Plan were effected on 15 December 2000.

As members of management, executive Directors where appointed do not receive fees or Directors' retirement benefits. They are members of the Company's Superannuation Fund and, as such, they receive Company retirement benefits. This does not apply to Mr Daniels in his capacity as Acting Chief Executive Officer.

Directors' Dealings in Shares

Subject to the restriction that persons may not deal in any securities when they are in possession of price-sensitive information, Directors generally may only buy or sell Pacific Dunlop shares in the periods immediately following any price-sensitive announcements, including the half-year and full-year results and Annual General Meeting. At other times, transactions must receive the approval of the Board.

Board Committees

The Board has five Committees which are designed to add to the quality and depth of advice. Membership is set out in the table below. Those Committees which are concerned with specific management-related matters, the structure of the Board, Director nominations and executive remuneration are made up of non-executive Directors only.

Senior executives attend Board and Committee meetings by invitation whenever particular matters arise which require management presentations or participation.

Audit Committee

The Committee reviews the financial statements, adequacy of financial controls and the annual audit arrangement. It monitors the controls and financial reporting systems, applicable Company policies, national and international accounting standards and other regulatory or statutory requirements.

The Committee also liaises with the Company's internal and external auditors, reviews the external auditors' remuneration and advises the Board on their appointment. The Committee reviews the processes in place for the identification, management and reporting of business risk, and reviews the findings reported. The Managing Director, Executive General Manager – Finance, Group Chief Accountant and principal external audit partner participate at meetings by invitation.

Corporate Conduct Committee

This Committee deals with ethical and public issues which may affect Pacific Dunlop and compliance with the rules and regulations which the Company must observe. These include corporate governance matters, ethics, risk management, insurance, public product liability, environment, health and safety, taxation, trade practices and competition policy, fair dealing and insider trading.

Donations Committee

This Committee advises on policy and recommendations for corporate donations covering education, medicine, the arts, welfare programs, youth training and in times of national disaster.

Nominations Committee

The Committee periodically reviews the structure of the Board and recommends changes when necessary. This includes identifying suitable candidates for appointment as non-executive Directors.

In doing so, the Committee establishes the policies and criteria for non-executive Director selection. The criteria include the candidate's personal qualities, professional and business experience, age, city and country of residence, and availability.

Remuneration and Evaluation Committee

This Committee comprises only non-executive Directors. Its brief is to consider matters including succession and senior executive compensation policy.

The Committee has available independent professional advisers in line with Pacific Dunlop's policy of attracting high calibre people at all levels and to ensure that the terms and conditions offered by the Company are competitive with those offered by comparable companies.

The Committee meets at least twice yearly. The Executive General Manager, Human Resources attends by invitation the meetings concerned with remuneration matters.

Political Donations

No donations at either the Federal or State level have been made to any political party since the previous Report.

Attendance at Board and Board Committee Meetings during the year ended 30 June 2001

	Board		Audit		Corporate Conduct		Remuneration		Nominations		Donations	
	Held	Attd	Held	Attd	Held	Attd	Held	Attd	Held	Attd	Held	Attd
J T Ralph	13	13					2	2	3	3		
R L Chadwick	10	10	3	3	2	2					1	1
A B Daniels	13	13	4	4	2	2	2	2	3	3		
N A D'Aquino	7	7	1	1			1	1				
H J Elliott	7	7					1	1				
S C H Kay	13	13	4	4			2	2				
R J McLean*	13	13	4	3			2	2				
D G Penington	4	4			2	2	1	1			1	1
I E Webber	13	12			2	2	2	1	3	3		

Attd – Indicates the number of meetings attended during the period, in the case of Professor D G Penington to 8 December 2000, Mr. R L Chadwick to 31 March 2001, and of Messrs N A D'Aquino and H J Elliott from the date of their appointments on 15 February 2001. A number of these meetings were held over more than one day.
*Mr R J McLean resigned from the Board on 27 July 2001.

Report of the Directors

This Report by the Directors of Pacific Dunlop Limited ('the Company') is made for the year ended 30 June 2001 pursuant to Division 1 of Part 2M.3 of the Corporations Act.

Directors

The names of each person who has been a Director of the Company during or since the end of the financial year, particulars of the qualifications, experience and special responsibilities of each Director as at the date of this Report, and of their other Directorships, and the relevant interests of each of those Directors in the share capital of the Company and any related body corporate that have been notified to the Australian Stock Exchange under the provisions of section 205G of the Corporations Act, are as set out on pages 16 and 18.

Details of meetings of the Company's Directors (including Meetings of Committees of Directors) and Directors' attendance are also set out on page 18.

At the date of this Report there is an Audit Committee of the Board comprising Ms S C H Kay (Chair) and Mr N D'Aquino. Mr A B Daniels, who is also a Member of the Committee, currently attends meetings in his role as acting Chief Executive Officer. Other Directors are entitled to attend meetings of this Committee and often do so.

Principal activities

The principal activities of the Group during the year were the marketing, distribution, sale and manufacturing of examination, medical and industrial gloves and condoms, household products, sporting goods, clothing and footwear, automotive products and tyres.

The following significant changes in the nature of the principal activities of the Group, were implemented during the year, details of which were given in last year's Report:

- effective 31 July 2000, the Company sold its Electrical Distribution business in Australia and New Zealand to Hagemeyer Group for $343 million.
- effective 30 September 2000, the Company completed the sale of its GNB Technologies business to Exide Corporation of the USA, for a total consideration of US$368 million, comprising US$333 million cash and 4 million Exide shares (approximately 18 per cent of Exide's existing issued capital).
- on 3 March 2001, the Company acquired the Sara Lee Apparel businesses in Australasia for $59.8 million.

Share Buy-Back

On 12 November 2000, the Company bought back 101,992,570 shares (9.9 per cent of its then fully paid share capital) at $1.60 per share pursuant to an off-market equal access Share Buy-Back Tender, for a total price paid of $163,188,112.

Dividends

The following amounts have been paid by Pacific Dunlop Limited by way of dividends to its shareholders since the end of the previous financial year:

- as shown in last year's Report, an interim ordinary dividend of 7.0 cents per share (unfranked) in respect of the year ended 30 June 2000, paid on 3 July 2000, totalling $72,309,382;
- as shown in last year's Report, a final ordinary dividend at the rate of 3.0 cents per share (unfranked) in respect of the year ended 30 June 2000, paid on 31 October 2000, totalling $31,005,140;
- an interim ordinary dividend of 5.0 cents per share (unfranked) in respect of the year ended 30 June 2001, paid on 2 July 2001, totalling $46,502,192.

In view of the loss recorded in the year and in a further step to rebuild the Company's balance sheet and capacity to fund future growth, no final dividend will be paid for the fiscal year.

Performance in Relation to Environmental Regulations

The Group's Australian operations are subject to environmental regulation in each of the States or Territories in which activities are carried out. While a wide variety of licences are held, the regulations under which these licences are issued apply not only to the Group, but across the industries involved, and include waste and storm water management, air emissions, dust and noise control, spillage and contamination issues, and dangerous and controlled substances (including their storage and disposal). The Group has an established environmental management system, which reports regularly to the Corporate Conduct Committee of the Board.

The Directors are not aware of any material breaches of Australian environmental regulations during the year.

Accufix Litigation

On 10 May 2001, the US court gave its final formal approval to the settlement of the Accufix Litigation in the United States. The settlement involved the creation of a patient benefit fund of US$58.2 million from the amounts previously provided to address the claims of all those plaintiffs with Accufix pacing leads who decided not to opt out. A further US$4.2 million from the provisions has been set aside in a reserve fund and is to be applied towards resolving any claims subsequently made by those who elected to opt out and did not participate in the settlement. Refer also Note 9 on page 31.

Review of Operations and Results

A review of the operations of the Group during the financial year and the results of those operations is contained on pages 10 to 15. The operating loss of the Group after tax was $139.4 million for the 12 months ended 30 June 2001, including a number of non-recurring and individually significant items, including the writing off of the total balance of Australian future income tax benefits of $158.5 million relating to past losses. The result compares with a loss in the previous year of $86.5 million. Operating EBIT from continuing operations fell 11.0 per cent to $221.5 million.

In the opinion of the Directors, other than as referred to in this Report, there were no significant changes in the state of affairs of the Group.

Events after Balance Date

Since the end of the financial year, the following matters or circumstances have arisen that have significantly affected, or may significantly affect, the operations, results of operations or state of affairs of the Group in subsequent financial years.

On 15 February, 13 and 28 March, and 8 June 2001, the Company released announcements to the Australian Stock Exchange concerning a restructuring of its activities. At the date of this Report:

- negotiations for the sale of the Pacific Automotive business are well-advanced with the Company having signed an exclusivity agreement with an investor consortium comprising GS Private Equity, Gresham Partners and Macquarie Direct Investment.
- a Memorandum of Understanding has been signed with The Goodyear Tire & Rubber Company of the United States on issues regarding the future of the South Pacific Tyres Joint Venture, including the basis of future funding and opportunities for continuance or future exit by the Company on a satisfactory basis. Agreement to give effect to the understandings in the memorandum is subject to completion of a definitive agreement and the approval of the boards of the two companies to that agreement.
- the sale process for the Pacific Brands business is progressing, with initial non-binding offers received from a number of interested parties.

Further, effective 23 August 2001, the Company's investment in Ambri was sold to Optecom Limited for $10 million and a 19.9 per cent share in that company.

Arrangements are also in hand to sell parts of the Engineered Products business and to close the remaining units. The disposal of this business results in asset write-offs and closure costs of $27.4 million, but should be cash positive for the Company.

Likely Developments

Certain likely developments in the operations of the Group, and the expected results of those operations, in financial years subsequent to the financial year ended 30 June 2001, are referred to above and in the Chairman's Comment and in the Questions and Answers section of this Report. In the opinion of the Directors it would be likely to result in unreasonable prejudice to the Group if further information was to be included.

Directors' and Senior Executives' Emoluments

The Board's Remuneration and Evaluation Committee is responsible for reviewing the remuneration policies and practices of the Company, including the compensation arrangements for executive Directors and senior management, the Company's superannuation arrangements and, within the aggregate amount approved by shareholders, the fees for non-executive Members of the Board. This role also includes responsibility for the Company's employee share and option plans. Executive and senior management performance review and succession planning are matters referred to and considered by the Committee.

The Remuneration and Evaluation Committee has access to independent advice and comparative studies on the appropriateness of remuneration arrangements.

Non-executive Directors – As indicated above, within the aggregate amount approved by shareholders, the fees of the Chairman and non-executive Directors are set at levels which represent the responsibilities of, and the time commitments provided by, those Directors in discharging their duties. In total, fees paid to the Directors have not increased since 1994.

Senior executives – Remuneration levels are competitively set to attract, retain and motivate appropriately qualified and experienced senior executives capable of discharging their respective responsibilities.

Remuneration packages of senior executives have incorporated both short and long-term performance-based components. Short-term performance-based components include entitlements to bonus payments, while long-term performance-based components may include equity participation through the Pacific Dunlop Executive Share Option Plan, but no options under the Plan have been granted since 1998.

During the financial year, no options over unissued shares were issued nor have any options been granted since the end of the financial year nor exercised at the date of this Report.

The following table sets out the remuneration provided to the Directors and the most highly remunerated officers of the Company and the Group (including those based overseas) for the financial year.

	Fixed Remuneration[a] A$	Fees[b] A$	Other[c] A$	Superannuation Contributions[d] A$	Total A$
Directors					
J T Ralph	–	216,346[e]	–	8,416	224,762
A B Daniels[f]	196,251	71,566	–	8,416	276,233
R L Chadwick[g]	3,281,304[h]	–	100,000	112,833	3,494,137
N A D'Aquino[i]	–	22,397	–	1,792	24,189
H J Elliott[i]	–	22,397	–	1,792	24,189
S C H Kay	–	70,098	–	5,200	75,298
R J McLean[n]	–	71,522	–	5,400	76,922
D G Penington[j]	–	69,849	–	4,051	73,900
I E Webber	–	82,725	–	5,325	88,050
Officers of the Company and the Group					
H Boon[k]	1,090,902	–	–	397,609[l]	1,488,511
J A Eady[m]	927,554	–	–	71,475	999,029
J P Farnik[m]	469,205	–	–	–	469,205
P R Gay	522,325	–	–	86,704	609,029
T O Minner[k][m]	222,592	–	3,027,807	2,269[l]	3,252,668
P R Moore	568,353	–	–	78,852	647,205
I D Veal	447,095	–	–	81,097	528,192

(a) Comprises the cost to the Company of cash salary, non-cash benefits, such as motor vehicles, housing loans and home office expenses, and expatriate assignment costs. Fringe benefits tax is included where applicable.
(b) Includes fees in connection with Board and Board Committee responsibilities, and other special services.
(c) Performance-based payment.
(d) Includes for Australian-based Directors and Officers, and one US-based Officer, an imputed notional contribution calculated at an actuarial rate or to satisfy Superannuation Guarantee requirements. No amounts were required to be paid to the Australian superannuation fund in respect of the year ended 30 June 2001 upon advice of the Trustee. The notional contribution amounts do not form part of the remuneration of Directors and executives set out in Note 28 to the Financial Statements.
(e) Includes provision of vehicle and office facilities.
(f) Includes remuneration paid for extra services as Acting Chief Executive Officer following his appointment to that office on 1 April 2001.
(g) Resigned 31 March 2001.
(h) Includes statutory and other contractual amounts paid on termination of employment, including accumulated annual leave and long service leave.
(i) Appointed 15 February 2001.
(j) Retired 8 December 2000.
(k) US-based Officers.
(l) Includes contributions to US non-qualified pension or benefit plan.
(m) Ceased employment during year, payments include termination payments.
(n) Resigned 27 July 2001.

Indemnity

Since becoming Directors, Messrs N A D'Aquino and H J Elliott have entered into Deeds of Indemnity in the form previously executed by other non-executive Directors. An indemnity was also given to Dr J A Eady in respect of his role in the sale of AMBRI Pty Ltd to Optecom Limited prior to settlement on 23 August 2001.

No other Director or Officer of the Company has received the benefit of an indemnity from the Company during or since the end of the year, except that, as stated in previous reports, Article 138 of the Company's Articles of Association also provides an indemnity in favour of officers (including the Directors and Company Secretary) of the Company against liabilities incurred while acting as such officers to persons (excluding Group companies) to the extent permitted by law.

Rounding

Pacific Dunlop Limited is a company of the kind referred to in Australian Securities and Investments Commission Class Order 98/100 (as in force on 30 June 2001) and, unless otherwise shown, amounts in this Report have been rounded off to the nearest one hundred thousand dollars.

This Report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.

J T Ralph
Director

A B Daniels
Director

Dated in Melbourne this 5th day of September 2001.

Five Year Summary

of Pacific Dunlop Limited and Controlled Entities for the year ended 30 June

$ million	**2001**	2000	1999	1998	1997
Statement of Financial Performance					
Sales – Continuing Operations (excluding South Pacific Tyres)	**3,533**	3,244	3,125	2,977	2,812
Sales – Discontinued Operations	**624**	2,482	2,555	2,496	2,492
Depreciation and Amortisation	**99**	149	156	155	149
Operating EBIT from Continuing Operations	**222**	249	284	269	243
Operating EBIT from Non-Recurring Activities	**(31)**	(161)	23	(61)	131
Operating EBIT (EBITA)	**191**	88	307	208	374
Goodwill amortisation	**41**	41	41	40	36
EBIT	**150**	47	266	168	338
Net interest expense	**96**	100	103	100	71
Income tax expense	**190**	30	51	44	81
Operating profit/(loss) attributable	**(139)**	(87)	106	25	178
for six months to 30 June	**(336)**	(147)	98	(65)	93
for six months to 31 December	**197**	60	8	90	85
Dividends	**47**	103	145	144	144
Statement of Financial Position					
Current assets [(a)]	**1,466**	2,266	1,999	2,059	1,975
Property, plant and equipment	**670**	658	1,066	1,258	1,242
Investments	**227**	128	148	167	189
Goodwill	**339**	408	403	465	469
Brand names	**218**	220	205	219	171
Other non-current assets	**219**	328	326	434	355
Total assets	**3,137**	4,008	4,147	4,602	4,401
Current accounts payable	**421**	566	726	796	778
Current net interest bearing liabilities [(a)]	**411**	812	268	422	191
Other current liabilities	**280**	407	515	565	470
Non-current accounts payable	**5**	6	14	14	6
Non-current net interest bearing liabilities	**862**	628	781	848	825
Other non-current liabilities	**92**	89	209	265	284
Total liabilities	**2,071**	2,508	2,513	2,910	2,554
Net assets	**1,066**	1,500	1,634	1,692	1,847
Contributed equity	**1,454**	1,617	1,776	515	514
Reserves	**(118)**	(31)	(102)	1,189	1,182
Retained profits	**(290)**	(104)	(65)	(38)	116
Pacific Dunlop shareholders' equity	**1,046**	1,482	1,609	1,666	1,812
Outside equity interests	**20**	18	25	26	35
Total shareholders' equity	**1,066**	1,500	1,634	1,692	1,847
Total funds employed [(b)]	**2,286**	2,941	2,688	2,968	2,877
Share Information					
Earnings per share before goodwill amortisation (cents)	**(10.2)**	(4.3)	14.1	6.2	20.9
Earnings per share inclusive of goodwill amortisation (cents)	**(14.4)**	(8.4)	10.3	2.4	17.4
Dividends per share (cents)	**5.0**	10.0	14.0	14.0	14.0
Dividend payout ratio (%)	**na**	na	136.6	581.3	81.0
Dividend payout ratio excluding goodwill amortisation (%)	**na**	na	98.7	223.8	67.4
Net assets per share ($)	**1.14**	1.43	1.57	1.62	1.76
General					
Cash received from divestments	**907**	3	245	36	303
Net cash from operating activities	**227**	190	379	281	378
Capital expenditure	**76**	157	223	192	198
Shareholders (no.)	**91,784**	99,194	85,116	89,918	94,218
Employees (no.) [(c)]	**28,761**	37,836	38,438	37,424	38,148
Ratios					
Return on shareholders' equity (%)	**(13.1)**	(5.8)	6.5	1.5	9.6
Operating EBIT return on funds employed (%) [(d)]	**9.7**	8.5	10.6	9.1	8.4
Operating EBIT margin – continuing operations (%)	**6.3**	7.7	9.1	9.0	8.6
Average working capital to sales (%)	**28.1**	22.5	23.6	22.9	24.3
Interest cover (times)	**2.6**	3.3	3.9	3.7	4.3
Net liabilities to shareholders' equity (%) [(e)]	**189**	167	154	172	138
Number of shares at 30 June (million)	**934**	1,033	1,032	1,030	1,027

(a) Current assets exclude cash at bank, restricted deposits and short-term deposits which have been offset against current net interest bearing liabilities.
(b) Total funds employed equals total shareholders' equity plus net borrowings, finance lease liabilities and bills payable.
(c) Includes 100% of South Pacific Tyres.
(d) Operating EBIT equals Operating EBIT from continuing operations.
(e) Net liabilities equals total liabilities less cash at bank, restricted deposits and short-term deposits.

Discussion and Analysis of the Financial Statements

The following discussion and analysis is provided to assist members in understanding the financial report.

Consolidated Operations

Sales revenue during 2000/2001 decreased by 27.4 per cent to $4,156.8 million as a result of the divestiture of the GNB Technologies and Electrical Distribution businesses. Sales from continuing operations, inclusive of the business of Sara Lee Apparel Australasia which was acquired in March 2001, increased by 8.2 per cent from $3,243.5 million to $3,533.2 million. The Sara Lee acquisition adds approximately $200 million in annual sales to the Pacific Brands business.

Operating EBIT in 2000/2001 was $190.8 million compared with $87.8 million in 1999/2000. The current year's result includes the gain on the sale of the Electrical Distribution business of $145 million, the write-down of the assets of the Pacific Automotive business of $97.7 million and rationalisation and restructuring charges of $111.0 million which included an amount of $60.2 million for Ansell and $27.4 million for Engineered Products. Operating EBIT from continuing operations fell by 11.0 per cent to $221.5 million.

The 1999/2000 result was impacted by the write-down of the GNB assets of $160 million and a provision for the restructure of the Group's supply chain operations of $54.1 million.

Ansell is undertaking a restructuring program which will entail the closure of certain US manufacturing operations, their transfer to existing or new plants in Asia and Mexico and the rationalisation of Ansell's European and US marketing and distribution operations.

As part of the ongoing rationalisation of Pacific Dunlop's investment portfolio, arrangements are being made to sell parts of the Engineered Products business and to close the remaining units. The disposal and closure of this business will result in asset write-offs and closure costs of $27.4 million, but should be cash positive for the Company following the sale of land and buildings associated with this business.

Income tax expense for the year was $189.9 million compared with $29.8 million for 1999/2000. The current year included the write-off of the future income tax benefit attributable to Australian tax losses of $158.5 million.

The total consolidated loss attributable to shareholders for the year was $139.4 million compared with a loss of $86.5 million in 1999/2000.

As detailed in the Industry Segments Report, in 2000/2001 the international operations of continuing businesses contributed sales revenue of $1,680 million, or 47.5 per cent of total Operating Revenue and $174.6 million or 68.7 per cent of the total Operating Result compared with 43.1 per cent and 54.8 per cent in 1999/2000. A major reason for the reduction in Australia's operating result was the significant deterioration in the profitability of the South Pacific Tyres partnership.

Statement of Financial Position

Total Assets, including cash, at 30 June 2001 were $3,476.2 million compared with $5,085.7 million at 30 June 2000, a reduction of $1,609.5 million. Significant contributors to this reduction were the write-down of the assets of the Pacific Automotive business, the write-off of the future income tax benefit attributable to Australian tax losses and the use of cash resources to repay debt, and a share buy-back of 10 per cent of the Company's issued capital, which resulted in a reduction in Equity of $165.4 million.

Total Liabilities also reduced significantly over the year as a result of the sale of the Electrical Distribution business and the repayment of debt.

Liquidity and Capital Reserves

Net cash provided by Operating Activities for 2000/2001 was $226.6 million compared with $190.3 million in 1999/2000 despite currency movements again having an adverse impact on working capital in the current year. The net cash provided by Operating Activities also included $54.5 million of non-recurring payments, compared with $20.3 million in the previous year. Supply chain and Ansell restructure payments were the major components of these non-recurring payments.

Net cash provided by Investing Activities was $628.7 million. This included $906.8 million of proceeds from the sale of GNB Technologies, the Electrical Distribution and other small businesses. Also included in this amount was an outflow of $94.3 million for the acquisition of businesses which included the businesses of Sara Lee Apparel Australasia and Clarks Shoes.

Capital expenditure for the year was $76.0 million (excluding South Pacific Tyres) compared with $156.8 million in 1999/2000.

The Group's Net Debt decreased from $1,442 million to $1,220.5 million over the year. Proceeds from the sale of businesses of $906.8 million contributed to the reduction, however, this was offset by the weaker Australian dollar, which increased borrowings by $316.6 million, the impact of dividend payments, the share buy-back and acquisitions made during the current year.

Net Debt to Equity increased from 96.1 per cent last year to 114.4 per cent and Net Liabilities to Equity increased from 167.3 per cent in 1999/2000 to 188.7 per cent this year. These ratios were impacted by the share buy-back ($165.4 million) and the write-off of both the tax benefit associated with foreign exchange losses previously residing within the Group's Foreign Currency Translation Reserve ($133.9 million) and the tax benefit attributable to Australian tax losses ($158.5 million).

The Company has historically maintained substantial cash reserves in the form of deposits and other readily marketable money market instruments as a result of its foreign asset hedge policy. The policy was to match all foreign investments, where possible, with borrowings in the same currency in the Holding Company in Australia. The proceeds of these borrowings were traditionally converted to Australian dollars and deposited on the Australian money market.

The hedge policy was designed to minimise the impact of the volatile Australian dollar on Equity, however it had a negative effect on borrowings and gearing as the Australian dollar fell to unprecedented levels during the last financial year. The policy has now been changed to more closely match the currency of the Group's borrowings to the currency of the Group's assets and underlying cash flows. As a result, the majority of borrowings at 30 June 2001 were in Australian dollars funding Pacific Brands, Pacific Automotive and other Australian assets, and US dollar and other foreign currency borrowings funding Ansell assets.

During the year, this change resulted in a significant reduction in cash reserves as US dollar borrowings were repaid.

Cash and deposits at 30 June 2001 were $337.9 million compared with $1,077.9 million at 30 June 2000. Cash and deposits at 30 June 2001 included restricted deposits of $27 million which have been set aside to cover the provisions established to address any remaining liability to members of the Group to claims arising with respect to the Accufix Pacing Lead.

Ratings

The Group's ratings are as follows:

	Long Term	Outlook	Short Term
Moody's	Ba2	Review for possible downgrade	Not Prime
Standard & Poor's	BB+	Negative	B

In August 2001, Standard and Poor's downgraded the Group from BBB– to BB+ long term with a negative outlook and B short term. In the same month, Moody's moved from Baa3 with a negative outlook, to Ba2 with a review for possible downgrade outlook. The short-term rating was lowered from P3 to Not Prime.

The Group's debt has historically been financed through debt markets. The Group's ability to issue in the Commercial Paper and Medium Term Note markets was severely impacted by the portfolio rationalisation announcement made by the Company at the time of the half-year results announcement. This resulted in the need to establish additional bridging finance and to access the Group's previously unused back-up bank facilities to repay Commercial Paper and Medium Term Notes, as they matured.

The Group is currently working with a number of key relationship banks to refinance all bank debt into one major borrowing facility with an anticipated three-year term.

Interest Cost

At 30 June 2001, the borrowing portfolio had an average maturity of 829 days (previous year 393 days), was 92 per cent floating and 8 per cent fixed, with an average interest duration of 110 days (previous year 328 days). The portfolio was geared to take advantage of falling interest rates worldwide.

In July 2001, a number of interest rate swaps were entered into to fix a larger proportion of the borrowing portfolio, thereby extending the average interest duration. At 31 July 2001, the portfolio was 56 per cent floating and 44 per cent fixed, with an average interest duration of 387 days.

Net interest expense for the year was $96 million, compared with the previous year's $100 million. The average interest rate on debt for the year was 6.76 per cent, compared with 6.55 per cent in the previous year. Borrowing costs also were higher, as the Group exited the capital markets and accessed bank debt.

As previously noted, the Group received $906.8 million on the sale of businesses during the year and significant interest savings were anticipated. These savings were, however, mostly offset by an increase in interest costs of $16.4 million due to the weaker Australian dollar, increasing net debt and higher average interest rates.

Working Capital

The Group's average working capital to sales ratio in 2000/2001 was 28.1 per cent compared with 22.5 per cent in 1999/2000. This is comprised of the following:

Working Capital	**2001**	2000
Average Inventory to Sales (%)	**23.3**	18.3
Average Debtors to Sales (%)	**14.9**	15.6
Average Creditors to Sales (%)	**10.1**	11.4

The Group continues to actively pursue strategies to reduce investment in working capital and increase stockturns. These strategies allowed the Group to exit the year with reduced working capital and a working capital to sales ratio based on year-end values of 22.9 per cent compared with 24.5 per cent at the end of the previous year.

Capital Expenditure

During 2000/2001, the Group's capital expenditure totalled $76 million (excluding South Pacific Tyres), compared with depreciation for the year of $99 million and the previous year's capital expenditure of $157 million.

Capital Expenditure (including finance leases)	**2001 $ million**	2000 $ million
Ansell	**21.1**	47.8
South Pacific Tyres (100%)	**19.3**	30.4
Pacific Brands	**12.5**	13.6
Pacific Automotive	**12.1**	12.3
Non-Core/Discontinued Businesses	**30.3**	83.0

Depreciation (including amortisation of leased assets)	**2001 $ million**	2000 $ million
Ansell	**41.3**	39.7
South Pacific Tyres (100%)	**40.0**	42.9
Pacific Brands	**18.1**	19.0
Pacific Automotive	**10.3**	11.0
Non-Core/Discontinued Businesses	**29.4**	79.0

Sales Revenue	$ million
1999	5,680.0
2000	5,725.8
2001	4,156.8

Capital Expenditure	$ million
1999	222.6
2000	156.8
2001	76.0

Factories by Region

(including South Pacific Tyres)	**2001**	2000
Australia	**48**	49
SE Asia and New Zealand	**23**	21
Americas	**7**	21
Europe	**1**	1
Total	**79**	92

Average Working Capital to Sales

	%
1999	23.6
2000	22.5
2001	28.1

Net Liabilities to Shareholders' Equity Ratio

	%
1999	153.7
2000	167.3
2001	188.7

Assets Employed by Region

	%
Australia	46
SE Asia and New Zealand	20
Americas	26
Europe	8

Statement of Financial Performance

Concise Financial Report of Pacific Dunlop Limited and Controlled Entities for the year ended 30 June 2001

	Notes	Consolidated 2001 $ million	Consolidated 2000 $ million
Revenue			
Revenue from sale of goods		**4,156.8**	5,725.8
Other revenues		**1,110.5**	85.4
Total revenue		**5,267.3**	5,811.2
Expenses			
Cost of goods sold		**2,895.4**	4,080.2
Selling, distribution and administrative		**1,234.0**	1,620.6
Borrowing costs		**144.3**	149.5
Other expenses, including net assets of businesses disposed		**895.2**	11.6
Total expenses		**5,168.9**	5,861.9
Share of net loss of associates and joint venture entities		**(44.3)**	(1.9)
Operating profit/(loss) from ordinary activities before income tax expense	4	**54.1**	(52.6)
Income tax expense attributable to ordinary activities	5	**189.9**	29.8
Operating loss from ordinary activities after income tax expense		**(135.8)**	(82.4)
Outside equity interests in operating profit after income tax		**3.6**	4.1
Operating loss after income tax attributable to Pacific Dunlop Limited shareholders		**(139.4)**	(86.5)
Non-owner transaction changes in equity			
Increase/(decrease) in asset revaluation reserve		**(14.1)**	1.2
Net exchange difference on translation of financial statements of self-sustaining foreign operations		**(73.0)**	61.3
Total changes in equity from non-owner related transactions attributable to Pacific Dunlop Limited shareholders	8	**(226.5)**	(24.0)

Earnings per share is based on operating loss after income tax attributable to Pacific Dunlop Limited shareholders.
Diluted earnings per share have not been disclosed as it is not materially different from basic earnings per share.

	cents	cents
Basic earnings per share before goodwill amortisation	**(10.2)**	(4.3)
Basic earnings per share inclusive of goodwill amortisation	**(14.4)**	(8.4)

The above statement of financial performance should be read in conjunction with the discussion and analysis on pages 23 to 25 and the notes to the financial statements set out on pages 30 to 33.

Statement of Financial Position

Concise Financial Report of Pacific Dunlop Limited and Controlled Entities as at 30 June 2001

	Notes	Consolidated 2001 $ million	2000 $ million
Current Assets			
Cash		**310.9**	1,051.6
Cash – restricted deposits		**27.0**	26.3
Receivables		**643.8**	784.7
GNB assets held for sale		**–**	591.2
Inventories		**794.3**	848.7
Prepayments		**27.4**	41.5
Total Current Assets		**1,803.4**	3,344.0
Non-Current Assets			
Receivables		**92.0**	39.2
Investments in associates and partnerships (equity accounted)		**149.7**	122.8
Other financial assets		**76.9**	4.8
Property, plant and equipment		**669.9**	658.2
Intangibles		**556.5**	627.8
Future income tax benefit		**106.8**	272.0
Other		**21.0**	16.9
Total Non-Current Assets		**1,672.8**	1,741.7
Total Assets		**3,476.2**	5,085.7
Current Liabilities			
Payables		**420.9**	566.4
Interest bearing liabilities		**748.8**	1,889.4
Provisions		**274.9**	403.9
Other		**5.2**	3.3
Total Current Liabilities		**1,449.8**	2,863.0
Non-Current Liabilities			
Payables		**5.1**	5.7
Interest bearing liabilities		**861.9**	627.7
Provisions		**54.9**	50.7
Provision for deferred income tax		**22.1**	21.1
Other		**16.2**	17.6
Total Non-Current Liabilities		**960.2**	722.8
Total Liabilities		**2,410.0**	3,585.8
Net Assets		**1,066.2**	1,499.9
Equity			
Contributed equity		**1,454.3**	1,617.2
Reserves		**(118.0)**	(31.2)
Accumulated losses	7	**(289.9)**	(103.6)
Total equity attributable to Pacific Dunlop Limited shareholders		**1,046.4**	1,482.4
Outside equity interests		**19.8**	17.5
Total Equity	8	**1,066.2**	1,499.9

The above statement of financial position should be read in conjunction with the discussion and analysis on pages 23 to 25 and the notes to the financial statements set out on pages 30 to 33.

Statement of Cash Flows

Concise Financial Report of Pacific Dunlop Limited and Controlled Entities for the year ended 30 June 2001

	Consolidated 2001 $ million	2000 $ million
Cash Flows from Operating Activities		
Receipts from customers (excluding non-recurring and Accufix Research Institute)	**4,404.8**	5,711.3
Payments to suppliers and employees (excluding non-recurring and Accufix Research Institute)	**(4,090.4)**	(5,460.9)
Net receipts from customers (excluding non-recurring and Accufix Research Institute)	**314.4**	250.4
Income taxes paid	**(34.7)**	(28.2)
Dividends received	**0.1**	0.1
Net cash provided by Operating Activities (excluding non-recurring and Accufix Research Institute)	**279.8**	222.3
Non-recurring payments to suppliers and employees	**(54.5)**	(20.3)
Payments to suppliers and employees net of customer receipts (Accufix Research Institute)	**(24.3)**	(11.7)
Amounts refunded from Accufix Settlement Funds (United States) by the Court	**25.6**	–
Net Cash Provided by Operating Activities	**226.6**	190.3
Cash Flows from Investing Activities		
Payments for businesses, net of cash acquired	**(94.3)**	(155.9)
Payments for property, plant and equipment	**(76.0)**	(156.8)
Payments for brand names/trademarks	**(0.5)**	(5.0)
Proceeds from sale of businesses, net of cash disposed	**906.8**	3.4
Proceeds from sale of plant and equipment in the ordinary course of business	**15.1**	26.7
Loans made	**(63.1)**	(7.1)
Proceeds from sale of other investments	**0.8**	6.4
Payments for other investments	**(60.1)**	(0.5)
Net Cash Provided by/(Used in) Investing Activities	**628.7**	(288.8)
Cash Flows from Financing Activities		
Proceeds from borrowings	**10,093.6**	5,541.4
Repayments of borrowings	**(11,307.5)**	(5,211.5)
Net (repayments of)/ proceeds from borrowings	**(1,213.9)**	329.9
Proceeds from issues of shares	**2.5**	1.3
Payments for share buy-back	**(165.4)**	–
Lease payments	**(0.5)**	(2.3)
Dividends paid	**(108.5)**	(150.1)
Interest received	**44.6**	47.4
Interest and borrowing costs paid	**(144.7)**	(150.3)
Net Cash (Used in)/Provided by Financing Activities	**(1,585.9)**	75.9
Net Decrease in Cash Held	**(730.6)**	(22.6)
Cash at the beginning of the financial year	**1,019.8**	1,021.3
Effects of exchange rate changes on the balances of cash held in foreign currencies at the beginning of the financial year	**39.2**	21.1
Cash at the End of the Financial Year	**328.4**	1,019.8

The above statement of cash flows should be read in conjunction with the discussion and analysis on pages 23 to 25 and the notes to the financial statements set out on pages 30 to 33.

Industry Segments

Concise Financial Report of Pacific Dunlop Limited and Controlled Entities for the year ended 30 June 2001

	Operating Revenue		Assets Employed		Operating Result	
	2001 $ million	2000 $ million	**2001 $ million**	2000 $ million	**2001 $ million**	2000 $ million
INDUSTRY						
Healthcare						
Ansell	**1,412.2**	1,172.7	**1,138.8**	1,099.3	**144.5**	135.2
Consumer Goods						
Pacific Brands	**1,359.1**	1,276.4	**726.8**	583.4	**100.3**	108.3
Automotive						
Pacific Automotive	**761.9**	794.4	**333.2**	351.7	**39.0**	45.1
South Pacific Tyres JV Share			**134.2**	115.6	**(29.7)**	(2.1)
	761.9	794.4	**467.4**	467.3	**9.3**	43.0
	3,533.2	3,243.5	**2,333.0**	2,150.0	**254.1**	286.5
Unallocated Items	**60.6**	73.8	**149.1**	196.4	**(32.6)**	(37.5)
Operating EBIT from Continuing Operations					**221.5**	249.0
NON-RECURRING						
Discontinued Businesses						
Trading	**623.6**	2,482.3	**99.7**	1,033.6	**22.8**	87.2
Net gain/(loss) on sale of Controlled Entities and Businesses	**1,049.9**	11.6			**155.2**	(4.6)
Rationalisation/Restructuring						
Tyres					**(16.2)**	
Ansell					**(60.2)**	
Engineered Products					**(27.4)**	
Other					**(7.2)**	(80.3)
					(111.0)	(80.3)
Write-down of assets					**(97.7)**	(160.0)
Y2K compliance costs						(3.5)
Operating EBIT					**190.8**	87.8
Goodwill and brand names			**556.5**	627.8	**(40.8)**	(40.9)
Earnings before Net Interest and Tax (EBIT)					**150.0**	46.9
Net consolidated interest expense					**(95.9)**	(99.5)
Tax					**(189.9)**	(29.8)
Outside equity interests					**(3.6)**	(4.1)
Operating Result					**(139.4)**	(86.5)
Cash			**337.9**	1,077.9		
Total Consolidated	**5,267.3**	5,811.2	**3,476.2**	5,085.7	**(139.4)**	(86.5)
REGIONS						
Australia	**1,853.2**	1,845.3	**1,054.9**	924.9	**79.5**	129.5
Asia and New Zealand	**334.1**	329.0	**476.8**	447.0	**84.1**	88.8
America	**950.6**	740.2	**605.1**	576.9	**78.0**	54.5
Europe	**395.3**	329.0	**196.2**	201.2	**12.5**	13.7
	3,533.2	3,243.5	**2,333.0**	2,150.0	**254.1**	286.5

Prior year comparatives have been adjusted for reclassification of former Industry Segment businesses which are now subject to sale or abandonment and hence classified as Discontinued Businesses.

The above industry segments report should be read in conjunction with the discussion and analysis on pages 23 to 25 and the notes to the financial statements set out on pages 30 to 33.

1. Basis of Preparation of Concise Financial Report

The concise financial report has been prepared in accordance with the Corporations Act 2001, Accounting Standard AASB 1039 'Concise Financial Reports' and applicable Urgent Issues Group Consensus Views. The financial statements and specific disclosures required by AASB 1039 have been derived from the consolidated entity's financial report for the financial year. Other information included in the concise financial report is consistent with the consolidated entity's financial report. The concise financial report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the financial report.

It has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or current valuations of non-current assets.

These accounting policies have been consistently applied by each entity in the consolidated entity and, except where there is a change in accounting policy, are consistent with those of the previous year.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

A full description of the accounting policies adopted by the consolidated entity may be found in the consolidated entity's financial report.

2. Change in Accounting Policy

Revaluation of Non-Current Assets

The consolidated entity has applied AASB 1041 Revaluation of Non-Current Assets for the first time from 1 July 2000. The standard requires each class of non-current asset to be measured on either the cost or fair value basis. AASB 1041 does not apply to inventories, foreign currency monetary assets, goodwill, investments accounted for using the equity method, future income tax benefits and other assets measured at net market value where the market value movements are recognised in the Statement of Financial Performance.

The consolidated entity has applied AASB 1041 as follows:

Investments

The consolidated entity has adopted the cost basis for listed and unlisted shares in other corporations.

Freehold and Leasehold Land & Buildings

The consolidated entity has adopted the cost basis for all land and buildings and has deemed the cost of these assets to be equal to their carrying value as at 1 July 2000. The carrying value of these assets brought forward as at 1 July 2000 comprised $61.5 million carried at cost of acquisition, $127.6 million carried at independent valuation and $6.2 million carried at Directors' valuation. The change in accounting policy has no financial effect in the current or prior periods.

Other Non-Current Assets

The consolidated entity has continued to adopt the cost basis for other non-current assets such as receivables, plant and equipment and intangibles other than goodwill.

3. Reclassification of Financial Information

Some line items and sub-totals reported in the previous financial year have been reclassified and repositioned in the financial statements as a result of the first time application on 1 July 2000 of the revised standards AASB 1018 Statement of Financial Performance, AASB 1034 Financial Report Presentation and Disclosures and the new AASB 1040 Statement of Financial Position. Adoption of these standards has resulted in the transfer of the reconciliation of opening to closing accumulated losses from the face of the Statement of Financial Performance to Note 7.

Revenue and expense items previously disclosed as abnormal have been reclassified and are now disclosed as individually significant items in Note 4(a). These items are no longer identified separately on the face of the Statement of Financial Performance.

The following assets and liabilities have been removed from previous classifications and are now disclosed as separate line items on the face of the Statement of Financial Position:

- investments in associates and partnerships (equity accounted), previously presented within investments.
- provision for deferred income tax, previously presented within non-current provisions.

4. Operating Profit from Ordinary Activities before Income Tax Expense

	Consolidated 2001 $ million	Consolidated 2000 $ million
(a) Individually significant items included in operating profit from ordinary activities before income tax expense		
Gain on sale of Electrical Distribution business	**145.0**	–
Write-down of assets	**(97.7)**	(160.0)
Ansell restructure	**(60.2)**	–
Engineered Products restructure	**(27.4)**	–
Supply Chain restructure	**–**	(54.1)

(b) Revision of accounting estimate

At the end of the financial year, as a consequence of the pending divestments of Pacific Automotive and Pacific Brands, the balance of the Supply Chain restructure provision of $14.3 million created during the prior period was returned to operating profit.

5. Income Tax Expense attributable to Ordinary Activities

	Consolidated 2001 $ million	Consolidated 2000 $ million
Individually significant income tax items included in income tax expense relating to ordinary activities		
Write-off of the future income tax benefit attributable to Australian tax losses	158.5	–
Restatement of deferred tax balances due to change in company tax rate	–	18.8

6. Dividends Paid and Proposed

	The Company	
	2001 **$ million**	2000 $ million
Dividends paid or declared by the Company are:		
(a) interim dividend of 5 cents, unfranked was paid out of profits existing on 2 July 2001 (2000 – 7 cents, unfranked)	**46.6**	72.3
(b) no final dividend has been declared by the Directors (2000 – 3 cents, unfranked)	**–**	31.0
Total dividends paid or declared	**46.6**	103.3

Dividend Franking Account

The balance of available franking credits in the franking account as at 30 June 2001 was Nil (2000 – Nil).
The interim dividend paid on 2 July 2001 was unfranked.

7. Accumulated Losses

		Consolidated	
	Note	**2001** **$ million**	2000 $ million
Accumulated losses at the beginning of the financial year		**(103.6)**	(65.4)
Transfer to reserves		**(0.3)**	(8.4)
Operating loss after income tax attributable to Pacific Dunlop Limited shareholders		**(139.4)**	(86.5)
Amount transferred from contributed equity		**–**	160.0
Dividends	6	**(46.6)**	(103.3)
Accumulated losses at the end of the financial year		**(289.9)**	(103.6)

8. Total Equity Reconciliation

		Consolidated	
	Note	**2001** **$ million**	2000 $ million
Total equity at the beginning of the financial year		**1,499.9**	1,634.3
Total changes in equity from non-owner related transactions attributable to Pacific Dunlop Limited shareholders		**(226.5)**	(24.0)
Transactions with owners as owners:			
Contributions of equity		**2.5**	1.2
Share buy-back		**(165.4)**	–
Dividends	6	**(46.6)**	(103.3)
Total changes in outside equity interest		**2.3**	(8.3)
Total equity at the end of the financial year		**1,066.2**	1,499.9

9. Contingent Liabilities

Indemnities and Guarantees

Pacific Dunlop Limited, from time to time, guarantees the performance of certain controlled entities that participate in commercial paper, medium-term note and bond issues. The extent of the paper issued by these controlled entities as at 30 June 2001 was nil (2000 – $310.1 million).

Pacific Dunlop Limited has also guaranteed the performance of certain wholly owned controlled entities which have negative shareholders' funds.

Pacific Dunlop Limited has guaranteed supply contracts of an associate of $1.9 million.

As disclosed previously, the Company has entered into Deeds of Indemnity with each of the Directors of the Company and with certain officers of controlled entities, in relation to liabilities that they may incur (other than to Group companies) as Directors of the Company and Directors of certain controlled entities respectively, to the extent permitted by law and the Company's Constitution.

At this time, no liabilities the subject of any such indemnity have been identified and, accordingly, it is not possible to quantify any financial obligation of the consolidated entity under these indemnities and of the Company pursuant to its guarantee.

Accufix Litigation

General

Claims have been made against Accufix Research Institute, Inc. (formerly TPLC, Inc.) ('ARI'), certain other wholly owned controlled entities of Pacific Dunlop Limited and, in some instances, Pacific Dunlop Limited (collectively 'the Defendants') relating to the Accufix Pacing leads models 329-701, 330-801 and 033-812 manufactured by ARI which were withdrawn in late 1994 following reports of fracture of the 'J' shaped retention wire, which forms part of the lead (the 'Accufix Pacing Leads').

Approximately 40,500 Accufix Pacing Leads were implanted worldwide between 1987 and 1994. The first lawsuit arising out of these claims was filed on 18 January 1995 in the United States. Lawsuits were subsequently filed in Canada, Australia, France, Germany, Japan, Argentina, the United Kingdom and Turkey. In Canada, Australia and the United States some of these lawsuits took the form of class or representative actions.

All these lawsuits had been resolved by 30 June 2001, save for:

- one lawsuit in Japan involving the claims of two individual plaintiffs;
- two lawsuits in France: one involving the claim of one plaintiff, and the other involving the claims of 21 plaintiffs (acting together as individuals, and not as, or on behalf of, a class) and the subrogated claims of 16 of their health funds; and
- any claims to be subsequently made by any of the 150 persons who finally opted out of the class settlement in the United States mentioned below.

In the United States, on 20 November 2000, the District Court for the Southern District of Ohio, Western Division, granted interim approval to settlement intended to resolve all current and future litigation with respect to the Accufix Pacing Lead in the United States brought by any person who chose to participate in the settlement.

9. Contingent Liabilities (continued)

Accufix Litigation (continued)

Under the terms of the settlement:

- claimants had until 16 January 2001 to opt out of the settlement;
- a Patient Benefit Fund was established for the benefit of all those persons so entitled who did not opt out of the settlement (ARI contributed US$52.2 million to this Fund, and Pacific Dunlop Limited contributed the remaining US$6 million).
- a Reserve Fund of US$4.2 million was established for use by ARI in addressing the claims (if any) relating to Accufix Leads by persons who have opted out of the settlement. When these claims are all resolved, any remaining money will be added to the Patient Benefit Fund.

Following a Fairness Hearing on 15 February 2001, the District Court approved the settlement on 8 March 2001. That approval is now binding on the Defendants and all persons entitled who elected to participate in the settlement (and their families). Now only the 150 persons who chose not to participate in the settlement may bring lawsuits in respect of the Accufix Pacing Lead. As of 30 June 2001 none had done so.

Impact

The Settlement in the United States requiring payments totalling US$62.4 million, and the sums required for the earlier settlements in Australia and elsewhere in the world, were fully covered by the provisions made in the financial statements for the year ending 30 June 1998. The balance of these provisions as at 30 June 2001 (A$29 million) represents the balance of cash held by ARI and its related companies, and is considered adequate to address any remaining liability of members of the Pacific Dunlop Group to claims arising with respect to the Accufix Pacing Lead.

Encor Lead Litigation

United States

On 17 March 1997, a putative class action lawsuit was filed in the United States District Court for the Eastern District of California, sitting in Sacramento, California, against ARI and affiliates, including Pacific Dunlop Limited, on behalf of all United States implantees of Encor 330-854 and Encor 033-856 bipolar Telectronics passive fixation atrial 'J' pacemaker leads manufactured by ARI ('Encor Pacing Leads'). 9,049 Encor 330-854 bipolar passive leads were distributed in the United States between 1989 and their voluntary withdrawal from the market in September 1995. No Encor 033-856 bipolar passive leads were distributed in the United States.

The Court in Sacramento denied the application for class certification on 3 May 1999. The plaintiffs appealed to the United States Court of Appeals for the Ninth Circuit and on 15 June 2001 the Court of Appeal affirmed the lower courts denial, and the appeal was dismissed. On 3 July 2001, the plaintiff filed a motion seeking a review of Court Appeals ruling *en banc*. A response to this motion has been filed by the Defence. It is not known when the Court will rule on the plaintiffs' motion for review.

In these circumstances, the liability (if any) of the Defendants in relation to the claims in the United States relating to Encor Pacing Leads, cannot be quantified.

Ansell Latex Allergy Litigation

Ansell Incorporated and Ansell Perry Inc. (together, now known as Ansell Healthcare Products Inc.) and Ansell Edmont Industrial Inc. (now known as Ansell Protective Products Inc.), certain other wholly owned controlled entities of Pacific Dunlop Limited, and, in some instances, Pacific Dunlop Limited (collectively 'the Ansell Defendants') (along with a wide variety of manufacturers and distributors of natural rubber latex gloves), are defendants in lawsuits filed in the United States since 1993 on behalf of individuals alleging wrongful death, personal injuries and lost wages as a result of their exposure to natural rubber latex gloves. The lawsuits claim that the Ansell Defendants and other manufacturers of natural rubber latex gloves, were negligent in the design and manufacture of the gloves and failed to give adequate warnings of the possibility of allergic reactions.

As of 31 July 2001, there were approximately 379 such cases pending against one or more of the Ansell Defendants, representing some 50 per cent of cases filed against all defendants. Of these cases, 265 have been consolidated for discovery and deposition pursuant to the rules on multi-district litigation before the United States District Court for the Eastern District of Pennsylvania. The remaining 114 cases are spread through state courts in 18 States, with the greatest concentration in New York (18 cases). One law suit is current in Australia.

Pacific Dunlop Limited, which had been named, as at 30 June 2001, in 33 cases, has been dismissed from all but 2 of those cases (and applications for dismissal in those 2 cases are under consideration). Further, since the inception of this litigation in 1993, for a variety of reasons, Ansell has been dismissed from 92 cases, 26 of these dismissals coming since 1 January 2000 as the particular cases readied for trial. With this pattern of dismissals and with the complications, case by case, caused by the multiplicity of defendants and the difficulties of determining whose natural rubber latex gloves were utilised by particular plaintiffs, it is not possible to predict which, if any, of the cases they currently face, the Ansell Defendants will have to defend at trial. In these circumstances the liability of the Ansell Defendants, if any, in relation to these claims cannot be quantified.

10. Environmental Matters

The consolidated entity manufactures and markets a diverse range of products in many countries and consequently, must comply with a variety of regulatory controls, mainly environmental regulations, product manufacturing and performance standards, occupational health and safety laws and regulations, import/export regulations, tariffs and quotas. The consolidated entity believes it is in substantial compliance with all applicable regulatory controls, and any lack of compliance is not expected to have a materially adverse effect on its financial condition.

As a manufacturer of, among other products, polyurethane foam and tyres, and as an operator of plastic moulding facilities, environmental protection has been and will continue to be an important factor affecting the consolidated entity's operations.

Effective 30 September 2000, the Company sold its worldwide GNB battery business to Exide Corporation ('Exide'), one of the largest manufacturers of electric storage batteries in the world.

In the United States, this transaction was accomplished under the terms of a Stock Purchase Agreement pursuant to which one of the Company's US subsidiaries, Pacific Dunlop Holdings (USA) Inc. ('PDH(USA)'), sold all of the stock of Pacific Dunlop GNB Corporation to Exide. Outside of the United States, various Pacific Dunlop entities entered into separate stock purchase or asset purchase agreements providing for the sale of the separate corporations comprising the GNB business (where operated in separate corporations) or the assets employed in the GNB business (where operated as divisions of larger Pacific Dunlop companies).

In the US stock purchase agreement, PDH(USA) made certain representations and warranties about the condition of the GNB facilities and the existence or non-existence of environmental liabilities in the GNB business. These representations and warranties were mirrored in the non-US stock and asset purchase agreements with such minor changes as were made necessary by local practice or law.

PDH(USA) agreed to indemnify Exide against costs and expenses incurred as a result of breaches of the representations and warranties or the existence of environmental contamination at or around GNB facilities. Although the representations and warranties were made by PDH(USA) and other Pacific Dunlop entities around the world, to avoid multiple and confusing actions under the various agreements, it was agreed that Exide would have recourse for indemnification only against PDH(USA) in the United States.

PDH(USA) gave an indemnity for breaches of the fairly typical, but limited, environmental representations and warranties made about the environmental condition of the GNB properties. For example, in the United States, PDH(USA) made representations and warranties about the existence of underground tanks, compliance with environmental laws, maintenance of permits, ongoing environmental actions or investigations, and the delivery to the Buyer of all environmental audits and reports about GNB. PDH(USA) made extensive disclosure of matters about which it had knowledge on 29 September 2000 (the 'Closing Date') that qualified these representations and warranties. The indemnity for breaches of these representations and warranties is subject to a threshold that prevents any claims against PDH(USA) unless and until Exide has incurred costs and expenses of US$5,500,000, and no individual claim may be made unless it is more than US$150,000. Liability for this indemnity is capped at the amount of the purchase price paid by Exide for the GNB business, or US$333,000,000, and the indemnity obligation expires on 29 September 2002.

PDH(USA) and the other Pacific Dunlop selling entities also gave a broad environmental warranty to the effect that there were no known and undisclosed conditions on GNB-owned or leased real property that would give rise to liability under the environmental laws. The indemnity supporting this warranty has no threshold. PDH(USA) agreed to a further indemnity against liabilities incurred by Exide for migration of contaminants to properties that adjoin GNB's owned or leased properties. This indemnity also is not subject to a threshold, but all claims made are subject to a 20 per cent 'co-payment' by Exide (i.e. Exide pays $0.20 and PDH(USA) pays $0.80 of each $1 of claim). PDH(USA)'s obligations under both of the indemnities described in this paragraph expire on 29 September 2002 and are subject to an aggregate cap of US$40,000,000.

With respect to off-site disposal sites owned by third parties to which the GNB business may have shipped waste products prior to the Closing Date, PDH(USA) made no warranties or representations (except regarding the completeness of the list of such sites delivered to Exide). PDH(USA) has no indemnity obligation with respect to these sites. Similarly, there is no indemnity obligation with respect to two former GNB secondary lead smelter sites in Savanna, Illinois and Tampa, Florida that were not operating at the Closing Date.

Regular review of the consolidated entity's land and buildings, which are mainly manufacturing sites, is undertaken based on advice of independent appraisers. Within various business segments the consolidated entity monitors emerging environmental legislation and its anticipated impact on the applicable industries worldwide. For example, the Household Products Division has monitored initiatives regarding elimination of Chlorofluorocarbons (CFCs), which historically were involved in the manufacture of polyurethane foam. The primary initiative has been an international accord signed in 1993/94 by numerous member nations of the United Nations (the 'Montreal Protocol') which bans the production or use of CFCs from its operations. Elimination of CFC usage since 1993 has not had a material adverse effect upon the consolidated entity's financial condition or operations because its principal competitors are also subject to the requirements of the Montreal Protocol. In the ordinary course of business, the consolidated entity has maintained comprehensive general liability insurance policies covering its operations and assets. Generally such policies exclude coverage for most environmental liabilities.

11. Events after Balance Date

Since the end of the financial year, the following matters or circumstances have arisen that may affect the results of operations or state of affairs of the Group in subsequent financial years:

- a Memorandum of Understanding has been signed with The Goodyear Tire & Rubber Company of the United States on issues regarding the future of the South Pacific Tyres Joint Venture, including the basis of future funding and opportunities for continuance or future exit by the Company on a satisfactory basis. Agreement to give effect to the understandings in the memorandum is subject to completion of a definitive agreement and the approval of the Boards of the two companies to that agreement.
- effective 23 August 2001, the consolidated entity sold its investment in Ambri Pty Ltd to Optecom Limited for $10 million and a 19.9 per cent share in that company.

Directors' Declaration

In the opinion of the Directors of Pacific Dunlop Limited the accompanying concise financial report of the consolidated entity, comprising Pacific Dunlop Limited and its controlled entities for the year ended 30 June 2001, set out on pages 23 to 33:

(a) has been derived from or is consistent with the financial report for the financial year; and

(b) complies with Accounting Standard AASB 1039 Concise Financial Reports.

Signed in accordance with a resolution of the Directors:

John T Ralph
Chairman

Anthony B Daniels
Director

Dated in Melbourne this 5th day of September 2001

Independent Audit Report on Concise Financial Report

To the members of Pacific Dunlop Limited,

Scope

We have audited the concise financial report of Pacific Dunlop Limited and its controlled entities for the financial year ended 30 June 2001, consisting of the statement of financial performance, statement of financial position, statement of cash flows, industry segments, accompanying notes 1 to 11, and the accompanying discussion and analysis on the statement of financial performance, statement of financial position and statement of cash flows, set out on pages 23 to 33, in order to express an opinion on it to the members of the Company. The Company's Directors are responsible for the concise financial report.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the concise financial report is free of material misstatement. We have also performed an independent audit of the financial report of Pacific Dunlop Limited and its controlled entities for the year ended 30 June 2001. Our audit report on the financial report was signed on 5 September 2001, and was not subject to any qualification.

Our procedures in respect of the audit of the concise financial report included testing that the information in the concise financial report is consistent with the financial report and examination, on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the financial report. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report is presented fairly in accordance with Accounting Standard AASB 1039 Concise Financial Reports issued in Australia.

The audit opinion expressed in this report has been formed on the above basis.

Audit opinion

In our opinion the concise financial report of Pacific Dunlop Limited and its controlled entities for the year ended 30 June 2001 complies with AASB 1039 Concise Financial Reports.

KPMG

KPMG

William J Stevens
Partner

Dated in Melbourne this 5th day of September 2001

Shareholders

Details of quoted shares held in Pacific Dunlop Limited as at 24 August 2001.

Distribution of Ordinary Shareholders and Shareholdings

Size of Holding	Number of Shareholders		Number of Shares	
1 - 1,000	29,154*	35.55%	16,405,096	1.77%
1,001 - 5,000	38,306	46.71%	97,064,350	10.43%
5,001 - 10,000	8,647	10.54%	65,155,046	7.00%
10,001 - 100,000	5,603	6.84%	129,525,733	13.92%
100,001 and over	295	0.36%	622,139,344	66.88%
	82,005	100%	930,289,569	100%

*Including 18,154 shareholders holding a parcel of shares of less than $500 in value (684 shares), based on a market price of $0.73.

Percentage of the total holding of the 20 largest shareholders – 49.64 per cent.

In addition to the foregoing, there were 3,196 members of the Employee Share Plan, holding 3,737,932 shares, and 1,217 members of the Executive Share Plan, whose shares are paid to one cent each, holding 7,170,500 Plan shares.

Voting rights as governed by the Constitution of the Company provide that each ordinary shareholder present in person or by proxy at a meeting shall have:

(a) on a show of hands, one vote only;

(b) on a poll, one vote for every fully paid ordinary share held.

Twenty Largest Shareholders	No. of Fully Paid Shares	% of Issued Capital
Westpac Custodian Nominees Limited	84,242,160	9.06
Dervat Nominees Pty Limited	58,668,111	6.31
Cogent Nominees Pty Limited	57,401,090	6.17
National Nominees Limited	43,536,230	4.68
Chase Manhattan Nominees Limited	41,522,889	4.46
JP Morgan Custodial Services Pty Ltd (Equi A/c)	37,844,153	4.07
Perpetual Trustees Nominees Limited	20,948,752	2.25
ANZ Nominees Limited	15,663,018	1.68
Queensland Investment Corporation	13,737,970	1.48
MLC Limited	13,403,151	1.44
AMP Life Limited	10,277,276	1.10
Citicorp Nominees Pty Limited	10,047,126	1.08
JP Morgan Custodial Services Pty Ltd (FGF A/c)	9,836,644	1.06
JP Morgan Custodial Services Pty Ltd (MFTP A/c)	7,480,297	0.80
Debortoli Wines Pty Limited	6,854,632	0.74
Perpetual Trustees Australia Limited	6,515,598	0.70
Tyndall Life Insurance Company Limited	6,460,547	0.69
JP Morgan Custodians Limited	6,116,667	0.66
Guardian Trust Australia Limited	5,650,447	0.61
JP Morgan Custodial Services Pty Ltd	5,621,986	0.60
	461,828,744	**49.64**

Register of Substantial Shareholders

The names of substantial shareholders in the Company and the number of fully paid ordinary shares in which each has an interest, as disclosed in substantial shareholder notices to the Company on the respective dates shown, are as follows:

13 April 2000	Maple-Brown Abbott Ltd.	84,621,400	8.23%
9 August 2001	Shamrock Holdings of California Inc. and its related bodies corporate	122,144,201	13.13%
10 August 2001	BT Financial Group Ltd and its related bodies corporate	86,049,842	9.21%

Investor Information

Annual Report

Pacific Dunlop's Annual Report consists of two documents – the Annual Review 2001 (incorporating the concise financial report to shareholders) and the Financial Report 2001. The Annual Review details the Company's operations and provides a summary of the financial statements. The financial statements and disclosures in the concise financial report have been derived from the Pacific Dunlop Limited Financial Report 2001. A more complete understanding of the Group's financial performance, financial position and financing and investing activities can be obtained from the financial report.

All shareholders are entitled to receive a copy of the Annual Review. Those who do not wish to receive the Annual Review can have their name deleted from the mailing list by advising the Company in writing. A copy of the financial report of the Company and the Consolidated Entities is available and will be sent to shareholders, free of charge, on request.

Alternatively, shareholders can access the Financial Report 2001 and other information on the Company and its activities on the internet from Pacific Dunlop's website at www.pacdun.com

Change of Address

Shareholders should notify the Company in writing immediately there is a change to their registered address. For added protection, shareholders should quote their Securityholder Reference Number (SRN) or Holder Identification Number (HIN).

Dividend

An interim dividend of 5.0 cents per share (unfranked) was paid on 2 July 2001. In view of the loss recorded in the year and in a further step to rebuild the Company's balance sheet and capacity to fund future growth, no final dividend will be paid for the fiscal year.

Australian shareholders may elect to have cash dividends paid directly into any bank, building society or credit union account in Australia. Shareholders with registered addresses in New Zealand, the UK or the US who receive cash dividends may elect to be paid by cheque in their respective currencies. Shareholders with a registered address in Canada can receive their dividends in US dollars.

Company Directory

The Annual Review, and the Company's internet site, are the main sources of information for investors. Shareholders who wish to contact the Company on any matter relating to its activities are invited to contact the most convenient office listed below, or contact the Company via its website at www.pacdun.com

Australia
Att: Investor Relations
Pacific Dunlop Limited
Level 3
678 Victoria Street
Richmond VIC 3121
Telephone: (+61 3) 9270 7270
Facsimile: (+61 3) 9270 7300
Email: enquiries@pacdun.com

Hong Kong
Att: Cecilia Fong
Pacific Dunlop Holdings (Hong Kong) Ltd
Suites 1607-1611
Tower 2, The Gateway
25-27 Canton Road
Kowloon, Hong Kong
Telephone: (+852) 2956 6688
Facsimile: (+852) 2956 2155
Email: cfong@pacdun.com

United Kingdom
Att: Cliff Veerbeek
Pacific Dunlop Holdings (Europe) Ltd
Ansell House
119 Ewell Road
Surbiton
Surrey KT6 6AL UK
Telephone: (+44 20) 8481 1800
Facsimile: (+44 20) 8481 1830
Email: cveerbeek@pacdun.com

United States
Att: Steve Geerling
Pacific Dunlop Holdings Inc.
6121 Lakeside Drive
Suite No. 205
Reno, Nevada 89511, USA
Telephone: (+1 775) 824 4600
Facsimile: (+1 775) 824 4626
Email: sgeerling@pacdun.com

Enquiries

Shareholders requiring information about their shareholdings should contact the Company's registry at:

Computershare Investor Services
Level 12
565 Bourke Street
Melbourne VIC 3000
Australia
Telephone: (+61 3) 9611 5711
Facsimile: (+61 3) 9611 5710

Or visit their website (www.computershare.com.au), where shareholder information can be accessed upon input of the appropriate Holder Identifier details.

Listings

Pacific Dunlop's shares (Ticker Symbol PDP) are listed on the Australian, New Zealand and London stock exchanges. In the US, Pacific Dunlop shares are traded in the form of American Depositary Receipts (ADRs) on NASDAQ. Each ADR unit represents four ordinary Pacific Dunlop shares. Cash dividends for ADRs are paid in US-dollar denominated cheques and stock dividends are issued in the form of ADRs by the administrator of the program. ADR investors requiring information concerning their shareholding should contact:

The Administrator
Morgan Guaranty Trust Company of New York
Shareholder Services Center
PO Box 842006
Boston, MA 02284-2006 USA
Telephone: (+1 781) 575 4328
Facsimile: (+1 781) 575 4082

Financial Calendar – 2002

14 February 2002
Announcement of result for half-year ending 31 December 2001

15 August 2002
Announcement of result for year ending 30 June 2002

11 October 2002
Annual General Meeting

Registered Offices

Registered Office

Pacific Dunlop Limited
ABN 89 004 085 330
Level 3, 678 Victoria Street
Richmond VIC 3121
Telephone: (+61 3) 9270 7270
Facsimile: (+61 3) 9270 7300
Email: enquiries@pacdun.com

Secretary

John C Rennie

Auditors

KPMG

Solicitors

Freehills

Head Office Directory

Ansell Healthcare, Inc.
200 Schultz Drive
Red Bank NJ 07701
USA
Telephone: (+1 732) 345 5400
Facsimile: (+1 732) 219 5114

Pacific Automotive
362 Wellington Road
Mulgrave VIC 3170
Australia
Telephone: (+61 3) 9566 5444
Facsimile: (+61 3) 9562 1193

Pacific Brands
Level 3, 678 Victoria Street
Richmond, VIC 3121
Australia
Telephone: (+61 3) 8416 3600
Facsimile: (+61 3) 8416 3622

South Pacific Tyres
170-180 Hume Highway
Somerton VIC 3062
Australia
Telephone: (+61 3) 9305 0222
Facsimile: (+61 3) 9305 3168

Share Registry

Computershare Investor Services Pty. Ltd.
Level 12
565 Bourke Street
Melbourne VIC 3000
Australia
Telephone: (+61 3) 9611 5711
Facsimile: (+61 3) 9611 5710
Internet: www.computershare.com.au

Note:

All share correspondence and enquiries relating to shareholder details, share dividends and individual shareholdings, should be directed to the Share Registry.

Senior Management

Tony Daniels, Acting Managing Director & Chief Executive Officer
Pacific Dunlop Limited

Harry Boon, Managing Director
Ansell Healthcare

Philip Gay, Executive General Manager, Finance
Pacific Dunlop Limited

Mary Keely, Executive General Manager, Human Resources
Pacific Dunlop Limited

Robert McEniry, Chief Executive
South Pacific Tyres

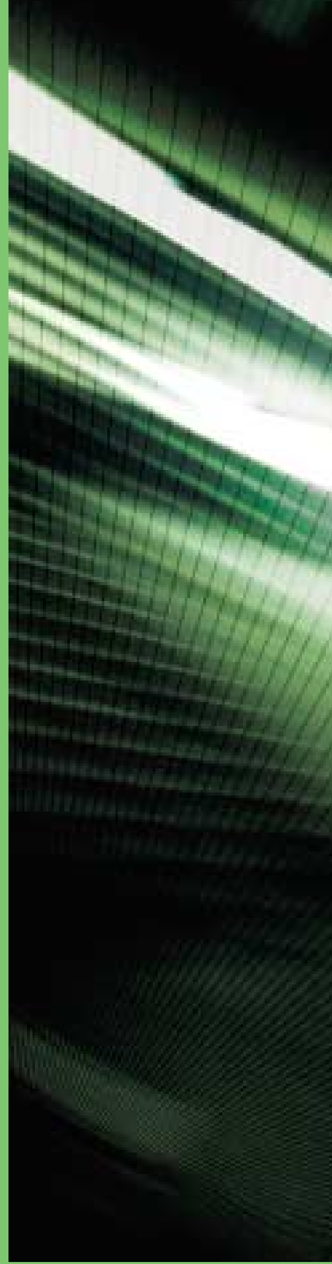
Paul Moore, Managing Director
Pacific Brands

Peter Mummery, Managing Director
Pacific Automotive

John Rennie, Company Secretary
Pacific Dunlop Limited

Ian Veal, Executive General Manager, Strategic Direction
Pacific Dunlop Limited

A complete copy of the financial statements can be obtained from the Pacific Dunlop website: **www.pacdun.com**



Pacific Dunlop

Financial Report 2001

Changing shape

Financial Report of Pacific Dunlop Limited and Controlled Entities - 2001

The Financial Report of Pacific Dunlop Limited and Controlled Entities - 2001 is designed to comply with both the Australian statutory reporting requirements and fulfill the Form 20-F annual reporting obligations of the United States Securities and Exchange Commission (SEC).

Pacific Dunlop Limited is required to fulfill the SEC Form 20-F reporting obligations because its shares are traded in the US as American Depositary Shares ("ADS"), represented by American Depositary Receipts ("ADR'S"). These are traded in the United States in the over-the-counter market and are quoted on the NASDAQ National Market System.

Pacific Dunlop Limited
ACN 004 085 330
678 Victoria Street
Richmond, VIC
Telephone (61 3) 9270 7270
Facsimile (61 3) 9270 7300

Please note that the Annual Review 2001 contains the Concise Financial Report of Pacific Dunlop Limited which is derived from the Financial Report 2001. The Annual Review 2001 does not constitute part of this report.

Both the Annual Review 2001 (containing the Concise Financial Report) and the Financial Report 2001 are available from the Company's website (www.pacdun.com.au) or upon request. Information on the web site does not constitute part of this report.

Pacific Dunlop Limited and Controlled Entities
Financial Statements - 30 June 2001

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Pacific Dunlop Board

The following are the backgrounds of the Directors of Pacific Dunlop Limited:

Mr John T Ralph AC, FCPA, FAICD, Hon LLD (Melb & Qld), DUniv (ACU)
Chairman since August 1997 and a non-executive Director since 1994. Chairman of the Commonwealth Bank of Australia, and Deputy Chairman of Telstra Corporation Ltd.; he is also a Director of BHP Billiton Limited, BHP Billiton plc, and of the Melbourne Business School, Deputy National Chairman of The Foundation for Young Australians and Chairman of the Australian Foundation for Science.

Resident Melbourne. Age 68.

Mr Anthony B Daniels OAM
Acting Chief Executive Officer and in that capacity Managing Director since April 2001, and a non-executive Director since 1997. A Director of the Australian Gaslight Company, the Commonwealth Bank of Australia, and Orica Limited; he was formerly Managing Director of Tubemakers of Australia.

Resident Sydney (and Melbourne since April 2001). Age 66.

Mr Nuno A D'Aquino BSc, MAICD
Appointed a non-executive Director in February 2001, he is the Deputy Chief Executive Officer of Foster's Group Limited. From 1994-2000 he was Managing Director of Carlton United Breweries.

Resident Melbourne. Age 60.

Mr Herbert J Elliott MBE, MA Cantab
Appointed a non-executive Director in February 2001, he is a member of the Board of the Sydney Olympic Parks Authority, a former President of Puma North America, and Chief Executive Officer of Puma Australia.

Resident Melbourne. Age 63.

Ms S Carolyn H Kay BA, LLB, MAICD
Appointed a non-executive Director in May 2000. She is an Advisory Director with Morgan Stanley, a Director of the Treasury Corporation of Victoria, the Victorian Funds Management Corporation and Deputy Chairman of the Art Foundation of the National Gallery of Victoria.

Resident Melbourne. Age 40.

Mr Ian E Webber AO, BE
Non-executive Director since October 1991. A Director of Santos Limited and of WMC Limited; he is a Member of the General Motors Australian Advisory Council. Formerly Chairman of Mayne Nickless Limited, he was an Associate Commissioner to the Post 2000 Automotive Industry Review.

Resident Adelaide. Age 66.

Relevant Interests
The relevant interests of each of those Directors in the share capital of the Company as at the date of this Report, as notified to the Australian Stock Exchange Limited pursuant to the provisions of section 235 of the Corporations Law, were:

J T Ralph	71,963
A B Daniels	9,732
N A D'Aquino	12,356
H J Elliott	12,356
S C H Kay	9,318
I E Webber	69,249

All Shares were beneficially held in the Director's own name, or in the name of a trust, nominee company or private company. No interests were held in the shares of any related body corporate.

Corporate Governance

Introduction
The Board works under a set of well established corporate governance policies which reinforce the responsibilities of all Directors in accordance with the requirements of the Corporations Act and the Australian Stock Exchange (ASX). In addition, many of the governance elements are enshrined in the Company's Constitution.

Responsibilities
The Board's responsibilities and duties include the following:

- reviewing and determining strategic direction and policies, allocation of resources, planning for the future and succession planning;

- appointing a Chief Executive Officer for the ongoing management task of developing and implementing suitable business strategies consistent with the Company's policies and strategic direction;

- regularly evaluating the performance of the Chief Executive Officer and senior management, and determining their remuneration;

- monitoring and overseeing the Company's financial position, including the audit process; and

- ensuring that the conduct of the Company and its officers is legally and ethically of the highest order, and that working practices in all operations give priority to safety.

Pacific Dunlop places high priority on risk identification and management throughout the Group's operations and has processes in place to review their adequacy. These include:

- a comprehensive risk control program which includes property protection and health, safety and environmental audits using underwriters, self-audits, engineering and professional advisers; and

- a process for the identification and measurement of business risk.

In carrying out its duties, the Board meets formally over one or two days at least ten times a year. Directors also participate in meetings of various Board Committees which assist the full Board in examining particular areas or issues.

Board Composition
The Board's policy is that there should be a majority of non-executive Directors. This is a requirement embodied in the Company's Constitution, ensuring that all Board discussions or decisions have the benefit of predominantly outside views and experience. Maintaining a balance of experience and skills is an important factor in Board composition.

The requirement under the Constitution is for at least twice as many non-executive Directors as executive Directors. As an additional safeguard in preserving independence, the office of the Chairman cannot be held by an executive Director.

Any Director can seek independent professional advice at the Company's expense in the furtherance of his or her duties, subject to prior discussion with the Chairman. If this occurs, the Chairman must notify the other Directors of the approach, with any resulting advice received to be generally circulated to all Directors.

Election Process
The Pacific Dunlop Board currently has six Directors, all of whom were appointed as non-executive Directors (including the Chairman). Subsequently, Mr A B Daniels was appointed Acting Chief Executive Officer, and in that capacity Managing Director; the position he now holds.

New Directors are nominated by the Board as described below, and then must face a vote of shareholders at the next Annual General Meeting in order to be confirmed in office. All Directors other than the Managing Director are required to seek re-election at least once in every three years on a rotating basis.

Remuneration
Non-executive Directors are paid an annual fee within a fixed amount approved for all non-executive Directors by shareholders. The total annual amount approved for Pacific Dunlop is currently $750,000, which was approved in 1989.

The fee takes into account what is paid by comparable companies and what is necessary to attract high calibre people. Retirement benefits based on period of service are paid in accordance with the Corporations Act and a schedule previously approved by shareholders.

At the Annual General Meeting on 13 October 2000 shareholders approved a proposal that all non-executive Directors be required to reinvest 10 per cent of their Directors' fees prior to deduction of taxation in acquiring shares in the Company until their shareholding is equal to at least one years fees, pursuant to a non-executive Directors' Share Plan, to allow their interests to be more closely aligned with those of shareholders. The first purchases under the Plan were effected on 15 December 2000.

As members of management, Executive Directors where appointed do not receive fees or Directors' retirement benefits. They are members of the Company's Superannuation Fund and, as such, they receive Company retirement benefits. This does not apply to Mr Daniels in his capacity as Acting Chief Executive Officer.

Directors' Dealings in Shares
Subject to the restriction that persons may not deal in any securities when they are in possession of price sensitive information, Directors generally may only buy or sell Pacific Dunlop shares in the periods immediately following any price-sensitive announcements, including the half-year and full-year results and Annual General Meeting. At other times, transactions must receive the approval of the Board.

Board Committees
The Board has five Committees which are designed to add to the quality and depth of advice. Membership is set out in the table on page 4 of this Report. Those Committees which are concerned with specific management-related matters, the structure of the Board, Director nominations and executive remuneration are made up of non-executive Directors only.

Senior executives attend Board and Committee meetings by invitation whenever particular matters arise which require management presentations or participation.

Audit Committee
The Committee reviews the financial statements, adequacy of financial controls and the annual audit arrangement. It monitors the controls and financial reporting systems, applicable Company policies, national and international accounting standards and other regulatory or statutory requirements.

The Committee also liaises with the Company's internal and external auditors, reviews the external auditors' remuneration and advises the Board on their appointment. The Committee reviews the processes in place for the identification, management and reporting of business risk, and reviews the findings reported. The Managing Director, Executive General Manager - Finance, Group Chief Accountant and principal external audit partner participate at meetings by invitation.

Corporate Governance (continued)

Corporate Conduct Committee

This Committee deals with ethical and public issues which may affect Pacific Dunlop and compliance with the rules and regulations which the Company must observe. These include corporate governance matters, ethics, risk management, insurance, public product liability, environment, health and safety, taxation, trade practices and competition policy, fair dealing and insider trading.

Donations Committee

This Committee advises on policy and recommendations for corporate donations covering education, medicine, the arts, welfare programs, youth training and times of national disaster.

Nominations Committee

The Committee periodically reviews the structure of the Board and recommends changes when necessary. This includes identifying suitable candidates for appointment as non-executive Directors.

In doing so, the Committee establishes the policies and criteria for non-executive Director selection. The criteria include the candidate's personal qualities, professional and business experience, age, city and country of residence, and availability.

Remuneration and Evaluation Committee

This Committee comprises only non-executive Directors. Its brief is to consider matters including succession and senior executive compensation policy.

The Committee is also responsible for an appraisal of its own and the full Board's performance based on the experience of the non-executive Directors in other companies and fields, their own information and assessment received externally, and information received through management.

In these regards, the Committee has available independent professional advisers in line with Pacific Dunlop's policy of attracting high calibre people at all levels and to ensure that the terms and conditions offered by the Company are competitive with those offered by comparable companies.

The Committee meets at least twice yearly. The Executive General Manager, Human Resources attends by invitation the meetings concerned with remuneration matters.

Political Donations

No donations at either the Federal or State level have been made to any political party since the previous Report.

Attendance at Board and Board Committee Meetings during the year ended 30 June 2001

	Board		Audit		Corporate Conduct		Remuneration		Nominations		Donations	
	Held	Attd	Held	Attd	Held	Attd	Held	Attd	Held	Attd	Held	Attd
J T Ralph	13	13					2	2	3	3		
R L Chadwick	10	10	3	3	2	2					1	1
A B Daniels	13	13	4	4	2	2	2	2	3	3		
N A D'Aquino	7	7	1	1			1	1				
H J Elliott	7	7					1	1				
S C H Kay	13	13	4	4			2	2				
R J McLean*	13	13	4	3			2	2				
D G Penington	4	4			2	2	1	1			1	1
I E Webber	13	12			2	2	2	1	3	3		

Attd - Indicates the number of meetings attended during the period, in the case of Professor D G Pennington to 8 December 2000, Mr. R L Chadwick to 31 March 2001, and of Messrs N A D'Aquino and H J Elliott from the date of their appointments on 15 February 2001. A number of these meetings were held over more than one day.

* Mr R J McLean resigned from the Board on 27 July 2001.

Report of the Directors

This Report by the Directors of Pacific Dunlop Limited ('the Company') is made for the year ended 30 June 2001 pursuant to Division 1 of Part 2M.3 of the Corporations Act.

Directors

The names of each person who has been a Director of the Company during or since the end of the financial year, particulars of the qualifications, experience and special responsibilities of each Director as at the date of this Report, and of their other Directorships, the relevant interests of each of those Directors in the share capital of the Company any related body corporate that have been notified to the Australian Stock Exchange under the provisions of section 205G of the Corporations Act, are as set out on pages 1 to 4.

Details of meetings of the Company's Directors (including Meetings of Committees of Directors) and Directors' attendance are set out on page 4.

At the date of this Report there is an Audit Committee of the Board comprising Ms S C H Kay (Chair), and Mr N D'Aquino. Mr A B Daniels, who is also a Member of the Committee, currently attends meetings in his role as acting Chief Executive Officer. Other Directors are entitled to attend meetings of this Committee and often do so.

Principal activities

The principal activities of the Group during the year were the marketing, distribution, sale and manufacturing of examination, medical and industrial gloves and condoms, household products, sporting goods, clothing and footwear, automotive products and tyres.

The following significant changes in the nature of the principal activities of the Group, were implemented during the year, details of which were given in last year's Report:

- Effective 31 July 2000, the Company sold its Electrical Distribution business in Australia and New Zealand to Hagemeyer Group for $343 million.

- Effective 30 September 2000, the Company completed the sale of its GNB Technologies business to Exide Corporation of the USA, for a total consideration of US$368 million, comprising US$333 million cash and 4 million Exide shares (approximately 18 per cent of Exide's existing issued capital.)

In addition, on 3 March 2001, the Company acquired the Sara Lee Apparel businesses in Australasia for $59.8 million.

Share Buy Back

On 12 November 2000, the Company bought back 101,992,570 shares (9.99% of its then fully paid share capital) at $1.60 per share pursuant to an off-market equal access Share Buy-Back Tender, for a total price paid of $163,188,112.

Dividends

The following amounts have been paid by Pacific Dunlop Limited by way of dividends to its shareholders since the end of the previous financial year:

- as shown in last year's Report, an interim ordinary dividend of 7.0 cents per share (unfranked) in respect of the year ended 30 June 2000, paid on 3 July 2000, totalling $72,309,382;

- as shown in last year's Report, a final ordinary dividend at the rate of 3.0 cents per share (unfranked) in respect of the year ended 30 June 2000, paid on 31 October 2000, totalling $31,005,140;

- an interim ordinary dividend of 5.0 cents per share (unfranked) in respect of the year ended 30 June 2001, paid on 2 July 2001, totalling $46,502,192.

In view of the loss recorded in the year and in a further step to rebuild the Company's balance sheet and capacity to fund future growth, no final dividend will be paid for the fiscal year.

Performance in relation to Environmental Regulations

The Group's Australian operations are subject to environmental regulation in each of the States or Territories in which activities are carried out. While a wide variety of licences are held, the regulations under which these licences are issued apply not only to the Group, but across the industries involved, and include waste and storm water management, air emissions, dust and noise control, spillage and contamination issues, and dangerous and controlled substances (including their storage and disposal). The Group has an established environmental management system, which reports regularly to the Corporate Conduct Committee of the Board.

The Directors are not aware of any material breaches of Australian environmental regulations during the year.

Accufix Litigation

On 10 May 2001, the US court gave its final formal approval to the settlement of the Accufix Litigation in the United States. The settlement involved the creation of a patient benefit fund of US$58.2 million from the amounts previously provided to address the claims of all those plaintiffs with Accufix pacing leads who decided not to opt out. A further US$4.2 million from the provisions has been set aside in a reserve fund and is to be applied towards resolving any claims subsequently made by those who elected to opt out and did not participate in the settlement. Refer also Note 26 on page 50.

Review of Operations and Results

A review of the operations of the Group during the financial year and the results of those operations is contained on pages 10 to 13. The operating loss of the Group after tax was $139.4 million for the 12 months ended 30 June 2001, including a number of non-recurring and individually significant items including the writing off of the total balance of Australian future income tax benefits of $158.5 million relating to the past losses. The result compares with a loss in the previous year of $86.5 million. Operating EBIT from continuing operations fell 11 per cent to $221.5 million.

In the opinion of the Directors, other than as referred to in this Report, there were no significant changes in the state of affairs of the Group.

Events after Balance Date

Since the end of the financial year, the following matters or circumstances have arisen that have significantly affected, or may significantly affect, the operations, results of operations or state of affairs of the Group in subsequent financial years.

On 15 February, 13 and 28 March and 8 June 2001, the Company released announcements to the Australian Stock Exchange concerning a restructuring of its activities. At the date of this Report:

- Negotiations for the sale of the Pacific Automotive business are well advanced with the Company having signed an exclusivity agreement with an investor consortium comprising GS Private Equity, Gresham Partners and Macquarie Direct Investment.

- A Memorandum of Understanding has been signed with The Goodyear Tire & Rubber Company of the United States on issues regarding the future of the South Pacific Tyres Joint Venture, including the basis of future funding and opportunities for continuance or future exit by the Company on a satisfactory basis. Agreement to give effect to the understandings in the memorandum is subject to completion of a definitive agreement and the approval of the boards of the two companies to that agreement.

- The sale process for the Pacific Brands business is progressing, with initial non-binding offers received from a number of interested parties.

Further, effective 23 August 2001, the consolidated entity's investment in Ambri was sold to Optecom Limited for $10 million and a 19.9 per cent share in that company.

Arrangements are also in hand to sell parts of the Engineered Products business and to close the remaining units. The disposal of this business results in asset write-offs and closure costs of $27.4 million, but should be cash positive for the Company.

Likely developments

Certain likely developments in the operations of the Group, and the expected results of those operations, in financial years subsequent to the financial year ended 30 June 2001, are referred to above and in the Chairman's Comment and Managing Director's Review. In the opinion of the Directors it would be likely to result in unreasonable prejudice to the Group if further information was to be included.

Directors' and Senior Executives' Emoluments

The Board's Remuneration and Evaluation Committee is responsible for reviewing the remuneration policies and practices of the Company, including the compensation arrangements for executive Directors and senior management, the Company's superannuation arrangements and, within the aggregate amount approved by shareholders, the fees for non-executive Members of the Board. This role also includes responsibility for the Company's employee share and option plans. Executive and senior management performance review and succession planning are matters referred to and considered by the Committee.

The Remuneration and Evaluation Committee has access to independent advice and comparative studies on the appropriateness of remuneration arrangements.

Non-executive Directors - As indicated above, within the aggregate amount approved by shareholders, the fees of the Chairman and non-executive Directors are set at levels which represent the responsibilities of, and the time commitments provided by, those Directors in discharging their duties. In total, fees paid to the Directors have not increased since 1994.

Senior executives - Remuneration levels are competitively set to attract, retain and motivate appropriately qualified and experienced senior executives capable of discharging their respective responsibilities.

Remuneration packages of senior executives have incorporated both short and long-term performance-based components. Short-term performance-based components include entitlements to bonus payments, while long-term performance-based components may include equity participation through the Pacific Dunlop Executive Share Option Plan, but no options under the plan have been granted since 1998.

During the financial year, no options over unissued shares were issued nor have any options been granted since the end of the financial year nor exercised at the date of this Report.

Report of the Directors

The following table sets out the remuneration provided to the Directors and the most highly remunerated officers of the Company and the Group (including those based overseas) for the financial year.

	Fixed Remuneration [a] A$	Fees [b] A$	Other [c] A$	Superannuation Contributions [d] A$	Total A$
Directors					
J T Ralph	-	216,346 [g]	-	8,416	224,762
A B Daniels [h]	196,251	71,566 [i]	-	8,416	276,233
R L Chadwick [e]	3,281,304 [f]	-	100,000	112,833	3,494,137
N A D'Aquino [i]	-	22,397	-	1,792	24,189
H J Elliott [i]	-	22,397	-	1,792	24,189
S C H Kay	-	70,098	-	5,200	75,298
R J McLean [n]	-	71,522	-	5,400	76,922
D G Penington [j]	-	69,849	-	4,051	73,900
I E Webber	-	82,725	-	5,325	88,050
Officers of the Company and the Group					
H Boon [k]	1,090,902	-	-	397,609 [l]	1,488,511
J A Eady [m]	927,554	-	-	71,475	999,029
J P Farnik [m]	469,205	-	-	-	469,205
P R Gay	522,325	-	-	86,704	609,029
T O Minner [k][m]	222,592	-	3,027,807	2,269 [m]	3,252,668
P R Moore	568,353	-	-	78,852	647,205
I D Veal	447,095	-	-	81,097	528,192

[a] Comprises the cost to the Company of cash salary, non-cash benefits, such as motor vehicles, housing loans and home office expenses, and expatriate assignment costs. Fringe benefits tax is included where applicable.
[b] Includes fees in connection with Board and Board Committee responsibilities, and other special services.
[c] Performance-based payment.
[d] Includes for Australian-based Directors and Officers, and one U.S. - based Officer, an imputed notional contribution calculated at an actuarial rate or to satisfy Superannuation Guarantee requirements. No amounts were required to be paid to the Australian superannuation fund in respect of the year ended 30 June 2001 upon advice of the Trustee. The notional contribution amounts do not form part of the remuneration of Directors and Executives set out in Note 28 to the Financial Statements.
[e] Resigned 31 March 2001 .
[f] Includes statutory and other contractual amounts paid on termination of employment, including accumulated annual leave and long service leave.
[g] Includes provision of vehicle and office facilities.
[h] Includes remuneration paid for extra services as Acting Chief Executive Officer following his appointment to that office on 1 April 2001.
[i] Appointed 15 February 2001.
[j] Retired 8 December 2000.
[k] US-based Officers.
[l] Includes contributions to U.S. non qualified pension or benefit plan.
[m] Ceased employment during year, payments include termination payments.
[n] Resigned 27 July 2001.

Indemnity

Since becoming Directors, Messrs N A D'Aquino and H J Elliott have entered into Deeds of Indemnity in the form previously executed by each non-executive Director. An indemnity was also given to Dr J A Eady in respect of his role in the sale of Ambri Pty Ltd to Optecom Limited prior to settlement on 23 August 2001.

No other Director or Officer of the Company has received the benefit of an indemnity from the Company during or since the end of the year, except that, as stated in previous reports, Article 138 of the Company's Articles of Association also provides an indemnity in favour of officers (including the Directors and Company Secretary) of the Company against liabilities incurred while acting as such officers to persons (excluding Group companies) to the extent permitted by law.

Rounding
Pacific Dunlop Limited is a company of the kind referred to in Australian Securities and Investments Commission Class Order 98/100 (as in force on 30 June 2001) and, unless otherwise shown, amounts in this Report have been rounded off to the nearest one hundred thousand dollars.

This Report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.

J T Ralph	A B Daniels
Director	Director

Dated in Melbourne this 5th day of September 2001.

Discussion and analysis of the financial statements

The following discussion and analysis is provided to assist members in understanding the financial report.

Consolidated Operations

Sales revenue during 2000/2001 decreased by 27.4 per cent to $4,156.8 million as a result of the divestiture of the GNB Technologies and Electrical Distribution businesses. Sales from continuing operations, inclusive of the business of Sara Lee Apparel Australasia which was acquired in March 2001, increased by 8.2 per cent from $3,243.5 million to $3,533.2 million. The Sara Lee acquisition adds approximately $200 million in annual sales to the Pacific Brands business.

Operating EBIT in 2000/2001 was $190.8 million compared with $87.8 million in 1999/2000. The current year's result includes the gain on the sale of the Electrical Distribution business of $145 million, the write down of the assets of the Pacific Automotive business of $97.7 million and rationalisation and restructuring charges of $111.0 million which included an amount of $60.2 million for Ansell and $27.4 million for Engineered Products. Operating EBIT from continuing operations fell by 11.0 per cent to $221.5 million.

The 1999/2000 result was impacted by the write down of the GNB assets of $160 million and a provision for the restructure of the Group's supply chain operations of $54.1 million.

Ansell is undertaking a restructuring program which will entail the closure of certain US manufacturing operations, their transfer to existing or new plants in Asia and Mexico and the rationalisation of Ansell's European and US marketing and distribution operations.

As part of the ongoing rationalisation of Pacific Dunlop's investment portfolio, arrangements are being made to sell parts of the Engineered Products business and to close the remaining business units. The disposal and closure of this business will result in asset write offs and closure costs of $27.4 million, but should be cash positive for the Company following the sale of land and buildings associated with this business.

Income tax expense for the year was $189.9 million compared with $29.8 million for 1999/2000. The current year included the write off of the future income tax benefit attributable to Australian tax losses of $158.5 million.

The total consolidated loss attributable to shareholders for the year was $139.4 million compared with a loss of $86.5 million in 1999/2000.

As detailed in the Industry Segments Report, in 2000/2001 the international operations of continuing businesses contributed sales revenue of $1,680 million, or 47.5 per cent of total Operating Revenue and $174.6 million or 68.7 per cent of the total Operating Result compared with 43.1 per cent and 54.8 per cent in 1999/2000. A major reason for the reduction in Australia's operating result was the significant deterioration in the profitability of the South Pacific Tyres partnership.

Statement of Financial Position

Total Assets, including cash, at June 30, 2001 were $3,476.2 million compared with $5,085.7 million at June 30, 2000, a reduction of $1,609.5 million. Significant contributors to this reduction were the write down of the assets of the Pacific Automotive business, the write off of the future income tax benefit attributable to Australian tax losses and the use of cash resources to repay debt, and a share buy back of 10 per cent of the Company's issued capital, which resulted in a reduction in Equity of $165.4 million.

Total Liabilities also reduced significantly over the year as a result of the sale of the Electrical Distribution business and the repayment of debt.

Discussion and analysis of the financial statements

Liquidity and Capital Reserves

Net cash provided by Operating Activities for 2000/2001 was $226.6 million compared with $190.3 million in 1999/2000 despite currency movements again having an adverse impact on working capital in the current year. The net cash provided by Operating Activities also included $54.5 million of non recurring payments, compared with $20.3 million the previous year. Supply chain and Ansell restructure payments were the major components of these non recurring payments.

Net cash provided by Investing Activities was $628.7 million. This included $906.8 million of proceeds from the sale of GNB Technologies, the Electrical Distribution and other small businesses. Also included in this amount was an outflow of $94.3 million for the acquisition of businesses which included the businesses of Sara Lee Apparel Australiasia and Clarks Shoes.

Capital expenditure for the year was $76.0 million (excluding South Pacific Tyres) compared with $156.8 million in 1999/2000.

The Group's Net Debt decreased from $1,442 million to $1,220.5 million over the year. Proceeds from the sale of businesses of $906.8 million contributed to the reduction, however, this was offset by the weaker Australian dollar, which increased borrowings by $316.6 million, the impact of dividend payments, the share buy back and acquisitions made during the current year. Net Debt to Equity increased from 96.1 per cent last year to 114.4 per cent and Net Liabilities to Equity increased from 167.3 per cent in 1999/2000 to 188.7 per cent this year. These ratios were impacted by the share buy back ($165.4 million) and the write off of both the tax benefit associated with foreign exchange losses previously residing within the Group's Foreign Currency Translation Reserve ($133.9 million) and the tax benefit attributable to Australian tax losses ($158.5 million).

The Company has historically maintained substantial cash reserves in the form of deposits and other readily marketable money market instruments as a result of its foreign asset hedge policy. The policy was to match all foreign investments, where possible, with borrowings in the same currency in the Holding Company in Australia. The proceeds of these borrowings were traditionally converted to Australian dollars and deposited on the Australian money market.

The hedge policy was designed to minimise the impact of the volatile Australian dollar on Equity, however it had a negative effect on borrowings and gearing as the Australian dollar fell to unprecedented levels during the last financial year. The policy has now been changed to more closely match the currency of the Group's borrowings to the currency of the Group's assets and underlying cash flows. As a result, the majority of borrowings at 30 June 2001 are Australian dollars funding Pacific Brands, Pacific Automotive and other Australian assets, and US dollar and other foreign currency borrowings funding Ansell assets.

During the year, this change resulted in a significant reduction in cash reserves as US dollar borrowings were repaid.

Cash and deposits at June 30, 2001 were $337.9 million compared with $1,077.9 million at June 30, 2000. Cash and deposits at 30 June 2001 included restricted deposits of $27 million which have been set aside to cover the provisions established to address any remaining liability of members of the Group to claims arising with respect to the Accufix Pacing Lead.

Ratings

The Group's ratings are as follows: -

	Long Term	Outlook	Short Term
Moody's	Ba2	Review for possible downgrade	Not Prime
Standard & Poor's	BB+	Negative	B

Ratings (continued)

In August 2001 Standard and Poor's downgraded the Group from BBB- to BB+ long term with a negative outlook and B short term. In the same month Moody's moved from Baa3 with a negative outlook, to Ba2 with a review for possible downgrade outlook. The short-term rating was lowered from P3 to Not Prime.

The Group's debt has historically been financed through debt markets. The Group's ability to issue in the Commercial Paper and Medium Term Note markets was severely impacted by the portfolio rationalisation announcement made by the Company at the time of the half year results announcement. This resulted in the need to establish additional bridging finance and to access the Group's previously unused backup bank facilities to repay Commercial Paper and Medium Term Notes, as they matured.

The Group is currently working with a number of key relationship banks to refinance all bank debt into one major borrowing facility with an anticipated three-year term.

Interest Cost

At June 30, 2001, the borrowing portfolio had an average maturity of 829 days (previous year 393 days), was 92 per cent floating and 8 per cent fixed, with an average interest duration of 110 days (previous year 328 days). The portfolio was geared to take advantage of falling interest rates worldwide.

In July 2001, a number of interest rate swaps were entered into to fix a larger proportion of the borrowing portfolio, thereby extending the average interest duration. At July 31 2001, the portfolio was 56 per cent floating and 44 per cent fixed, with an average interest duration of 387 days.

Net interest expense for the year was $96 million, compared with the previous year's $100 million. The average interest rate on debt for the year was 6.76 per cent, compared with 6.55 per cent in the previous year. Borrowing costs also were higher, as the Group exited the capital markets and accessed bank debt.

As previously noted, the Group received $906.8 million on the sale of businesses during the year and significant interest savings were anticipated. These savings were, however, mostly offset by an increase in interest costs of $16.4 million due to the weaker Australian dollar increasing net debt and higher average interest rates.

Discussion and analysis of the financial statements

Working Capital

The Group's average working capital to sales ratio in 2000/2001 was 28.1 percent compared with 22.5 percent in 1999/2000. This is comprised of the following :

Working Capital	2001	2000
Average Inventory to Sales (%)	23.3%	18.3%
Average Debtors to Sales (%)	14.9%	15.6%
Average Creditors to Sales (%)	10.1%	11.4%

The Group continues to actively pursue strategies to reduce investment in working capital and increase stockturns. These strategies allowed the Group to exit the year with reduced working capital and a working capital to sales ratio based on year end values of 22.9 per cent compared with 24.5 per cent at the end of the previous year.

Capital Expenditure

During 2000/2001, the Group's capital expenditure totalled $76 million (excluding South Pacific Tyres), compared with the depreciation for the year of $99 million and the previous year's capital expenditure of $157 million.

Capital Expenditure (including finance leases)	2001 $ million	2000 $ million
Ansell	21.1	47.8
South Pacific Tyres (100%)	19.3	30.4
Pacific Brands	12.5	13.6
Pacific Automotive	12.1	12.3
Non-Core/Discontinued Businesses	30.3	83.0

Depreciation (including amortisation lease assets)	2001 $ million	2000 $ million
Ansell	41.3	39.7
South Pacific Tyres (100%)	40.0	42.9
Pacific Brands	18.1	19.0
Pacific Automotive	10.3	11.0
Non-Core/Discontinued Businesses	29.3	79.0

Other Statistical Data

Sales Revenue	$ million
1999	5,680.0
2000	5,725.8
2001	4,156.8

Capital Expenditure	$ million
1999	222.6
2000	156.7
2001	76.0

Factories by Region (including South Pacific Tyres)	2001	2000
Australia	48	49
SE Asia and New Zealand	23	21
Americas	7	21
Europe	1	1
Total	**79**	**92**

Average Working Capital to Sales	%
1999	23.6
2000	22.5
2001	28.1

Net Liabilities to Shareholders' Equity Ratio	%
1999	153.7
2000	167.3
2001	188.7

Assets Employed by Region	%
Australia	46
SE Asia and New Zealand	20
Americas	26
Europe	8

Statements of Financial Performance

of Pacific Dunlop Limited and Controlled Entities for the year ended 30 June 2001

		Consolidated			The Company		
$ in millions	Notes	**2001**	**2000**	**1999**	**2001**	**2000**	**1999**
Revenue							
Revenue from sale of goods		4,156.8	5,725.8	5,680.0	1,528.0	1,691.2	1,933.1
Other revenues	3	1,110.5	85.4	330.2	376.7	266.7	466.5
Total revenue		**5,267.3**	**5,811.2**	**6,010.2**	**1,904.7**	**1,957.9**	**2,399.6**
Expenses							
Cost of goods sold		2,895.4	4,080.2	3,951.8	1,054.7	1,060.0	1,246.1
Selling, distribution and administrative		1,234.0	1,620.6	1,523.4	1,358.4	764.4	706.7
Borrowing costs	4	144.3	149.5	146.2	129.5	124.5	112.6
Other expenses, including net assets of businesses disposed		895.2	11.6	250.5	36.2	-	209.3
Total expenses		**5,168.9**	**5,861.9**	**5,871.9**	**2,578.8**	**1,948.9**	**2,274.7**
Share of net profit/(loss) of associates' and joint venture entities		(44.3)	(1.9)	24.4	-	-	-
Operating profit/(loss) from ordinary activities before income tax expense		**54.1**	**(52.6)**	**162.7**	**(674.1)**	**9.0**	**124.9**
Income tax attributable to ordinary activities	8	189.9	29.8	51.2	81.8	13.0	(8.5)
Operating profit/(loss) from ordinary activities after income tax expense		(135.8)	(82.4)	111.5	(755.9)	(4.0)	133.4
Outside equity interests in operating profit after income tax		3.6	4.1	5.7	-	-	-
Operating profit/(loss) after income tax attributable to Pacific Dunlop Limited shareholders		**(139.4)**	**(86.5)**	**105.8**	**(755.9)**	**(4.0)**	**133.4**
Non-owner transaction changes in equity							
Increase/(decrease) in asset revaluation reserve		(14.1)	1.2	-	-	0.2	0.8
Net exchange difference on translation of financial statements of self-susta		(73.0)	61.3	(21.3)	-	-	-
Total changes in equity from non-owner related transactions attributable to Pacific Dunlop Limited shareholders		**(226.5)**	**(24.0)**	**84.5**	**(755.9)**	**(3.8)**	**134.2**

Earnings per share is based on operating profit/(loss) after income tax attributable to Pacific Dunlop Limited shareholders. Diluted earnings per share have not been disclosed as it is not materially different from basic earnings per share.

	cents	cents	cents
Basic earnings per share before goodwill amortisation	**(10.2)**	**(4.3)**	**14.1**
Basic earnings per share inclusive of goodwill amortisation	**(14.4)**	**(8.4)**	**10.3**
Diluted earnings per share before goodwill amortisation	7.4		
Diluted earnings per share inclusive of goodwill amortisation	3.3		

The above statements of financial performance should be read in conjunction with the accompanying notes.

Statements of Financial Position

of Pacific Dunlop Limited and Controlled Entities as at 30 June 2001

		Consolidated			The Company		
$ in millions	Notes	**2001**	**2000**	**1999**	**2001**	**2000**	**1999**
Current Assets							
Cash	11	310.9	1,051.6	1,042.7	28.3	28.0	30.7
Cash - restricted deposits	11	27.0	26.3	29.6	-	-	-
Receivables	12	643.8	784.7	987.5	2,013.7	2,798.0	2,404.1
GNB assets held for sale		-	591.2	-	-	18.8	-
Inventories	13	794.3	848.7	952.2	205.9	162.8	175.8
Prepayments		27.4	41.5	58.9	6.6	21.8	28.1
Total Current Assets		**1,803.4**	**3,344.0**	**3,070.9**	**2,254.5**	**3,029.4**	**2,638.7**
Non-Current Assets							
Receivables	12	92.0	39.2	45.8	84.1	29.7	34.5
Investments in associates and partnerships (equity accounted)	14	149.7	122.8	132.3	0.2	0.2	0.2
Other financial assets	14	76.9	4.8	16.1	1,959.6	2,853.4	3,034.4
Property, plant and equipment	15	669.9	658.2	1,065.8	98.9	93.0	120.9
Intangibles	16	556.5	627.8	607.8	10.7	18.5	14.5
Future income tax benefit	17	106.8	272.0	280.2	32.2	145.3	154.5
Other		21.0	16.9	-	13.5	16.4	-
Total Non-Current Assets		**1,672.8**	**1,741.7**	**2,148.0**	**2,199.2**	**3,156.5**	**3,359.0**
Total Assets		**3,476.2**	**5,085.7**	**5,218.9**	**4,453.7**	**6,185.9**	**5,997.7**
Current Liabilities							
Payables	18	420.9	566.4	725.7	1,722.9	1,881.2	1,957.5
Interest bearing liabilities	19	748.8	1,889.4	1,340.3	715.7	1,485.7	1,107.1
Provisions	20	274.9	403.9	508.3	131.8	203.8	209.3
Other	21	5.2	3.3	7.1	1.8	1.4	2.9
Total Current Liabilities		**1,449.8**	**2,863.0**	**2,581.4**	**2,572.2**	**3,572.1**	**3,276.8**
Non-Current Liabilities							
Payables	18	5.1	5.7	14.0	0.3	0.4	0.4
Interest bearing liabilities	19	861.9	627.7	781.0	861.5	626.0	627.0
Provisions	20	54.9	50.7	106.2	4.8	5.7	4.5
Provision for deferred income tax	20	22.1	21.1	68.7	-	-	0.1
Other	21	16.2	17.6	33.3	16.2	17.6	18.9
Total Non-Current Liabilities		**960.2**	**722.8**	**1,003.2**	**882.8**	**649.7**	**650.9**
Total Liabilities		**2,410.0**	**3,585.8**	**3,584.6**	**3,455.0**	**4,221.8**	**3,927.7**
Net Assets		**1,066.2**	**1,499.9**	**1,634.3**	**998.7**	**1,964.1**	**2,070.0**
Equity							
Contributed equity	5	1,454.3	1,617.2	1,776.0	1,454.3	1,617.2	1,776.0
Reserves	6	(118.0)	(31.2)	(102.1)	10.2	10.2	10.0
(Accumulated losses)/retained profits	6	(289.9)	(103.6)	(65.4)	(465.8)	336.7	284.0
Total equity attributable to Pacific Dunlop Limited shareholders		1,046.4	1,482.4	1,608.5	998.7	1,964.1	2,070.0
Outside equity interests	10	19.8	17.5	25.8	-	-	-
Total Equity		**1,066.2**	**1,499.9**	**1,634.3**	**998.7**	**1,964.1**	**2,070.0**

The above statements of financial position should be read in conjunction with the accompanying notes.

Industry Segments

of Pacific Dunlop Limited and Controlled Entities for the year ended 30 June 2001

		Operating Revenue			Assets Employed			Operating Result		
$ millions	Notes	**2001**	**2000**	**1999**	**2001**	**2000**	**1999**	**2001**	**2000**	**1999**
INDUSTRY										
Healthcare										
Ansell		1,412.2	1,172.7	1,184.8	1,138.8	1,099.3	876.1	144.5	135.2	170.2
Consumer Goods										
Pacific Brands		1,359.1	1,276.4	1,173.2	726.8	583.4	566.8	100.3	108.3	97.3
Automotive										
Pacific Automotive		761.9	794.4	766.7	333.2	351.7	296.6	39.0	45.1	47.7
South Pacific Tyres JV Share					134.2	115.6	139.0	(29.7)	(2.1)	24.9
		761.9	794.4	766.7	467.4	467.3	435.6	9.3	43.0	72.6
		3,533.2	**3,243.5**	**3,124.7**	**2,333.0**	**2,150.0**	**1,878.5**	**254.1**	**286.5**	**340.1**
Unallocated Items	30(b)	60.6	73.8	68.3	149.1	196.4	152.6	(32.6)	(37.5)	(56.3)
Operating EBIT from Continuing Operations								**221.5**	**249.0**	**283.8**
NON RECURRING										
Discontinued Businesses										
Trading		623.6	2,482.3	2,555.3	99.7	1,033.6	1,507.7	22.8	87.2	123.0
Net gain/(loss) on sale of Controlled Entities and Businesses		1,049.9	11.6	261.9				155.2	(4.6)	
Rationalisation/Restructuring										
Tyres								(16.2)		
Ansell								(60.2)		
Engineered Products								(27.4)		
Other								(7.2)	(80.3)	
								(111.0)	(80.3)	
Writedown of assets								(97.7)	(160.0)	(94.0)
Y2K Compliance Costs									(3.5)	(6.3)
Operating EBIT								**190.8**	**87.8**	**306.5**
Goodwill and Brand names					556.5	627.8	607.8	(40.8)	(40.9)	(40.6)
Earnings before Net Interest and Tax (EBIT)								**150.0**	**46.9**	**265.9**
Net Consolidated Interest Expense								(95.9)	(99.5)	(103.2)
Tax	30(c)							(189.9)	(29.8)	(51.2)
Outside Equity Interests								(3.6)	(4.1)	(5.7)
Operating Result								**(139.4)**	**(86.5)**	**105.8**
Cash	30(d)				337.9	1,077.9	1,072.3			
Total Consolidated		**5,267.3**	**5,811.2**	**6,010.2**	**3,476.2**	**5,085.7**	**5,218.9**	**(139.4)**	**(86.5)**	**105.8**
REGIONS										
Australia		1,853.2	1,845.3	1,742.4	1,054.9	924.9	900.0	79.5	129.5	163.5
Asia and New Zealand		334.1	329.0	377.2	476.8	447.0	359.2	84.1	88.8	80.7
America		950.6	740.2	672.7	605.1	576.9	453.7	78.0	54.5	89.7
Europe		395.3	329.0	332.4	196.2	201.2	165.6	12.5	13.7	6.2
		3,533.2	**3,243.5**	**3,124.7**	**2,333.0**	**2,150.0**	**1,878.5**	**254.1**	**286.5**	**340.1**

Prior year comparatives have been adjusted for reclassification of former Industry Segment businesses which are now subject to sale or abandonment and hence classified as Discontinued Businesses.

The above industry segments report should be read in conjunction with the accompanying notes.

Statements of Cash Flows

of Pacific Dunlop Limited and Controlled Entities for the year ended 30 June 2001

		Consolidated			The Company		
$ in millions	**Notes**	**2001**	**2000**	**1999**	**2001**	**2000**	**1999**
Cash Flows from Operating Activities							
Receipts from customers (excluding non recurring and Accufix Research Institute "ARI")		4,404.8	5,711.3	5,773.3	1,637.8	1,670.8	1,847.9
Payments to suppliers and employees (excluding non recurring and ARI)		(4,090.4)	(5,460.9)	(5,213.2)	(1,724.0)	(1,522.2)	(1,779.4)
Net receipts from customers (excluding non recurring and ARI)		314.4	250.4	560.1	(86.2)	148.6	68.5
Income taxes paid		(34.7)	(28.2)	(42.8)	-	(2.0)	(2.2)
Dividends received		0.1	0.1	0.5	25.2	169.7	210.7
Net cash provided by Operating Activities (excluding non recurring and ARI)		279.8	222.3	517.8	(61.0)	316.3	277.0
Non recurring payments to suppliers and employees		(54.5)	(20.3)	-	(44.9)	(20.3)	-
Payments to suppliers and employees net of customer receipts (ARI)		(24.3)	(11.7)	(22.5)	(1.8)	(1.2)	(2.1)
Amounts paid into Accufix Settlement Funds (United States) by ARI and Pacific Dunlop Ltd		-	-	(116.0)	-	-	(16.0)
Amounts refunded from Accufix Settlement Funds (United States) by the Court		25.6	-	-	7.6	-	-
Net Cash Provided by/(Used in) Operating Activities	31(c)	**226.6**	**190.3**	**379.3**	**(100.1)**	**294.8**	**258.9**
Cash Flows from Investing Activities							
Payments for businesses, net of cash acquired	31(a)	(94.3)	(155.9)	(58.1)	(70.0)	-	-
Payments for property, plant and equipment		(76.0)	(156.8)	(222.6)	(16.4)	(17.0)	(33.7)
Payments for brand names/trademarks		(0.5)	(5.0)	(1.3)	-	(5.0)	(1.3)
Payment for redemption of preference shares		-	-	(0.6)	-	-	-
Proceeds from sale of businesses, net of cash disposed*	31(a)	906.8	3.4	245.2	211.5	-	205.3
Proceeds from sale of plant and equipment in the ordinary course of business		15.1	26.7	28.1	6.4	5.0	6.4
Loans (made)/repaid		(63.1)	(7.1)	4.5	(63.1)	(1.4)	7.2
Net loans to controlled entities	31(e)	-	-	-	833.4	(460.8)	(143.3)
Proceeds from sale of other investments		0.8	6.4	3.4	0.8	-	4.4
Payments for investments in controlled entities		-	-	-	-	(19.1)	(3.2)
Payments for other investments		(60.1)	(0.5)	(1.8)	(2.2)	-	(0.1)
Net Cash Provided by/(Used in) Investing Activities		**628.7**	**(288.8)**	**(3.2)**	**900.4**	**(498.3)**	**41.7**
Cash Flows from Financing Activities							
Proceeds from borrowings		10,093.6	5,541.4	9,746.3	8,135.4	5,279.5	9,254.4
Repayments of borrowings		(11,307.5)	(5,211.5)	(9,754.2)	(8,667.1)	(4,904.1)	(9,336.7)
Net (repayments of)/ proceeds from borrowings		(1,213.9)	329.9	(7.9)	(531.7)	375.4	(82.3)
Proceeds from issues of shares		2.5	1.3	3.4	2.5	1.3	3.4
Payments for share buy-back		(165.4)	-	-	(165.4)	-	-
Lease payments		(0.5)	(2.3)	(1.3)	-	(0.3)	(0.2)
Dividends paid		(108.5)	(150.1)	(148.7)	(103.3)	(144.4)	(143.4)
Interest received		44.6	47.4	39.3	130.3	91.3	40.1
Interest and borrowing costs paid		(144.7)	(150.3)	(149.5)	(129.5)	(124.5)	(112.4)
Net Cash (Used in)/Provided by Financing Activities		**(1,585.9)**	**75.9**	**(264.7)**	**(797.1)**	**198.8**	**(294.8)**
Net (Decrease)/Increase in Cash Held		**(730.6)**	**(22.6)**	**111.4**	**3.2**	**(4.7)**	**5.8**
Cash at the beginning of the financial year		1,019.8	1,021.3	944.5	24.1	28.8	23.0
Effects of exchange rate changes on the balances of cash held in foreign currencies at the beginning of the financial year		39.2	21.1	(34.6)	-	-	-
Cash at the End of the Financial Year	**31(d)**	**328.4**	**1,019.8**	**1,021.3**	**27.3**	**24.1**	**28.8**

* The Company 2001 includes a distribution from the Distribution Trust arising from the sale of the Electrical Distribution business (refer Note 4(b)).

The above statements of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies

General

Pacific Dunlop Limited is a multinational manufacturing, wholesaling and retailing concern. The Company's principal lines of business, determined and reported on the basis of differing products and services, are automotive product distribution (Pacific Automotive); manufacture/supplier of predominantly barrier protection products (Ansell); branded clothing,footwear, sporting goods and household products (Pacific Brands); manufacture, marketing and distribution of tyres (South Pacific Tyres).

The Ansell group manufactures industrial gloves, medical gloves and consumer products including household gloves and condoms in the Asia Pacific region and the United States, and markets these products globally.

Pacific Brands markets and manufactures a range of branded clothing, footwear and sporting goods sold throughout Australia, Asia-Pacific, New Zealand and Europe. It also manufactures and markets foam components and bedding products.

Pacific Automotive operates in Australia and New Zealand supplying automotive products to end user markets. Automotive parts are supplied to the automotive service repair industry and resellers.

South Pacific Tyres (SPT) manufactures a range of passenger car, truck, light truck and agricultural vehicle tyres and uses the major brands of "Dunlop", "Goodyear" and "Olympic".

The significant policies which have been adopted in the preparation of this financial report are:

Basis of Preparation of Financial Report

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

It has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or fair values of non-current assets.

The accounting policies adopted in preparing the financial report have been consistently applied by each entity in the consolidated entity and, except where there is a change in accounting policy, are consistent with those of the previous year.

Comparative information is reclassified where appropriate to enhance comparability.

Principles of Consolidation

The consolidated financial statements of the Pacific Dunlop Group ("the consolidated entity") include the financial statements of Pacific Dunlop Limited ("the Company"), being the parent entity, and its controlled entities.

1. Summary of Significant Accounting Policies (continued)

Principles of Consolidation (continued)

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Company as at balance date and the results of all controlled entities for the year then ended. The effects of all transactions between entities in the consolidated entity are eliminated in full. Outside interests in the results and equity of controlled entities are shown separately in the consolidated Statement of Financial Performance and Statement of Financial Position respectively.

Where control of an entity is obtained during a financial year, its results are included in the consolidated Statement of Financial Performance from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year during which control exists.

Reclassification of financial information

Some line items and sub-totals reported in the previous financial year have been reclassified and repositioned in the financial statements as a result of the first time application on 1 July 2000 of the revised standards AASB 1018 "Statement of Financial Performance", AASB 1034 "Financial Report Presentation and Disclosures" and the new AASB 1040 "Statement of Financial Position". Adoption of these standards has resulted in the transfer of the reconciliation of opening to closing retained profits from the face of the Statement of Financial Performance to Note 6.

Revenue and expense items previously disclosed as abnormal have been reclassified and are now disclosed as individually significant items in Note 4(b). These items are no longer identified separately on the face of the Statement of Financial Performance.

The following assets and liabilities have been removed from previous classifications and are now disclosed as separate line items on the face of the Statement of Financial Position:

- investments in associates and partnerships (equity accounted), previously presented within investments; and
- provision for deferred income tax, previously presented within non current provisions.

Revenue Recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST).

Sales Revenue

Sales revenue comprises revenue earned (net of returns, discounts and allowances) from the provision of products to entities outside the consolidated entity. Sales revenue is recognised when the goods are shipped and title passes.

Interest Income

Interest income is recognised as it accrues.

Asset Sales

The gross proceeds of asset sales are included as revenue of the consolidated entity. The profit or loss on disposal of assets is brought to account at the date a contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of the disposal and the net proceeds on disposal.

Any related balance in the asset revaluation reserve is transferred to the capital profits reserve on disposal.

1. Summary of Significant Accounting Policies (continued)

Borrowing Costs

Borrowing costs include interest, amortisation of ancillary costs incurred in connection with arrangement of borrowings and other related charges.

Ancillary costs incurred in connection with the arrangement of term borrowings are capitalised and amortised over the life of the borrowings.

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Income Tax

Income tax expense is calculated at current rates on the accounting profit adjusted for permanent differences and income tax over/under provided in the previous year. The estimated liability for income tax outstanding in respect of the period's operations is included in the Statement of Financial Position as a current liability.

Future income tax benefits and liabilities arising because some items are included in accounting profit in a period different from that in which the items are assessed for income tax, are included in the Statement of Financial Position as a non-current asset and a non-current liability respectively. As provided for in Accounting Standard AASB 1020, these deferred tax balances have been offset, where applicable, in the financial statements of the individual entities.

The eventual recoverability of future income tax benefits and payment of the non-current tax liability is contingent upon taxable income being earned in future periods, continuation of the relevant taxation laws and each relevant company continuing to comply with the appropriate legislation.

Future income tax benefits attributable to tax losses (including capital losses) are only recorded where virtual certainty of recovery exists.

Provision is made for overseas taxes, which may arise in the event of retained profits of foreign controlled entities being remitted to Australia, when the dividend is declared. Provision is made for capital gains tax, which may arise in the event of sale of revalued assets, only when such assets are sold.

1. Summary of Significant Accounting Policies (continued)

Receivables

Trade Debtors

Trade debtors are recognised as at the date they are invoiced and are principally on 30 day terms. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable.

Other Amounts Receivable

Other amounts receivable comprise amounts due as a result of transactions outside the normal course of trading.

Inventories

Stock on hand and work in progress are consistently valued on the basis of the lower of cost and net realisable value. The methods generally adopted throughout the consolidated entity in determining costs are:

Raw Materials and Other Stock

Actual costs, determined on a first in, first out basis or standard costs approximating actual costs.

Finished Goods and Work in Progress

Standard costs approximating actual costs include an appropriate allocation of overheads. Merchant lines are valued at actual cost into store, determined on a first in, first out or average cost basis.

Obsolete and slow moving stocks are written down to net realisable value where such value is below cost.

Investments

Controlled Entities

Investments in controlled entities in the books of the Company that were acquired prior to 1 July 1987 were valued by the Directors at 30 June 1987 based upon their net tangible asset value at that date. All investments are valued at the lower of cost and recoverable value. Dividends and distributions are brought to account in the Statement of Financial Performance when they are paid by the controlled entities.

Associated Companies

An associate is an entity, other than a partnership, over which the consolidated entity exercises significant influence, where the investment in that entity is material and has not been acquired with a view to disposal in the near future.

In the consolidated financial statements, investments in associates are accounted for using equity accounting principles. Investments in associates are carried at the lower of the equity accounted amount and recoverable amount. The consolidated entity's share of the associates' net profit after tax is recognised in the consolidated Statement of Financial Performance after adjusting for: revisions in depreciation of depreciable assets and amortisation of goodwill arising from adjustments made as at the date of acquisition; dissimilar accounting policies; and the elimination of unrealised profits and losses on transactions between the associate and any entities in the consolidated entity, or another associate of the consolidated entity. Other movements in reserves are recognised directly in consolidated reserves.

1. Summary of Significant Accounting Policies (continued)

Other Companies
Investments in other listed and unlisted companies are carried at cost less any amount provided for diminution in value as determined by the Directors. Dividends are recognised when they are received.

The shares in Exide Corporation are restricted from sale until subsequent to September 2003.

Interest in Partnership
The equity method of accounting has been applied in accounting for the interest in the South Pacific Tyres partnership.

Property, Plant and Equipment

Acquisition
Items of property, plant and equipment are initially recorded at cost and depreciated as set out below. The cost of property, plant and equipment constructed by the consolidated entity includes the cost of materials and direct labour and capitalised interest.

Depreciation and Amortisation
Depreciation and amortisation is calculated on a straight line basis so as to write off the net cost of each item of property, plant and equipment, excluding land, over its estimated useful life.

The expected useful lives are as follows:

Freehold buildings of the Company and all Australian controlled entities	- 40 years
Freehold buildings of overseas controlled entities	- Allowable taxation rates
Leasehold buildings	- Life of lease
Owned and leased plant and equipment	- 3 to 10 years

Leases
Finance leases are capitalised at the present value of the minimum lease payments. A corresponding lease liability is also established and each lease payment is allocated between the liability and finance charges.

Operating lease payments are expensed as incurred.

Recoverable Amount of Non-Current Assets Valued on Cost Basis
The carrying amounts of non-current assets valued on the cost basis are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write-down is recognised as an expense in the net profit or loss in the reporting period in which it occurs.

In assessing recoverable amounts of non-current assets the relevant cash flows have not been discounted to their present value, except where specifically stated.

Brand Names
Brand names acquired since 1 July 1987 are recorded in the financial statements at cost. No amortisation is provided against the carrying value of these brand names on the basis that the lives of these assets are considered unlimited at this point in time.

Brand names have an unlimited legal life and the brand names recorded in the financial statements are not currently associated with products which are likely to become commercially or technically obsolete.

1. Summary of Significant Accounting Policies (continued)

Payables

Trade and Other Creditors

Trade and other creditors are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company or the consolidated entity. Trade liabilities are normally settled on 60 day terms.

Bills Payable

Bills payable are carried at the principal amount plus accrued interest.

Interest Bearing Liabilities

Bank and other loans are carried at their principal amount, subject to set-off arrangements. Interest is charged as an expense as it accrues.

Provisions

Wages, Salaries and Annual Leave

The provisions for employee entitlements to wages, salaries and annual leave represent the amount which the consolidated entity has a present obligation to pay resulting from employees' services provided up to the balance date. The provisions have been calculated at nominal amounts based on current wage and salary rates and include related on-costs.

Long Service Leave and Post Retirement Health Benefits

The liability for employee entitlements to long service leave and post retirement health benefits represents the present value of the estimated future cash outflows to be made by the Company and the consolidated entity resulting from employees' services provided up to the balance date. Related on-costs have also been included in the liability.

Superannuation Contributions

The Company and other controlled entities contribute to various defined benefit and accumulation superannuation funds as set out in Note 24. Employer contributions to these funds are charged against the operating profit as they are made.

Contingencies, Rationalisation and Restructure, Accufix Pacing Lead Related Expenses and Insurance Claims

The consolidated entity provides for certain specifically identified or obligated costs when these amounts are reasonably determinable.

Employee and Executive Share Plans

The Company currently maintains two plans for employees of the consolidated entity - the Pacific Dunlop Employee Share Plan and the Pacific Dunlop Executive Share Option Plan. A further Plan, the Pacific Dunlop Executive Share Plan, was discontinued in 1996. Further information on these plans is set out in Note 25. Other than the costs incurred in administering the plans which are expensed as incurred, the plans do not result in any expense to the Company or the consolidated entity.

1. Summary of Significant Accounting Policies (continued)

Accounting for Acquisitions (Goodwill & Brand Names)

Acquired businesses are accounted for on the basis of the cost method. Fair values are assigned at date of acquisition to all the identifiable underlying assets acquired and to the liabilities assumed. Specific assessment is undertaken at the date of acquisition of any appropriate additional costs to be incurred. A liability for restructuring costs is only recognised as at the date of acquisition when there is a demonstrable commitment to restructuring together with a detailed plan. Further, the liability is only recognised when there is little or no discretion to avoid payment to other parties to settle such costs and a reliable estimate of the amount of the liability can be made.

Brand names acquired are recorded in the financial statements at cost. Acquired goodwill is capitalised and amortised to the Statement of Financial Performance on a straight line basis over the future period of expected benefit.

The benefits from the goodwill acquired may exceed 20 years but the goodwill is written off over periods not exceeding 20 years in compliance with Australian Accounting Standards. The unamortised balance of goodwill is reviewed at least at each reporting date and any material diminution in value is charged to the Statement of Financial Performance.

Foreign Currency Translations

Transactions in foreign currencies are recorded at the rate of exchange ruling on the date of each transaction. At balance date, amounts payable and receivable in foreign currencies are converted at the rates of exchange ruling at that date. Where forward currency contracts have been arranged, the contract settlement rate (approximating the spot rate) is used.

The financial statements of overseas controlled entities that are self sustaining foreign operations are converted using the current rate method. Variations occurring from year to year arising from this translation method are transferred to the foreign currency translation reserve.

Exchange differences arising on foreign currency amounts payable and receivable are brought to account in the Statement of Financial Performance. On consolidation, exchange differences on long term foreign currency amounts payable and receivable that hedge a net investment in an overseas controlled entity are transferred to the foreign currency translation reserve.

Derivatives

The Company and consolidated entity use derivative financial instruments, principally foreign exchange and interest rate forwards, commodity and interest rate options and futures, forward rate agreements and interest rate and currency swaps to reduce their exposure to movements in foreign exchange rates, interest rates and commodity prices.

The consolidated entity has adopted certain principles in relation to derivative financial instruments:

(i) it does not trade in a derivative that is not used in the hedging of an underlying business exposure of the consolidated entity;
(ii) derivatives acquired must be able to be recorded on the consolidated entity's treasury management systems, which contain extensive internal controls; and
(iii) the consolidated entity does not deal with counter-parties rated lower than A- by Standard and Poor's or A3 by Moody's Investors Service for any overnight transactions.

1. Summary of Significant Accounting Policies (continued)

The Company and consolidated entity follow the same credit policies, legal processes, monitoring of market and operational risks in the area of derivative financial instruments, as they do in relation to financial assets and liabilities on the Statement of Financial Position, where internal controls operate.

Derivative instruments are not recorded on the Statement of Financial Position.

Derivative Financial Instruments Held or Issued for Purposes Other Than Trading

On a continuing basis, the consolidated entity monitors its anticipated future exposures and on some occasions hedges all or part of these exposures. The transactions which may be covered are future profits of overseas controlled entities and future foreign exchange and commodity requirements.

These exposures are then monitored against continuing analysis of anticipated positions and may be modified from time to time. These transactions predominantly do not exceed 18 months duration and hedge transactions the consolidated entity expects to occur in this time frame.

Gains and losses on derivatives used as hedges are accounted for on the same basis as the underlying physical exposures they hedge. Accordingly, hedge gains and losses are included in the Statement of Financial Performance when the gain or loss arising on the related physical exposures are recognised in the Statement of Financial Performance.

When hedging an underlying interest rate exposure, with a derivative financial instrument, all gains and losses are accounted for on an accrual basis, thereby adjusting the underlying physical cost to the hedged rate over the life of the transaction. Gains or losses resulting from the termination of an interest rate swap contract where the underlying borrowing remains, are deferred on the Statement of Financial Position and then amortised over the life of the borrowing. Where the transaction is a single event, such as a foreign exchange or commodity exposure, the hedge gain or loss is taken to account on the actual exposure date.

Gains and losses on derivative financial instruments which hedge anticipated transactions are in the first instance deferred and later recognised in the Statement of Financial Performance when the hedged transaction occurs. Such deferrals only occur where the future transaction remains assured. Where an actual or anticipated transaction is modified or extinguished any associated derivative financial instrument is also modified or extinguished and any gain or loss that no longer relates to an actual or anticipated exposure is immediately taken to the Statement of Financial Performance.

Gains and losses that arise prior to and upon the maturity of transactions entered into under rollover strategies are deferred and included in the measurement of the hedge, if the transaction is still expected to continue. If the transaction is no longer expected to continue, the gains and losses are recognised immediately in the Statement of Financial Performance.

1. **Summary of Significant Accounting Policies (continued)**

Derivative Financial Instruments Held or Issued for Trading Purposes

The Company and the consolidated entity also enter into a limited number of exchange rate, interest rate and commodity related derivative contracts for trading purposes. These transactions are undertaken under strict guidelines, limits and internal controls and with appropriate stop loss parameters. Trading activities include taking positions within authorised and clearly defined limits to benefit from expected movements in prices. The portfolio of derivative financial instruments held for trading purposes is valued at market rates with all gains and losses being recognised in the Statement of Financial Performance for the current period.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure on contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

2. Change in Accounting Policy

Revaluation of non-current assets

The consolidated entity has applied AASB 1041 "Revaluation of Non-Current Assets" for the first time from 1 July 2000. The standard requires each class of non-current asset to be measured on either the cost or fair value basis. AASB 1041 does not apply to inventories, foreign currency monetary assets, goodwill, investments accounted for using the equity method, future income tax benefits and other assets measured at net market value where the market value movements are recognised in the Statement of Financial Performance.

The consolidated entity has adopted AASB 1041 as follows:

Investments

The consolidated entity has adopted the cost basis for listed and unlisted shares in other corporations.

Freehold and Leasehold Land & Buildings

The consolidated entity has adopted the cost basis for all land and buildings and has deemed the cost of these assets to be equal to their carrying value as at 1 July 2000. The carrying value of these assets brought forward as at 1 July 2000 comprised $61.5 million (the Company: $4.9 million) carried at cost of acquisition, $127.6 million (the Company: $14.2 million) carried at independent valuation and $6.2 million (the Company: $0.4 million) carried at directors' valuation. The change in accounting policy has no financial effect in the current or prior periods.

Other Non Current Assets

The consolidated entity has continued to adopt the cost basis for other non current assets such as receivables, plant and equipment and intangibles other than goodwill.

3. Other revenues

$ in millions	Consolidated 2001	2000	1999	The Company 2001	2000	1999
Other Revenues From Operating Activities						
Dividend income						
From shares in wholly owned controlled entities	-	-	-	25.2	169.7	210.1
From shares in associated companies	-	-	-	-	-	0.6
From shares in other companies	0.6	0.1	0.5	-	-	-
Interest Received or Due and Receivable						
From wholly owned controlled entities	-	-	-	127.7	88.7	33.9
From related parties	0.8	0.3	-	0.8	0.1	-
From others	44.1	46.7	39.7	1.8	2.5	6.2
Total revenue from other operating activities	**45.5**	**47.1**	**40.2**	**155.5**	**261.0**	**250.8**
Revenue from Outside Operating Activities						
Proceeds from the Sale of Non-Current Assets	15.1	26.7	28.1	6.4	5.7	6.4
Proceeds Received and Receivable from the Sale of Businesses and Investments*	1,049.9	11.6	261.9	214.8	-	209.3
Total revenue from outside operating activities	**1,065.0**	**38.3**	**290.0**	**221.2**	**5.7**	**215.7**
Total Other Revenues	**1,110.5**	**85.4**	**330.2**	**376.7**	**266.7**	**466.5**

* The Company 2001 includes a distribution from The Distribution Trust arising from the sale of the Electrical Distribution business (refer to Note 4(b)).

Notes to the Financial Statements

4. Operating Profit

$ in millions	Consolidated 2001	Consolidated 2000	Consolidated 1999	The Company 2001	The Company 2000	The Company 1999
(a) Profit from ordinary activities before income tax has been arrived at after charging/(crediting) the following items:						
Borrowing Costs						
Interest Paid or Due and Payable:						
To wholly owned controlled entities	-	-	-	-	-	3.4
To others	140.8	146.2	142.5	127.4	122.2	106.8
Finance Charges on Finance Leases	-	0.2	0.4	-	-	-
Other Borrowing Costs	3.5	3.1	3.3	2.1	2.3	2.4
Total Borrowing Costs	144.3	149.5	146.2	129.5	124.5	112.6
Depreciation						
Buildings	4.8	8.6	7.3	0.4	0.3	0.5
Plant & equipment	85.4	134.3	142.3	16.3	31.2	47.2
Amortisation						
Leasehold land and buildings	5.1	6.0	6.1	0.7	1.0	0.6
Leased plant and equipment	-	0.1	0.2	-	0.1	0.2
Goodwill	40.8	40.9	40.6	1.4	1.0	3.4
Write-down in value of inventories	7.3	1.1	7.3	0.1	1.1	5.7
Reversals of write-down in value of inventories	(3.6)	(0.1)	-	(1.1)	-	-
Deferred costs	3.7	3.3	-	3.7	3.3	-
Research and Development Costs Expensed as Incurred	23.9	38.8	37.1	0.3	0.5	0.6
Net Bad Debts Expense	1.9	1.3	1.9	0.9	1.2	1.0
Amounts Set Aside to Provision for:						
Doubtful trade debts	7.9	7.3	7.2	(0.1)	1.2	5.2
Doubtful amounts owing by wholly owned controlled entities	-	-	-	644.7	(8.3)	118.8
Write down in value of investments in wholly owned controlled entities	-	-	-	240.3	186.0	-
Employee entitlements	60.9	102.3	86.9	26.7	36.4	36.1
Contingencies	(4.6)	(9.7)	1.5	(4.6)	(0.4)	(5.6)
Rationalisation and restructuring costs	65.6	62.5	10.5	3.3	57.0	-
Rebates, allowances and warranty claims	7.1	14.4	3.3	0.3	(2.8)	1.2
Environmental remediation	(3.7)	-	4.8	-	-	-
Net foreign exchange (gain)/loss	(2.4)	3.6	(6.3)	37.8	(32.7)	32.2
Profits Arising from the Sale of Property, Plant and Equipment	(1.1)	(6.1)	(4.3)	(0.4)	(1.2)	(0.6)
Losses Arising from Sale of Property, Plant and Equipment [1]	8.5	163.8	101.1	#REF!	0.4	13.1
Operating Lease Rentals	79.2	110.4	103.5	44.2	59.2	51.7
Write down in value of inventories	3.7	(0.5)	1.1	(1.0)	(0.3)	1.1

[1] Includes non recurring write down of certain GNB assets and other costs in 1999 and 2000.

4. Operating Profit (continued)

$ in thousands	Consolidated 2001	Consolidated 2000	Consolidated 1999	The Company 2001	The Company 2000	The Company 1999
Auditors' Remuneration						
Amounts received and receivable for audit services:						
Auditors of Pacific Dunlop Limited and Australian entities	2,986	2,353	2,710	2,250	1,829	1,894
Other member firms of KPMG	1,940	2,581	2,577	-	-	-
For other services:						
Auditors of Pacific Dunlop Limited and Australian entities	4,208	2,866	3,745	3,229	2,282	1,449
Other member firms of KPMG	1,132	3,729	1,603	-	-	-

$ in millions	Consolidated 2001	Consolidated 2000	Consolidated 1999	The Company 2001	The Company 2000	The Company 1999
(b) Individually significant items included in operating profit from ordinary activities before income tax expense						
Gain on sale of Electrical Distribution business	145.0	-	-	152.4 [1]	-	-
Write down of assets and write down of investments and intercompany balances in subsidiaries	(97.7)	(160.0)	(94.0)	(890.7)	(186.0)	(16.3)
Engineered Products restructure	(27.4)	-	-	(27.4)	-	-
Ansell restructure	(60.2)	-	-	-	-	-
Supply Chain restructure	-	(54.1)	-	-	(54.1)	-
Gain on disposal of the Cables Group	-	-	-	-	-	71.1

[1] Represents the distribution from the Distribution Trust arising from the sale of the Electrical Distribution business.

(c) Revision of accounting estimate

At the end of the financial year, as a consequence of the pending divestments of Pacific Automotive and Pacific Brands, the balance of the Supply Chain restructure provision of $14.3 million created during the prior year was returned to operating profit.

5. Contributed Equity

$ in millions	Consolidated 2001	2000	1999	The Company 2001	2000	1999
Issued and Paid up Capital						
933,789,501 (2000 - 1,033,072,171; 1999 - 1,031,757,171) ordinary shares, fully paid *	1,454.2	1,617.1	1,775.9	1,454.2	1,617.1	1,775.9
7,408,500 (2000 - 10,118,400; 1999 - 11,433,400) ordinary plan shares, paid to 1 cent	0.1	0.1	0.1	0.1	0.1	0.1
Total Issued and Paid up Capital	**1,454.3**	**1,617.2**	**1,776.0**	**1,454.3**	**1,617.2**	**1,776.0**

* includes 3,738,332 (2000 - 4,101,943; 1999 - 4,975,187) shares issued in accordance with the Employee Share Plan

$ in millions	Consolidated 2001	2000	1999	The Company 2001	2000	1999
Ordinary Shares Reconciliation						
Balance at the beginning of the financial year	1,617.2	1,776.0	514.9	1,617.2	1,776.0	514.9
Increase in Contributed Equity:						
Transfer of share premium reserve to Contributed Equity	-	-	1,229.6	-	-	1,229.6
Transfer of capital redemption reserve to Contributed Equity	-	-	28.0	-	-	28.0
Additional capital issued	2.5	1.2	3.5	2.5	1.2	3.5
Decrease in Contributed Equity:						
Share buy-back	(165.4)	-	-	(165.4)	-	-
Capital reduction	-	(160.0)	-	-	(160.0)	-
Balance at the end of the financial year	**1,454.3**	**1,617.2**	**1,776.0**	**1,454.3**	**1,617.2**	**1,776.0**

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation. Note 25 provides details of shares subject to options granted under the Pacific Dunlop Executive Share Option Plan.

Share buy-back
On 13 November 2000 pursuant to its off market equal access tender buy-back, the Company bought back 101,992,570 shares at a buy-back price of $1.60 per share.

Share Capital Transfer to Retained Profits
As previously reported, effective 30 June 2000, in accordance with section 258F of the Corporations Law, the Company's issued and paid up capital was reduced by the amount of $160 million, representing an amount of capital lost by the Company, and that reduction was effected by crediting the amount to the Company's retained profits account.

Executive Share Plan
As previously reported, the Pacific Dunlop Executive Share Plan was closed to new members effective 12 September 1996, and no further issues of Executive Plan Shares will be made.

During the financial year, the amounts outstanding on 2,709,000 existing Executive Plan Shares were fully paid. Since the end of the financial year, the amounts outstanding on a further 249,000 Executive Plan Shares have been fully paid.

Employee Share Plan
During the financial year, the loan liability of members in respect of 363,611 fully paid ordinary shares of 50 cents each was discharged. Since the end of the financial year, the amounts outstanding on a further 1,096 Employee Plan Shares have been fully paid. Under the Employee Share Plan, 10 cents was payable on subscription for each Plan share allotted to eligible employees, the balance of issue price being funded by way of interest free loans from the Company to the member. No new shares were issued during the financial year or up to the date of this Report under the Pacific Dunlop Employee Share Plan.

6. (Accumulated Losses)/Retained Profits and Reserves

	Consolidated			The Company		
$ in millions	**2001**	**2000**	**1999**	**2001**	**2000**	**1999**
Asset revaluation reserve	6.2	20.2	8.6	10.2	10.2	10.0
General reserve	3.0	2.8	4.8	-	-	-
Foreign currency translation reserve	(127.2)	(54.2)	(115.5)	-	-	-
	(118.0)	(31.2)	(102.1)	10.2	10.2	10.0
(Accumulated losses)/retained profits	(289.9)	(103.6)	(65.4)	(465.8)	336.7	284.0
Total Reserves	**(407.9)**	**(134.8)**	**(167.5)**	**(455.6)**	**346.9**	**294.0**

Movements during the year:

	Consolidated			The Company		
$ in millions	**2001**	**2000**	**1999**	**2001**	**2000**	**1999**
Share Premium Reserve						
Balance at the beginning of the financial year	-	-	1,229.6	-	-	1,229.6
Included with share capital	-	-	(1,229.6)	-	-	(1,229.6)
Balance at the end of the financial year	**-**	**-**	**-**	**-**	**-**	**-**
Capital Redemption Reserve						
Balance at the beginning of the financial year	-	-	28.0	-	-	28.0
Included with share capital	-	-	(28.0)	-	-	(28.0)
Balance at the end of the financial year	**-**	**-**	**-**	**-**	**-**	**-**
Asset Revaluation Reserve						
Balance at beginning of the financial year	20.2	8.6	20.7	10.2	10.0	9.2
Adjustment upon adoption of AASB 1041	(14.1)	-	-	-	-	-
Transfer from/(to) retained profits	0.1	10.4	(12.1)	-	-	0.8
Transfer to GNB assets held for sale	-	1.2	-	-	0.2	-
Balance at the end of the financial year	**6.2**	**20.2**	**8.6**	**10.2**	**10.2**	**10.0**
General Reserve						
Balance at beginning of the financial year	2.8	4.8	4.8	-	-	-
Transfer from/(to) retained profits	0.2	(2.0)	-	-	-	-
Balance at the end of the financial year	**3.0**	**2.8**	**4.8**	**-**	**-**	**-**
Foreign Currency Translation Reserve						
Balance at the beginning of the financial year	(54.2)	(115.5)	(94.2)	-	-	(0.8)
Transfers to retained profits	-	-	-	-	-	0.8
Exchange fluctuations on assets and liabilities held in foreign currencies						
net gain/(loss) on translation of net assets	279.1	154.2	(119.2)	-	-	-
net (loss)/gain on hedge borrowings	(352.1)	(92.9)	97.9	-	-	-
Balance at the end of the financial year	**(127.2)**	**(54.2)**	**(115.5)**	**-**	**-**	**-**

6. (Accumulated Losses)/Retained Profits and Reserves (continued)

	Consolidated			The Company		
$ in millions	**2001**	**2000**	**1999**	**2001**	**2000**	**1999**
(Accumulated Losses)/Retained Profits						
Balance at the beginning of the financial year	(103.6)	(65.4)	(38.2)	336.7	284.0	295.9
Transfer (to)/from reserves	(0.3)	(8.4)	12.1	-	-	(0.8)
after income tax	(139.4)	(86.5)	105.8	(755.9)	(4.0)	133.4
Amount transferred from contributed equity	-	160.0	-	-	160.0	-
Dividends provided for or paid	(46.6)	(103.3)	(145.1)	(46.6)	(103.3)	(144.5)
Balance at the end of the financial year	**(289.9)**	**(103.6)**	**(65.4)**	**(465.8)**	**336.7**	**284.0**

Nature and purpose of reserves

Asset Revaluation
The asset revaluation reserve includes the net revaluation increments and decrements arising from the revaluation of non-current assets in accordance with AASB 1041. The balance of $6.2 million (the Company:$10.2 million) is not available for future asset write-downs as a result of using the deemed cost election for land and buildings when adopting AASB 1041.

General
The amount standing to the credit of the general reserve resulted from prior period allocations of retained profits for non-specific purposes and is available for release to retained profits.

Foreign currency reserve
The foreign currency translation reserve records the foreign currency differences arising from the translation of self-sustaining foreign operations, the translation of transactions that hedge the Company's net investment in a foreign operation or the translation of foreign currency monetary items forming part of the net investment in a self-sustaining operation. Refer to accounting policy note 1.

7. Total Equity Reconciliation

Total equity at the beginning of the financial year	1,499.9	1,634.3	1,691.7	1,964.1	2,070.0	2,076.8
Total changes in equity from non-owner related transactions attributable to Pacific Dunlop Limited shareholders	(226.5)	(24.0)	84.5	(755.9)	(3.8)	134.2
Transactions with owners as owners:						
Contributions of equity	2.5	1.2	3.5	2.5	1.2	3.5
Share buy-back	(165.4)	-	-	(165.4)	-	-
Dividends	(46.6)	(103.3)	(145.1)	(46.6)	(103.3)	(144.5)
Total changes in outside equity interest	2.3	(8.3)	(0.3)	-	-	-
Total equity at the end of the financial year	**1,066.2**	**1,499.9**	**1,634.3**	**998.7**	**1,964.1**	**2,070.0**

8. Income Tax

$ in millions	Consolidated 2001	Consolidated 2000	Consolidated 1999	The Company 2001	The Company 2000	The Company 1999
Tax at Standard Rates on Operating Profit/(Loss)	18.4	(19.0)	58.6	(229.2)	3.2	45.0
Increased taxation arising from:						
Goodwill amortisation	4.8	6.8	8.8	0.5	3.2	1.2
Foreign losses and costs not deductible	0.2	1.4	2.2	-	-	-
Income tax under provided in prior years	1.6	-	-	0.6	1.6	-
Other permanent differences not deductible	3.8	-	-	-	-	-
Provision against amounts owing by wholly owned controlled entities	-	-	-	-	-	42.6
Reduced taxation arising from:						
Tax rebate on dividends from investments	-	-	(0.1)	-	(33.3)	(75.8)
Tax exempt dividends from foreign companies	-	-	(0.5)	(8.6)	(2.8)	-
Income tax over provided in previous years	-	(0.7)	(10.9)	-	-	(7.2)
Investment and export incentive allowances	(8.9)	(9.7)	(16.8)	-	-	-
Net capital receipts not assessable	-	-	-	-	-	(11.6)
Net lower overseas tax rates	(0.9)	(5.7)	(15.1)	-	-	-
Other allowable permanent differences	-	(18.6)	(7.5)	(13.2)	(33.3)	(2.7)
Share of associates' net profit	(1.1)	(1.1)	(1.3)	-	-	-
Attributable to Operating Profit/(Loss) Before Effect of Tax Rate Change and Individually Significant Items	17.9	(46.6)	17.4	(249.9)	(61.4)	(8.5)
Individually Significant Income Tax Items:						
Write off of the future income tax benefit attributable to Australian tax losses/FX losses	158.5	-	-	88.4	-	-
Gain on sale of Electrical Distribution business	(49.3)	-	-	(52.0)	-	-
Net gain on sale of other controlled entities and businesses	-	-	-	(13.4)	(8.2)	-
Net restructuring costs	19.6	-	-	-	-	-
Write down of intergroup investment and intercompany balances	-	-	-	300.9	-	-
Write down of assets	43.2	57.6	33.8	7.8	67.0	-
Attributable to Operating Profit/(Loss) from Ordinary Activities Before Effect of Tax Rate Change	**189.9**	**11.0**	**51.2**	**81.8**	**(2.6)**	**(8.5)**
Effect of tax rate change	-	18.8	-	-	15.6	-
Attributable to Operating Profit/(Loss)	**189.9**	**29.8**	**51.2**	**81.8**	**13.0**	**(8.5)**

Income tax expense/(benefit) attributable to operating profit/(loss) is made up of:

	Consolidated 2001	Consolidated 2000	Consolidated 1999	The Company 2001	The Company 2000	The Company 1999
Provision attributable to current year	20.5	(24.1)	6.4	(31.9)	2.3	3.2
(Over)/Under provision in respect of previous years	1.6	(0.7)	(10.9)	0.6	1.6	(7.2)
Provision attributable to future years						
Deferred tax liability	4.5	49.5	0.3	-	(0.1)	-
Future income tax benefit	163.3	5.1	55.4	113.1	9.2	(4.5)
	189.9	**29.8**	**51.2**	**81.8**	**13.0**	**(8.5)**

9. Dividends Paid and Proposed

$ in millions	The Company 2001	The Company 2000	The Company 1999
Dividends paid or declared by the Company are:			
(a) an interim dividend of 5 cents, unfranked (2000 - 7 cents, unfranked; 1999 - 7 cents, unfranked) was paid out of profits existing on 2 July 2001	46.6	72.3	72.2
(b) no final dividend (2000 - 3 cents, unfranked; 1999 - 7 cents, unfranked) has been declared by the Directors	-	31.0	72.2

Dividend Franking Account

The balance of available franking credits in the franking account as at 30 June 2001 was Nil (2000 - Nil; 1999 - Nil). The interim dividend paid on 2 July 2001 was unfranked.

10. Outside Equity Interests

$ in millions	Consolidated 2001	2000	1999
Outside equity interests comprise:			
Contributed equity	11.6	11.6	23.7
Reserves	4.6	0.7	(4.8)
Retained profits at the beginning of the financial year	5.2	6.9	5.9
Profits/(losses) for the year	3.6	4.1	5.7
Dividends provided for during the year	(5.2)	(5.7)	(5.3)
Outside equity interests (disposed)/acquired during the year	-	(0.1)	0.6
Retained profits at the end of the financial year	3.6	5.2	6.9
Total Outside Equity Interests	**19.8**	**17.5**	**25.8**

11. Cash

	Consolidated			The Company		
$ in millions	2001	2000	1999	2001	2000	1999
Cash on hand	0.6	1.2	1.0	0.1	0.1	0.1
Cash at bank	115.7	187.8	179.2	21.0	23.5	29.5
Short-term deposits	194.6	862.6	862.5	7.2	4.4	1.1
	310.9	1,051.6	1,042.7	28.3	28.0	30.7
Restricted deposits	27.0	26.3	29.6	-	-	-
Total Cash	**337.9**	**1,077.9**	**1,072.3**	**28.3**	**28.0**	**30.7**

Restricted deposits represent cash set aside to cover the provisions established to address any remaining liability of members of the Group for claims arising with respect to the Accufix Pacing Lead.

12. Receivables

	Consolidated			The Company		
$ in millions	2001	2000	1999	2001	2000	1999
Current						
Trade debtors	597.4	715.8	887.8	154.4	126.4	132.3
Less provision for doubtful debts	33.1	33.5	40.2	4.4	6.0	9.5
Less provision for rebates, allowances and warranty claims	41.2	34.1	41.3	9.7	9.4	12.0
	523.1	648.2	806.3	140.3	111.0	110.8
Amounts owing by South Pacific Tyres partnership	-	0.9	1.6	-	0.6	0.1
Amounts owing by wholly owned controlled entities	-	-	-	2,684.9	2,864.7	2,437.9
Less provision for doubtful debts	-	-	-	841.2	196.4	204.7
Other amounts receivable	120.7	135.6	179.6	29.7	18.1	60.0
Total Current	**643.8**	**784.7**	**987.5**	**2,013.7**	**2,798.0**	**2,404.1**
Non-Current						
Interest bearing amount owing by South Pacific Tyres partnership	25.8	-	0.3	25.8	-	-
Interest bearing amount owing by external entities	33.7	-	-	33.7	-	-
Other amounts receivable	28.5	39.2	45.6	20.6	29.7	34.6
Amounts owing by other related parties	4.0	-	-	4.0	-	-
Less provision for doubtful debts	-	-	0.1	-	-	0.1
Total Non Current	92.0	39.2	45.8	84.1	29.7	34.5
Total Receivables	**735.8**	**823.9**	**1,033.3**	**2,097.8**	**2,827.7**	**2,438.6**
Bad Debts Written Off against Provision for Doubtful Debts						
Trade debtors	1.9	1.3	1.9	0.9	-	1.0

Included in other amounts receivable are:						
(i) Loans to employees in relation to the employee share plan						
- current	1.0	2.4	0.7	1.0	2.4	0.7
- non-current	7.6	7.5	11.8	7.6	7.5	11.8
(ii) Loans to Executive Directors of Pacific Dunlop Limited and Executives who are Directors of certain controlled entities secured under the Pacific Dunlop Housing Scheme repayable at a future date at concessional interest rates						
- current	-	-	-	-	-	-
- non-current	0.4	0.6	1.1	0.4	0.6	1.1
Repayments received	0.2	0.5	-	0.2	0.5	-

Notes to the Financial Statements

13. Inventories

$ in millions	Consolidated 2001	2000	1999	The Company 2001	2000	1999
At Cost						
Raw materials	78.8	69.3	107.0	32.6	34.9	38.8
Work in progress	32.9	38.9	96.7	9.7	11.9	18.9
Finished goods	592.7	594.8	723.0	128.2	95.8	114.0
Other stock	6.6	10.0	13.9	2.6	3.4	3.8
Total Inventory at Cost	**711.0**	**713.0**	**940.6**	**173.1**	**146.0**	**175.5**
Net Realisable Value						
Raw materials	6.0	2.8	0.3	2.4	0.1	0.3
Work in progress	1.6	0.3	-	-	-	-
Finished goods	69.9	132.4	11.0	30.4	16.7	-
Other stock	5.8	0.2	0.3	-	-	-
Total Inventory at Net Realisable Value	**83.3**	**135.7**	**11.6**	**32.8**	**16.8**	**0.3**
Total Inventory	**794.3**	**848.7**	**952.2**	**205.9**	**162.8**	**175.8**

14. Investments

$ in millions	Notes	Consolidated 2001	2000	1999	The Company 2001	2000	1999
(a) Shares in Controlled Entities and Other financial assets							
Not quoted on a prescribed stock exchange:							
Pre 01/07/1987 - Directors' valuation 30/06/1987		-	-	-	383.4	383.4	393.3
Post 01/07/1987 - At cost		-	-	-	2,059.4	2,715.1	2,700.2
Less Provision for diminution in value		-	-	-	485.4	245.1	59.1
Quoted on a prescribed stock exchange:							
At cost		71.6	-	-	-	-	-
Not quoted on a prescribed stock exchange:							
At cost		5.3	4.8	16.1	2.2	-	-
Total		76.9	4.8	16.1	1,959.6	2,853.4	3,034.4
(b) Investments accounted for using the equity method							
Shares in Unlisted Associated Companies							
Equity Accounted	39	33.3	19.0	17.3	-	-	-
Directors' valuation		-	-	-	0.2	0.2	0.2
Investment in Partnerships							
South Pacific Tyres	34	116.4	103.8	115.0	-	-	-
		149.7	122.8	132.3	0.2	0.2	0.2
Total Investments		**226.6**	**127.6**	**148.4**	**1,959.8**	**2,853.6**	**3,034.6**

15. Property, plant and equipment

$ in millions	Consolidated 2001	Consolidated 2000	Consolidated 1999	The Company 2001	The Company 2000	The Company 1999
(a) Freehold Land						
Independent valuation 31/12/1997	-	35.0	55.3	-	4.1	4.2
Directors' valuation 31/12/1997	-	0.4	27.7	-	0.4	0.4
At cost	43.3	2.3	2.4	9.7	-	-
	43.3	**37.7**	**85.4**	**9.7**	**4.5**	**4.6**
(b) Freehold Buildings						
Independent valuation 31/12/1997	-	60.6	102.1	-	10.8	11.8
Directors' valuation 31/12/1997	-	5.8	31.4	-	-	-
	-	66.4	133.5	-	10.8	11.8
Less provision for depreciation	-	3.1	13.9	-	0.7	0.4
	-	**63.3**	**119.6**	**-**	**10.1**	**11.4**
At cost	114.4	31.4	41.0	20.0	1.0	1.3
Less provision for depreciation	16.7	9.2	9.0	1.2	0.2	0.4
	97.7	**22.2**	**32.0**	**18.8**	**0.8**	**0.9**
	97.7	**85.5**	**151.6**	**18.8**	**10.9**	**12.3**
(c) Leasehold Land and Buildings						
Independent valuation 31/12/1997	-	38.4	38.0	-	-	-
Directors' valuation 31/12/1997	-	-	9.8	-	-	-
	-	38.4	47.8	-	-	-
Less provision for amortisation	-	3.3	3.4	-	-	-
	-	**35.1**	**44.4**	**-**	**-**	**-**
At cost	99.1	63.6	38.0	6.3	7.1	5.8
Less provision for amortisation	25.9	26.6	17.2	3.2	3.0	2.2
	73.2	**37.0**	**20.8**	**3.1**	**4.1**	**3.6**
	73.2	**72.1**	**65.2**	**3.1**	**4.1**	**3.6**
(d) Plant and Equipment						
At cost	979.2	992.1	1,526.9	179.1	201.4	247.8
Less provision for depreciation	555.3	559.2	880.5	115.8	130.4	153.6
	423.9	**432.9**	**646.4**	**63.3**	**71.0**	**94.2**
(e) Leased Plant and Equipment						
At cost	0.5	0.5	1.3	-	-	0.7
Less provision for amortisation	0.5	0.5	1.1	-	-	0.5
	-	**-**	**0.2**	**-**	**-**	**0.2**
(f) Buildings and Plant under construction						
At cost	31.8	30.0	117.0	4.0	2.5	6.0
	669.9	**658.2**	**1,065.8**	**98.9**	**93.0**	**120.9**

In accordance with the consolidated entity's policy of obtaining an independent valuation of land and buildings every three years, an independent valuation was carried out as at 31 December 2000 by CB Richard Ellis (Victoria) Pty Ltd. This valuation is on the basis of Fair Value - Existing Use, subject to continued occupation by the operating entity or, where this was not the case, Fair Value - Alternative Use. This resulted in a valuation of land of $65,145,522 (the Company: $4,805,000) and a valuation of buildings of $113,002,736 (the Company: $8,415,000).

As set out in the change in accounting policy note the Directors have adopted the cost basis in adopting AASB 1041 Revaluation of Non-Current Assets. Consequently the valuation has not been brought to account.

15. Property, plant and equipment (continued)

	Consolidated			The Company		
$ in millions	**2001**	**2000**	**1999**	**2001**	**2000**	**1999**
Reconciliations						
Reconciliations of the balances for each class of property, plant and equipment are set out below:						
Freehold Land						
Balance at the beginning of the financial year	37.7	85.4	95.1	4.5	4.6	11.0
Additions	1.0	5.3	0.4	1.0	-	-
Acquisitions through entities acquired	4.7	-	1.8	4.7	-	-
Disposal of entities	-	(40.9)	(11.7)	-	(0.1)	(5.4)
Disposals	(0.5)	-	(8.8)	(0.5)	-	(0.9)
Transfers (to)/from related companies	(4.1)	(11.2)	2.6	(1.3)	(1.2)	(1.2)
Transfer from capital works in progress	-	0.9	1.8	-	-	-
Net foreign currency differences on translation of self-sustaining operations	4.5	(1.8)	4.2	1.3	1.2	1.1
Balance at the end of the financial year	43.3	37.7	85.4	9.7	4.5	4.6
Freehold Buildings						
Balance at the beginning of the financial year	85.5	151.6	205.4	10.9	12.3	22.2
Additions	0.2	0.6	0.9	-	0.2	0.4
Acquisitions through entities acquired	8.2	0.5	6.7	8.2	-	-
Disposal of entities	(0.1)	(86.8)	(31.5)	-	(0.9)	(8.8)
Disposals	(0.7)	(3.2)	(9.4)	-	-	(0.2)
Transfers (to)/from related companies	(9.3)	5.2	1.2	-	0.6	(0.6)
Transfer from capital works in progress	2.9	11.4	6.7	-	-	-
Transfers to leased assets	-	(0.2)	(0.6)	-	(0.2)	-
Depreciation	(4.8)	(8.6)	(7.3)	(0.4)	(0.3)	(0.5)
Net foreign currency differences on translation of self-sustaining operations	15.8	15.0	(20.5)	0.1	(0.8)	(0.2)
Balance at the end of the financial year	97.7	85.5	151.6	18.8	10.9	12.3
Leasehold Land & Buildings						
Balance at the beginning of the financial year	72.1	65.2	67.1	4.1	3.6	4.4
Additions	1.6	2.9	2.0	0.2	0.7	0.4
Acquisitions through entities acquired	0.2	13.0	0.5	0.2	-	-
Disposal of entities	(8.8)	(12.7)	-	(0.3)	-	-
Disposals	(0.4)	(0.1)	(0.3)	(0.4)	-	-
Transfers (to)/from related companies	0.3	0.2	(1.0)	-	(0.2)	(0.9)
Transfers from capital works in progress	0.2	0.9	2.7	-	0.1	0.3
Transfers from fixed assets	-	0.2	0.6	-	0.2	-
Amortisation	(5.1)	(6.0)	(6.1)	(0.7)	(1.0)	(0.6)
Net foreign currency differences on translation of self-sustaining operations	13.1	8.5	(0.3)	-	0.7	-
Balance at the end of the financial year	73.2	72.1	65.2	3.1	4.1	3.6

15. Property, plant and equipment (continued)

$ in millions	Consolidated 2001	2000	1999	The Company 2001	2000	1999
Plant & Equipment						
Balance at the beginning of the financial year	432.9	646.4	782.0	71.0	94.2	163.3
Additions	37.6	46.1	54.1	8.9	10.9	17.3
Acquisition through entity acquired	11.1	30.6	14.1	9.6	-	-
Disposal of entity	(34.5)	(345.9)	(50.6)	(3.3)	(19.2)	(47.0)
Disposals	(20.3)	(18.4)	(105.8)	(12.4)	(4.2)	(16.7)
Transfers (to)/from related companies	(29.9)	8.0	7.3	1.5	7.0	(0.5)
Transfers from capital works in progress	36.6	155.0	120.7	4.3	8.1	9.3
Transfers from leased assets	-	0.1	-	-	0.1	-
Depreciation	(85.4)	(134.3)	(142.3)	(16.3)	(31.2)	(47.2)
Net foreign currency differences on translation of self-sustaining operations	75.8	45.3	(33.1)	-	5.3	15.7
Balance at the end of the financial year	423.9	432.9	646.4	63.3	71.0	94.2
Leased Plant & Equipment						
Balance at the beginning of the financial year	-	0.2	0.3	-	0.2	0.3
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Transfers to fixed assets	-	(0.1)	-	-	(0.1)	-
Amortisation	-	(0.1)	(0.2)	-	(0.1)	(0.2)
Net foreign currency differences on translation of self-sustaining operations	-	-	0.1	-	-	0.1
Balance at the end of the financial year	-	-	0.2	-	-	0.2
Buildings and Plant under construction						
Balance at the beginning of the financial year	30.0	117.0	107.8	2.5	6.0	10.9
Additions	35.6	101.8	165.3	6.2	5.3	15.5
Acquisitions through entities acquired	0.4	0.1	0.3	0.4	-	-
Disposal of entities	(0.1)	(38.1)	(7.0)	-	(0.6)	(6.6)
Disposals	(0.5)	-	(9.2)	(0.5)	-	(1.0)
Transfers (to)/from related companies	(2.5)	0.8	(1.5)	(0.4)	0.3	(3.2)
Transfers to the statement of financial performance	(0.3)	(1.2)	(0.2)	-	(0.2)	(0.1)
Transfers to property, plant & equipment	(39.7)	(168.1)	(131.9)	(4.3)	(8.3)	(9.6)
Net foreign currency differences on translation of self-sustaining operations	8.9	17.7	(6.6)	0.1	-	0.1
Balance at the end of the financial year	31.8	30.0	117.0	4.0	2.5	6.0

16. Intangibles

$ in millions	Consolidated 2001	2000	1999	The Company 2001	2000	1999
Brand Names						
At cost	217.5	219.5	205.3	7.3	8.7	3.7
Goodwill						
Directors' valuation 30/06/1992	-	-	47.9	-	-	-
Directors' valuation 30/06/1996	4.0	3.4	2.9	-	-	-
	4.0	3.4	50.8	-	-	-
Less provision for amortisation	2.0	1.4	14.7	-	-	-
	2.0	2.0	36.1	-	-	-
At cost	536.8	622.2	536.5	8.4	20.0	19.9
Less provision for amortisation	199.8	215.9	170.1	5.0	10.2	9.1
	337.0	406.3	366.4	3.4	9.8	10.8
Total Goodwill	**339.0**	**408.3**	**402.5**	**3.4**	**9.8**	**10.8**
Total Intangibles	**556.5**	**627.8**	**607.8**	**10.7**	**18.5**	**14.5**

17. Future Income Tax Benefit

$ in millions	Consolidated 2001	2000	1999	The Company 2001	2000	1999
Future income tax benefit arising from:						
Accumulated timing differences	75.4	147.9	137.5	32.2	145.3	154.6
Accumulated tax losses	31.4	124.1	142.7	-	-	(0.1)
	106.8	**272.0**	**280.2**	**32.2**	**145.3**	**154.5**

The Group has unrecognised capital tax losses relating to controlled entities of $242.5 million (2000 - $42.5 million; 1999 - $29.1 million). Future income tax benefits of $461.8 million (2000 - $197.8 million; 1999 - $169.5 million) relating to trading tax losses of controlled entities have not been recognised in the financial statements.

The benefit of those trading losses will only be obtained if:
(a) the relevant company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised, or the benefit can be utilised by another company in the consolidated entity;
(b) the relevant company and/or the consolidated entity continues to comply with the conditions for deductability imposed by the law; and
(c) no changes in tax legislation adversely affect the relevant company and/or consolidated entity in realising the benefit.

17. Future Income Tax Benefit (continued)

The tax effect of temporary differences that give rise to significant portions of the future income tax benefit are presented below:

	Consolidated		
$ in millions	**2001**	**2000**	**1999**
Trading stock tax adjustments	13.0	44.2	24.0
Depreciation on plant adjustments	1.5	(2.4)	(4.5)
Provisions	82.2	39.4	107.4
Accruals	(1.0)	-	10.5
Unrealised foreign exchange losses	0.2	49.8	37.2
Accumulated tax losses	31.4	124.1	142.7
Other	(20.5)	16.9	(37.1)
Total temporary differences	**106.8**	**272.0**	**280.2**

18. Payables

	Consolidated			The Company		
$ in millions	**2001**	**2000**	**1999**	**2001**	**2000**	**1999**
Current						
Amounts owing to wholly owned controlled entities	-	-	-	1,623.3	1,620.8	1,711.5
Trade creditors	363.2	476.7	598.3	77.9	78.8	98.5
Bills payable	6.6	1.5	0.1	1.5	-	0.1
Other creditors	51.1	88.2	125.2	20.2	181.6	147.2
Lease liabilities	-	-	2.1	-	-	0.2
Total Current	**420.9**	**566.4**	**725.7**	**1,722.9**	**1,881.2**	**1,957.5**
Non-Current						
Trade creditors	0.3	0.2	0.3	0.1	0.1	0.1
Other creditors	4.8	5.5	11.7	0.2	0.3	0.2
Lease liabilities	-	-	2.0	-	-	0.1
Total Non-Current	**5.1**	**5.7**	**14.0**	**0.3**	**0.4**	**0.4**
Total Payables	**426.0**	**572.1**	**739.7**	**1,723.2**	**1,881.6**	**1,957.9**

19. Interest Bearing Liabilities

$ in millions	Consolidated 2001	Consolidated 2000	Consolidated 1999	The Company 2001	The Company 2000	The Company 1999
Current						
Bank overdrafts	9.5	58.1	51.0	1.0	3.9	1.9
Bank loans repayable in:						
Belgian francs	-	27.5	23.2	-	-	-
Canadian dollars	6.5	4.5	8.7	-	-	-
Euro dollars	16.7	-	-	-	-	-
New Zealand dollars	-	-	5.9	-	-	-
U.S. dollars	-	0.5	47.3	-	-	25.6
Other currencies	1.6	7.0	5.3	-	-	-
Other loans repayable in:						
Australian dollars	578.1	71.2	21.3	578.3	71.2	21.3
Belgian francs	-	-	23.2	-	-	23.2
Canadian dollars	-	16.8	17.4	-	16.8	17.4
Euro dollars	15.7	15.9	-	15.7	15.9	-
French francs	-	-	8.7	-	-	8.7
Malaysian ringgits	-	-	0.2	-	-	-
New Zealand dollars	-	87.2	34.2	-	59.9	12.5
Sterling Pounds	-	43.7	11.9	-	43.7	11.9
U.S. dollars	120.7	1,551.6	1,066.9	120.7	1,268.9	970.9
Other currencies	-	5.4	15.1	-	5.4	13.7
	748.8	**1,889.4**	**1,340.3**	**715.7**	**1,485.7**	**1,107.1**
Non-Current						
Bank loans repayable in:						
Other currencies	0.5	1.7	1.3	-	-	-
Other loans repayable in:						
Australian dollars	346.8	64.2	-	346.9	64.2	-
Euro dollars	16.7	30.9	-	16.7	30.8	-
New Zealand dollars	-	35.1	79.1	-	35.1	79.1
Sterling Pounds	16.7	17.7	45.9	16.7	17.7	45.9
U.S. dollars	481.2	478.1	642.1	481.2	478.2	490.9
Other currencies	-	-	12.6	-	-	11.1
	861.9	**627.7**	**781.0**	**861.5**	**626.0**	**627.0**
	1,610.7	**2,517.1**	**2,121.3**	**1,577.2**	**2,111.7**	**1,734.1**

The other loans repayable in foreign currency represent approximately 40% of the net asset value of investment in overseas countries and are therefore matched to that extent by assets in matching currencies.

The Group does not, as a rule, pledge assets as security for borrowings, however, at 30 June 2001 bank overdraft and other loans totalling $3.8 million (2000: $5.2 million, 1999: $5.6 million) were secured, principally against Group property, plant and equipment items having carrying values slightly in excess of the secured amounts payable. These security arrangements relate to acquired controlled entities and were in place prior to the companies concerned becoming part of the Pacific Dunlop Limited Group.

The consolidated entity and the Company have fully committed finance facilities of U.S.$275 million - A$543 million (2000 - U.S.$350 million - A$583 million, 1999 - U.S.$350 million - A$529 million) and N.Z.$20 million - A$16 million (2000 - N.Z.$60 million - A$47 million; 1999 - N.Z.$60 million - A$49 million). The facilities utilised at the end of the financial year were: U.S.$ 225 milion - A$444 million. In addition, a bridging loan established for the repayment of Commercial Paper and Medium Term notes was drawn to the extent of A$240 million.

19. Interest Bearing Liabilities (continued)

The following table sets out detail in respect of the major components of Interest Bearing Liabilities at 30 June, 2001.

Nature of Borrowing	Amount $ million	Interest Rate % p.a.	Maturity Date
Bank Overdrafts			
Australian dollars	1.1	7.00	At Call
Indian rupees	2.0	11.30	At Call
Malaysian ringgit	0.2	6.80	At Call
New Zealand dollars	0.9	7.75	At Call
Sterling pounds	0.1	5.00	At Call
United States dollar	5.0	6.75	At Call
Other currencies	0.2	Various	At Call
Total Bank Overdrafts	**9.5**		
Bank Loans			
Current			
Canadian dollars	6.5	4.55	2001
Euro dollars	16.7	4.86	2001
Other currencies	1.6	Various	2001
	24.8		
Non-Current			
Indian rupees	0.5	11.40	2006
Total Bank Loans	**25.3**		
Other Loans			
Current			
Australian dollars	578.1	3.85 to 6.25	2001
Euro dollars	15.7	4.64	2001
United States dollars	120.7	4.11 to 8.40	2002
	714.5		
Non-Current			
Australian dollars	50.0	5.71	2005
Australian dollars	246.8	4.72	2006
Australian dollars	50.0	6.03	2007
Euro dollars	16.7	5.27	2005
Pounds sterling	16.7	5.66	2003
United States dollars	55.5	5.26	2003
United States dollars	176.2	4.99	2004
United States dollars	156.5	6.14	2005
United States dollars	39.5	5.32	2006
United States dollars	35.7	5.58	2007
United States dollars	17.8	4.73	2009
	861.4		
Total Other Loans	**1,575.9**		
Total Interest Bearing Liabilities	**1,610.7**		

Maturity Schedule	
Term to maturity:	
Within one year	748.8
One to two years	72.2
Two to three years	176.2
Three to four years	223.2
Four to five years	286.8
Greater than five years	103.5
Total	**1,610.7**

19. Interest Bearing Liabilities (continued)

	Consolidated			The Company		
$ in millions	**2001**	**2000**	**1999**	**2001**	**2000**	**1999**
Net Interest Bearing Debt						
Cash at bank and short-term deposits	337.3	1,076.7	1,071.3	28.2	27.9	30.6
Interest bearing amount owing by South Pacific Tyres partnership	25.8	-	-	25.8	-	-
Interest bearing amounts owing by external entities	33.7	-	-	33.7	-	-
Current borrowings	748.8	1,889.4	1,340.3	715.7	1,485.7	1,107.1
Current bills payable	6.6	1.5	0.1	1.5	-	0.1
Current finance lease liabilities	-	-	2.1	-	-	0.2
Non-current borrowings	861.9	627.7	781.0	861.5	626.0	627.0
Non-current finance lease liabilities	-	-	2.0	-	-	0.1
Net interest bearing debt	**1,220.5**	**1,441.9**	**1,054.2**	**1,491.0**	**2,083.8**	**1,703.9**

20. Provisions

	Consolidated			The Company		
$ in millions	**2001**	**2000**	**1999**	**2001**	**2000**	**1999**
Current						
Provision for employee entitlements	80.3	88.3	121.8	31.4	33.5	32.8
Provision for contingencies	9.9	63.4	49.0	(0.4)	14.0	27.8
Provision for rationalisation and restructuring costs	105.2	108.4	109.1	47.7	52.2	1.9
Provision for Accufix Pacing Lead related expenses	11.5	17.6	17.3	6.5	0.6	0.2
Provision for environmental remediation	-	-	49.0	-	-	-
Provision for claims	10.9	14.0	17.9	-	0.1	0.1
Provision for dividend	46.6	103.3	144.4	46.6	103.3	144.4
Provision for income tax	10.5	8.9	(0.2)	-	0.1	2.1
Total Current	**274.9**	**403.9**	**508.3**	**131.8**	**203.8**	**209.3**
Non-Current						
Provision for employee entitlements	37.1	46.4	61.3	4.8	5.7	4.5
Provision for environmental remediation	-	-	28.2	-	-	-
Provision for Accufix Pacing Lead related expenses	17.8	4.3	16.7	-	-	-
	54.9	50.7	106.2	4.8	5.7	4.5
Provision for deferred income tax	22.1	21.1	68.7	-	-	0.1
Total Non Current	**77.0**	**71.8**	**174.9**	**4.8**	**5.7**	**4.6**
Total Provisions	**351.9**	**475.7**	**683.2**	**136.6**	**209.5**	**213.9**

The tax effect of temporary differences that give rise to significant portions of the provision for deferred income tax are presented below:

	Consolidated		
$ in millions	**2001**	**2000**	**1999**
Trading Stock tax adjustments	0.4	0.6	0.4
Depreciation on plant adjustments	1.4	2.1	45.9
Provisions	(1.4)	(2.9)	(4.1)
Accruals	(1.1)	(0.5)	(0.5)
Unrealised foreign exchange gains	0.9	-	0.1
Other	21.9	21.8	26.9
Total	**22.1**	**21.1**	**68.7**

20. Provisions (continued)

Employee Entitlements

The present values of employee entitlements not expected to be settled within twelve months of balance date have been calculated using the following weighted averages:

	Consolidated			The Company		
	2001	2000	1999	2001	2000	1999
Assumed rate of increase in wage and salary rates	3.0%	3.0%	2.0%	3.0%	3.0%	2.0%
Discount rate	3.0%	3.0%	2.0%	3.0%	3.0%	2.0%
Settlement term (years)	10-15	10-15	10-15	10-15	10-15	10-15
Number of employees at year end	23,482	32,485	32,433	4,222	4,289	3,465

21. Other Liabilities

	Consolidated			The Company		
$ in millions	**2001**	**2000**	**1999**	**2001**	**2000**	**1999**
Current						
Deferred income	3.6	1.8	5.6	0.4	-	1.4
Amounts due under contractual arrangements	1.6	1.5	1.5	1.4	1.4	1.5
	5.2	**3.3**	**7.1**	**1.8**	**1.4**	**2.9**
Non-Current						
Amounts due under contractual arrangements	16.2	17.6	33.3	16.2	17.6	18.9
	16.2	**17.6**	**33.3**	**16.2**	**17.6**	**18.9**
Total Other Liabilities	**21.4**	**20.9**	**40.4**	**18.0**	**19.0**	**21.8**

22. Dissection of Liabilities

	Consolidated			The Company		
$ in millions	**2001**	**2000**	**1999**	**2001**	**2000**	**1999**
Secured						
Bank overdrafts and other loans	2.2	2.2	5.6	-	-	-
Bank loans	1.6	3.0	-	-	-	-
Unsecured						
Amounts owing to wholly owned controlled entities	-	-	-	1,623.3	1,620.8	1,711.5
Bank overdrafts	7.3	55.9	50.2	1.0	3.9	1.9
Bank loans	23.7	38.0	89.9	-	-	-
Other loans	1,575.9	2,418.0	1,975.6	1,576.2	2,107.8	1,732.2
Lease liabilities	-	-	4.1	-	-	0.3
Trade creditors	363.5	476.9	598.6	78.0	78.9	98.6
Bills payable	6.6	1.5	0.1	1.5	-	0.1
Other creditors	55.9	93.7	136.9	20.4	181.9	147.4
Provisions (as per Note 20)	351.9	475.7	683.2	136.6	209.5	213.9
Other liabilities (as per Note 21)	21.4	20.9	40.4	18.0	19.0	21.8
Total Unsecured Liabilities	2,406.2	3,580.6	3,579.0	3,455.0	4,221.8	3,927.7
Total Liabilities	**2,410.0**	**3,585.8**	**3,584.6**	**3,455.0**	**4,221.8**	**3,927.7**

23. Expenditure Commitments

$ in millions	Consolidated 2001	Consolidated 2000	Consolidated 1999	The Company 2001	The Company 2000	The Company 1999
(a) Contracts for Capital Expenditure for which no amounts have been provided						
Land and buildings	0.1	0.5	2.9	-	-	0.7
Plant	2.6	4.7	17.8	0.4	1.1	0.6
	2.7	5.2	20.7	0.4	1.1	1.3
Within one year	2.7	3.2	20.7	0.4	1.1	1.3
One year or later and no later than five years	-	2.0	-	-	-	-
	2.7	**5.2**	**20.7**	**0.4**	**1.1**	**1.3**
(b) Lease Commitments						
Finance Leases:						
Expenditure contracted and provided for:						
Within one year	-	-	1.9	-	-	0.2
One year or later and no later than five years	-	-	2.4	-	-	0.1
Minimum lease payments	-	-	4.3	-	-	0.3
Less future lease finance charges	-	-	0.2	-	-	-
Lease Liability	**-**	**-**	**4.1**	**-**	**-**	**0.3**
Current portion (as per Note 18)	-	-	2.1	-	-	0.2
Non-Current portion (as per Note 18)	-	-	2.0	-	-	0.1
	-	**-**	**4.1**	**-**	**-**	**0.3**
Operating leases:						
Expenditure contracted but not provided for:						
Within one year	38.0	61.5	49.9	16.2	16.3	14.5
One year or later and no later than five years	90.7	135.0	108.9	39.2	37.8	35.2
Later than five years	28.3	55.8	46.8	16.2	19.8	21.2
	157.0	**252.3**	**205.6**	**71.6**	**73.9**	**70.9**

The consolidated entity leases property under operating leases expiring from one to twenty years. Leases generally provide the consolidated entity with a right of renewal at which time all terms are renegotiated. Lease payments comprise a base amount plus an incremental contingent rental. Contingent rentals are based on either movements in the Consumer Price Index or operating criteria.

24. Superannuation

Pacific Dunlop Limited and certain controlled entities contribute to certain defined benefit and accumulation Superannuation Funds maintained to provide superannuation benefits for employees. A total of 15 Superannuation Funds have been established worldwide. The major defined benefit fund is listed below. Where applicable, amounts shown have been proportionately determined and are based on values extracted from the most recent financial report of the fund.

	Pacific Dunlop Superannuation Fund		
$ in millions	**2001(1)**	**2000 (1)**	**1999 (2)**
Consolidated			
Net assets	348.3	348.3	331.2
Accrued benefits	295.3	295.3	288.2
Excess	53.0	53.0	43.0
Net assets	371.7(3)	348.3	397.9(4)
Vested benefits	316.2(3)	295.3	315.1(4)
The Company			
Net assets	174.3	174.3	188.0
Accrued benefits	125.1	125.1	145.0
Excess	49.2	49.2	43.0
Net assets	184.4(3)	174.2	233.7(4)
Vested benefits	133.7(3)	125.1	151.3(4)
Country	Australia		
Benefit type	Defined benefit/ Accumulation		
Basis of contribution	Balance of cost/ Defined Contribution		
Date of last actuarial valuation	1/07/99		
Actuary	William M. Mercer Pty. Ltd		

(1) Amounts shown are values as at 30 June 1999
(2) Amounts shown are values as at 30 June 1996
(3) Amounts shown are values as at 30 June 2000
(4) Amounts shown are values as at30 June 1998

The assets and liabilities of Pacific Dunlop Executive Superannuation Fund were transferred into Pacific Dunlop Superannuation Fund when the Group's two Australian Funds were merged effective 6 October 2000.

The liabilities of the Superannuation Funds in the event of termination of the funds or the voluntary or compulsory termination of employment of each employee are covered by the assets in the funds. The consolidated entity is obliged to contribute to the Superannuation Funds as a consequence of Legislation or Trust Deeds; legal enforceability is dependent on the terms of the Legislation or the Trust Deeds.

Amounts relating to the GNB Inc. pension plan were transferred to Exide on the sale of GNB.

24. Superannuation (continued)

Definitions

Balance of cost	The consolidated entity's contribution is assessed by the actuary by taking into account the members' contribution and the values of the assets.
Defined contribution	The consolidated entity's contribution is set out in the appropriate fund rules, usually as a fixed percentage of salary.
Accrued benefits	The present value of benefits which the fund is presently obliged to transfer in the future to members and beneficiaries as a result of membership of the fund to the calculation date.
Vested benefits	Benefits which are not conditional upon the continued membership of the respective fund or any factor other than resignation from the fund.

	Consolidated			The Company		
$ in millions	**2001**	**2000**	**1999**	**2001**	**2000**	**1999**
Contributions made to defined benefit funds during the year	6.9	22.6	21.7	4.0	10.4	10.8
Contributions made to accumulation funds during the year	4.0	5.9	6.5	0.7	0.6	0.6

25. Ownership-Based Remuneration Schemes

Executive and Employee Share Plans

The Company has operated two share plans for employees and Directors of the consolidated entity:

- the Pacific Dunlop Executive Share Plan ("Executive Plan"), and
- the Pacific Dunlop Employee Share Plan ("Employee Plan").

No issue of shares has been made under either Plan since February 1994 and the Board determined during 1996 that no further issues of shares will be made under the Executive Plan.

The employee plan permits full time and part time employees, who have completed three or more years continuous service within the consolidated entity and who do not participate in the Executive Plan to acquire 100 ordinary shares in the capital of the Company for each completed year of service. The shares are issued at market value as at the date of issue, payable as to 10 cents per share by the employee, the balance financed by an interest free loan from the Company repayable, at latest, on cessation of employment. The shares are not transferable while a loan remains outstanding, but carry a voting right and an entitlement to dividends (although dividends are applied in reduction of the loan). Invitations are made under the Employee Plan from time to time. As at reporting date no offer to employees was outstanding. The aggregate number of Employee Plan Shares on issue may not exceed 5% of the total issued capital of the Company.

As stated above, the Executive Plan is no longer available for new issues. Shares issued under that Plan to selected employees ("Executives") were paid up to 1 cent and were subject to restrictions for a determined period (for the 1993/1994 issue- 8 1/4 years). While partly paid, the shares are not transferable, carry no voting right and no entitlement to dividends (but are entitled to participate in bonus or rights issues as if fully paid). The price payable for shares issued under the Executive Plan varies according to the event giving rise to a call being made. Market price at the date of the call is payable if an Executive ceases employment within the consolidated entity (other than for death, retrenchment or retirement) prior to expiration of the restriction period. Once restrictions cease the price payable upon a call being made will be the lesser of $2.00 ($0.50 for issues prior to 13 September 1991) and the last sale price of the Company's ordinary shares on Australian Stock Exchange Limited. The aggregate number of Executive Plan Shares on issue could not exceed 5% of the total issued capital of the Company.

25. Ownership-Based Remuneration Schemes (continued)

The Company's accounting policy in respect of the Employee Plan is to recognise the paid up capital upon allotment and the receivable created by the loan to employees to acquire the shares. In respect of the Executive Plan, no amount was recognised upon issue, apart from the capital paid up on the shares, as the amount of the call payable was not quantifiable at the time of issue. Once a call had been made upon the shares and paid, the Company recognised the increase in paid up capital. The number of Employee Share Plan Shares and the number of Executive Plan Shares (ordinary plan shares paid to one cent) as at balance date are shown in Note 5. A loss of $206,567 after tax in respect of the Employee Share Plan was recognised in the Company and the consolidated financial statements for 2001 (2000 - $219,712 loss after tax; 1999 - $186,585 loss after tax).

The market price of the Company's shares as at 30 June 2001 was $0.84.

Options - Generally
At the date of this report 2,610,000 unissued ordinary shares in the Company remain under option.

Executive Share Option Plan
2,610,000 unissued ordinary shares are subject to options granted under the Pacific Dunlop Executive Share Option Plan. The exercise price of each option, which may be increased by the amount (if any) by which the increase in the Consumer Price Index over the period of the options exceeds the dividend yield upon the Company's shares, was $3.30. The options expire on 11 December 2002, and are exercisable in three tranches of equal amount during a period commencing, in the case of tranche 1 on 13 November 2000; in the case of tranche 2 on 13 November 2001; and in the case of tranche 3 on 13 November 2002, and in each case ending on the expiry date, subject to satisfaction of a separate performance hurdle attaching to each tranche. The condition or hurdle 'that must be satisfied before the options can be exercised is that the total return to shareholders (i.e. growth in share price plus dividends reinvested) in respect of Pacific Dunlop shares exceeds the simple average total return to shareholders in a selected group of major listed companies over comparable periods in respect of each tranche of options.

Upon exercise the options carry the right to any bonus share issued by the Company during the life of the option, but do not carry any right to participate in any other share issue of the Company or any other body corporate and no options have been exercised at the date of this Report.

No determinable value has been ascribed to these options, nor included within the disclosed Executive remuneration details set out in Note 28 to the Financial Statements under Australian Generally Accepted Accounting Principles (GAAP). Under United States GAAP the compensation fair value of all options which are outstanding has been calculated at $1.7 million. The fair value of the options granted was estimated on the dates of grant using a Monte Carlo simulation model with the following assumptions for 1999, 2000, 2001 and 2002 respectively: risk free interest rate of 5.94 per cent for all years; total shareholder return of 13.08 per cent for all years; expected lives of three years, four years and five years; and volatility of 27.8 per cent for all years.

26. Contingent Liabilities

Indemnities and Guarantees

Pacific Dunlop Limited, from time to time, guarantees the performance of certain controlled entities that participate in commercial paper, medium term note and bond issues. The extent of the paper issued by these controlled entities as at 30 June 2001 was nil (2000 - $310.1 million; 1999 - $268.9 million).

Pacific Dunlop Limited has also guaranteed the performance of certain wholly owned controlled entities which have negative shareholders' funds.

Pacific Dunlop Limited has guaranteed supply contracts of an associate of $1.9 million.

As disclosed previously, the Company has entered into Deeds of Indemnity with each of the Directors of the Company and with certain officers of controlled entities, in relation to liabilities that they may incur (other than to Group companies) as Directors of the Company and Directors of certain controlled entities respectively, to the extent permitted by law and the Company's Constitution.

At this time, no liabilities the subject of any such indemnity have been identified and, accordingly, it is not possible to quantify any financial obligation of the consolidated entity under these indemnities and of the Company pursuant to its guarantee.

Accufix Litigation

General

Claims have been made against Accufix Research Institute, Inc. (formerly TPLC, Inc.) ('ARI'), certain other wholly owned controlled entities of Pacific Dunlop Limited and, in some instances, Pacific Dunlop Limited (collectively "the Defendants") relating to the Accufix Pacing leads models 329-701, 330-801 and 033-812 manufactured by ARI which were withdrawn in late 1994 following reports of fracture of the "J" shaped retention wire, which forms part of the lead (the 'Accufix Pacing Leads').

Approximately 40,500 Accufix Pacing Leads were implanted worldwide between 1987 and 1994. The first lawsuit arising out of these claims was filed on January 18, 1995 in the United States. Lawsuits were subsequently filed in Canada, Australia, France, Germany, Japan, Argentina, the United Kingdom and Turkey. In Canada, Australia and the United States some of these lawsuits took the form of class or representative actions.

All these lawsuits had been resolved by June 30, 2001, save for:

* one lawsuit in Japan involving the claims of two individual plaintiffs;
* two lawsuits in France: one involving the claim of one individual plaintiff, and the other involving the claims of twenty-one plaintiffs (acting together as individuals, and not as, or on behalf of, a class) and the subrogated claims of 16 of their health funds; and
* any claims to be subsequently made by any of the 150 persons who finally opted out of the class settlement in the United States mentioned below.

In the United States, on 20 November 2000, the District Court for the Southern District of Ohio, Western Division granted interim approval to settlement intended to resolve all current and future litigation with respect to the Accufix Pacing Lead in the United States brought by any person who chose to participate in the settlement.

Under the terms of the settlement:

* claimants had until 16 January 2001 to opt-out of the settlement;
* a Patient Benefit Fund was established for the benefit of all those persons so entitled who did not opt out of the settlement (ARI contributed US$52.2 million to this Fund, and Pacific Dunlop Limited contributed the remaining US$6 million).
* a Reserve Fund of US$4.2 million was established for use by ARI in addressing the claims (if any) relating to Accufix Leads by persons who have opted out of the settlement. When these claims are all resolved, any remaining money will be added to the Patient Benefit Fund

26. Contingent Liabilities (continued)

Following a Fairness Hearing on 15 February 2001, the District Court approved the settlement on March 8, 2001. That approval is now binding on the Defendants and all persons entitled who elected to participate in the settlement (and their families). Now only the 150 persons who chose not to participate in the settlement may bring lawsuits in respect of the Accufix Pacing Lead. As of June 30, 2001 none had done so.

Impact

The Settlement in the United States requiring payments totalling US$62.4 million, and the sums required for the earlier settlements in Australia and elsewhere in the world, were fully covered by the provisions made in the financial statements for the year ending June 30, 1998. The balance of these provisions as at June 30, 2001 (A$29.3 million) represents the balance of the cash held by ARI and its related companies, and is considered adequate to address any remaining liability of members of the Pacific Dunlop Group to claims arising with respect to the Accufix Pacing Lead.

Encor Lead Litigation

United States

On March 17, 1997, a putative class action lawsuit was filed in the United States District Court for the Eastern District of California, sitting in Sacramento, California, against ARI and affiliates, including Pacific Dunlop Limited, on behalf of all United States implantees of Encor 330-854 and Encor 033-856 bipolar Telectronics passive fixation atrial 'J' pacemaker leads manufactured by ARI ('Encor Pacing Leads'). 9,049 Encor 330-854 bipolar passive leads were distributed in the United States between 1989 and their voluntary withdrawal from the market in September 1995. No Encor 033-856 bipolar passive leads were distributed in the United States.

The Court in Sacramento denied the application for class certification on May 3, 1999. The plaintiffs appealed to the United States Court of Appeals for the Ninth Circuit and on June 15, 2001 the Court of Appeal affirmed the lower courts denial, and the appeal was dismissed. On July 3, 2001 the plaintiff filed a motion seeking a review of Court Appeals ruling en banc. A response to this motion has been filed by the Defence. It is not known when the Court will rule on the plaintiffs motion for review.

In these circumstances, the liability (if any) of the Defendants in relation to the claims in the United States relating to Encor Pacing Leads, cannot be quantified.

Ansell Latex Allergy Litigation

Ansell Incorporated and Ansell Perry Inc. (together, now known as Ansell Healthcare Products Inc.) and Ansell Edmont Industrial Inc. (now known as Ansell Protective Products Inc.), certain other wholly owned controlled entities of Pacific Dunlop Limited, and, in some instances, Pacific Dunlop Limited (collectively "the Ansell Defendants") (along with a wide variety of manufacturers and distributors of natural rubber latex gloves), are defendants in lawsuits filed in the United States since 1993 on behalf of individuals alleging wrongful death, personal injuries and lost wages as a result of their exposure to natural rubber latex gloves. The lawsuits claim that the Ansell Defendants and other manufacturers of natural rubber latex gloves, were negligent in the design and manufacture of the gloves and failed to give adequate warnings of the possibility of allergic reactions.

As of July 31, 2001, there were approximately 379 such cases pending against one or more of the Ansell Defendants, representing some 50 percent of cases filed against all defendants. Of these cases 265 have been consolidated for discovery and deposition pursuant to the rules on multi-district litigation before the United States District Court for the Eastern District of Pennsylvania. The remaining 114 cases are spread through state courts in 18 States, with the greatest concentration in New York (18 cases). One law suit is current in Australia.

Pacific Dunlop Limited, which had been named, as at 30 June 2001, in 33 cases, has been dismissed from all but 2 of those cases (and applications for dismissal in those 2 cases are under consideration). Further, since the inception of this litigation in 1993, for a variety of reasons, Ansell has been dismissed from 92 cases, 26 of these dismissals coming since 1 January 2000 as the particular cases readied for trial. With this pattern of dismissals and with the complications, case by case, caused by the multiplicity of defendants and the difficulties of determining whose natural rubber latex gloves were utilised by particular plaintiffs, it is not possible to predict which, if any, of the cases they currently face, the Ansell Defendants will have to defend at trial. In these circumstances the liability of the Ansell Defendants, if any, in relation to these claims cannot be quantified.

27. Financial Instruments

Derivative Financial Instruments

The consolidated entity is involved in a range of derivative financial instruments, which can be defined in the following broad categories:

(i) Forward / Future Contracts
These transactions enable the consolidated entity to buy or sell specific amounts of foreign exchange, financial instruments or commodities at an agreed rate/price at a specified future date. Maturities of these contracts are principally between six months and two years.

(ii) Options
This is a contract between two parties, which gives the buyer of a put or call option the right, but not the obligation, to transact at a specified interest rate/exchange rate or commodity price at a future date, generally for a premium. Maturities of these contracts are principally between three months and two years.

(iii) Swaps
These agreements enable parties to swap interest rate (from or to a fixed or floating basis) or currency (from one currency to another currency) positions for a defined period of time. Maturities of the contracts are principally between two and five years.

27. Financial Instruments (continued)

Interest Rate Risk

The Company's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

$ in millions	Weighted Average Effective Interest Rate	Floating	Interest rate Fixed Maturities 1 year or less	1 to 5 years	Over 5 years	Non Interest Bearing	Total
Net Financial Assets/(Liabilities) 2001	%						
Financial Assets							
On-Balance Sheet							
Cash on hand and at bank	2.7%	116.3	-	-	-	-	116.3
Short-term deposits	3.8%	102.5	119.1	-	-	-	221.6
Receivables - trade	6.1%	1.5	-	-	-	521.6	523.1
Receivables - other	6.5%	62.5	-	-	-	150.2	212.7
Investments (excl. associated companies)	N/A	-	-	-	-	193.3	193.3
Total Financial Assets 2001		**282.8**	**119.1**	**-**	**-**	**865.1**	**1,267.0**
Financial Liabilities							
On-Balance Sheet							
Payables - trade	N/A	-	-	-	-	363.5	363.5
Payables - other	N/A	-	-	-	-	55.9	55.9
Payables - bills	9.7%	1.5	-	-	-	5.1	6.6
Bank overdraft	6.4%	9.5	-	-	-	-	9.5
Bank and other loans	5.3%	696.6	785.6	119.0	-	-	1,601.2
Provisions (including certain employee entitlements)	3.0%	-	-	7.3	1.5	198.9	207.7
Amounts due under contractual arrangements	N/A	-	-	-	-	17.8	17.8
Off-Balance Sheet							
Net forward rate agreements	N/A	-	-	-	-	-	-
Net interest rate swaps	5.2%	144.1	(122.8)	(21.3)	-	-	-
Total Financial Liabilities 2001		**851.7**	**662.8**	**105**	**1.50**	**641.2**	**2,262.2**
Net Financial Assets/(Liabilities) 2001		**(568.9)**	**(543.7)**	**(105.0) -**	**1.50**	**223.9**	**(995.2)**
Net Financial Assets/(Liabilities) 2000	%						
Financial Assets							
On-Balance Sheet							
Cash on hand and at bank	5.4%	189.0	-	-	-	-	189.0
Short-term deposits	5.7%	114.3	774.6	-	-	-	888.9
Receivables - trade	6.6%	1.2	-	-	-	647.0	648.2
Receivables - other	0.8%	1.0	-	-	-	174.7	175.7
Investments (excl. associated companies)	N/A	-	-	-	-	108.6	108.6
Total Financial Assets 2000		**305.5**	**774.6**	**-**	**-**	**930.3**	**2,010.4**
Financial Liabilities							
On-Balance Sheet							
Payables - trade	N/A	-	-	-	-	476.9	476.9
Payables - other	N/A	-	-	-	-	93.7	93.7
Payables - bills	9.8%	1.5	-	-	-	-	1.5
Bank overdraft	6.7%	58.1	-	-	-	-	58.1
Bank and other loans	6.9%	822.5	1,504.1	132.4	-	-	2,459.0
Provisions (including certain employee entitlements)	3.0%	-	-	9.6	2.6	348.9	361.1
Amounts due under contractual arrangements	N/A	-	-	-	-	19.1	19.1
Off-Balance Sheet							
Net forward rate agreements	6.7%	(83.2)	83.2	-	-	-	-
Net interest rate swaps	6.4%	21.0	(424.7)	403.7	-	-	-
Total Financial Liabilities 2000		**819.9**	**1,162.6**	**545.7**	**2.6**	**938.6**	**3,469.4**
Net Financial Assets/(Liabilities) 2000		**(514.4)**	**(388.0)**	**(545.7) -**	**2.6**	**(8.3)**	**(1,459.0)**

27. Financial Instruments (continued)

Interest Rate Risk (continued)
Provisions, including amounts contained within income tax, deferred income tax, contingencies, rationalisation and restructure, Accufix Pacing Lead related expenses and insurance claims amounting to $144.2 million (2000 - $114.6 million; 1999 - $291.2 million) are not included within the table above as it is considered that they do not meet the definition of a financial instrument.

A separate analysis of debt by currency can be found at Note 19 - Interest Bearing Liabilities.

Credit Risk and Net Fair Value
On-Balance Sheet Financial Instruments

(i) Credit Risk
The credit risk on financial assets, excluding investments, of the consolidated entity which have been recognised on the Statement of Financial Position, is the carrying amount, net of any provision for doubtful debts.

The consolidated entity minimises concentrations of credit risk by undertaking transactions with a large number of customers and counter parties in various countries.

The consolidated entity is not materially exposed to any individual overseas country or individual customer.

(ii) Net Fair Value
The Directors consider that the carrying amount of recognised financial asets and financial liabilities approximates their net fair value.

Refer to Note 1 for accounting policies in respect of the carrying values of financial assets and financial liabilities.

Off-Balance Sheet Financial Instruments
Credit risk on off-balance sheet derivative contracts is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency. It is not felt that there is a material exposure to any single counterparty or group of counterparties. The consolidated entity's exposure is almost entirely (over 99%) to banks.

The following table displays:

(i) Face Value
This is the contract's value upon which a market rate is applied to produce a gain or loss which becomes the settlement value of the derivative financial instrument.

(ii) Credit Risk
This is the maximum exposure to the consolidated entity in the event that all counterparties who have amounts outstanding to the consolidated entity under derivative financial instruments, fail to honour their side of the contracts. The consolidated entity's exposure is almost entirely to banks (see (iv) below). Amounts owed by the consolidated entity under derivative financial instruments are not included.

(iii) Net Fair Value
This is the amount at which the instrument could be realised between willing parties in a normal market in other than a liquidation or forced sale environment. The net amount owed by / (owing to) financial institutions under all derivative financial instruments would have been $5.9 million (2000 - $47.3 million; 1999 - ($26.0) million), if all contracts were closed out on 30 June 2001.

27. Financial Instruments (continued)

	Face Value			Credit Risk			Net Fair Value		
$ in millions	**2001**	**2000**	**1999**	**2001**	**2000**	**1999**	**2001**	**2000**	**1999**
Foreign Exchange Contracts									
Purchase/Sale Contracts:									
- U.S. dollars	1,231.7	496.7	821.5	22.0	4.9	0.1	17.6	1.6	(26.0)
- Australian dollars	237.2	637.2	823.7	-	-	-	-	-	-
- Other currencies	186.5	141.1	247.3	1.7	0.9	1.0	(1.5)	(3.3)	(7.7)
Cross Currency Swaps:									
- U.S. dollars	240.2	137.3	207.2	0.7	16.5	14.2	(16.5)	16.5	12.8
- New Zealand dollars	-	95.0	90.4	-	-	-	-	-	(4.5)
- Other currencies	35.2	98.6	132.5	5.8	25.3	3.9	5.8	24.4	3.9
Interest Rate Contracts									
Interest Rate Swaps:									
- U.S. dollars	452.7	1,113.8	862.4	6.6	11.7	1.0	0.5	6.4	(6.2)
- Australian dollars	300.0	450.0	550.0	1.2	0.3	1.1	0.3	0.2	1.1
- New Zealand dollars	-	119.9	123.6	-	1.1	1.9	-	1.0	1.0
- Other currencies	16.7	47.6	-	-	0.4	-	(0.3)	0.4	-
Forward Rate Agreements:									
- Australian dollars	-	-	260.0	-	-	-	-	-	-
- U.S. dollars	-	83.2	-	-	-	-	-	-	-
Commodity Contracts									
Commodity Futures:									
- U.S. dollars	-	15.9	38.8	-	0.1	1.2	-	0.1	(0.4)
Total	**2,700.2**	**3,436.3**	**4,157.4**	**38.0**	**61.2**	**24.4**	**5.9**	**47.3**	**(26.0)**

From time to time in the ordinary course of business, the consolidated entity enters into forward exchange contracts to hedge a proportion of anticipated purchase and sale commitments denominated in foreign currencies (principally US dollars). The amount of anticipated future purchases and sales is forecast in light of current market conditions and commitments from customers. Hedge contracts are used to cover the next available trading exposure until all contracts are fully utilised. Hedge cover generally does not exceed 3 months.

(iv) Market/Liquidity Risk

The consolidated entity seeks to reduce the risk of:

(a) being forced to exit derivative financial instrument positions at below their real worth; or
(b) finding it cannot exit the position at all, due to lack of liquidity in the market;
by:
(a) dealing only in liquid contracts dealt by many counterparties; and
(b) dealing only in large and highly liquid and stable international markets.

27. Financial Instruments (continued)

(v) Credit Risk by Maturity

The following table indicates the value of amounts owing by counterparties by maturity. Based on the Group policy of not having overnight exposures to an entity rated lower than A- by Standard & Poor's or A3 by Moody's Investors Service, it is felt the risk to the consolidated entity of the counterparty default loss is not material.

	Foreign Exchange Related Contracts			Interest Rate Contracts			Commodity Contracts			Total		
$ in millions	2001	2000	1999	2001	2000	1999	2001	2000	1999	2001	2000	1999
Term												
0 to 6 mths	27.0	31.8	5.2	1.2	0.7	0.6	-	0.1	0.9	28.2	32.6	6.7
6 to 12 mths	2.5	2.5	1.1	-	0.2	0.1	-	-	0.3	2.5	2.7	1.5
1 to 2 yrs	-	3.1	9.6	0.8	1.3	2.1	-	-	-	0.8	4.4	11.7
2 to 5 yrs	-	5.0	0.1	5.8	11.3	1.2	-	-	-	5.8	16.3	1.3
5 to 10 yrs	0.7	5.2	3.2	-	-	-	-	-	-	0.7	5.2	3.2
Total	**30.2**	**47.6**	**19.2**	**7.8**	**13.5**	**4.0**	**-**	**0.1**	**1.2**	**38.0**	**61.2**	**24.4**

(vi) Historical Rate Rollovers

It is the consolidated entity's policy not to engage in historical rate rollovers except in circumstances where the maturity date falls on a bank holiday. In these instances, settlement occurs on the next trading day.

Hedges and Anticipated Future Transactions

The following table shows the consolidated entity's deferred gains and (losses), both realised and unrealised, that are currently held on the Statement of Financial Position and the expected timing of recognition as revenue or expense:

	Interest Rate			Foreign Exchange			Commodity		
$ in millions	2001	2000	1999	2001	2000	1999	2001	2000	1999
Anticipated Exposures									
Less than 1 year	-	-	-	1.4	(1.7)	3.5	-	-	(0.4)
Realised Swaps Deferred									
Less than 1 year	(0.5)	0.5	-						
1 to 2 years	0.2	(0.2)	4.2						
2 to 5 years	(0.5)	(1.0)	0.1						
Greater than 5 years	1.6	2.0	-						

28. Directors' and Executives' remuneration

$ in thousands	2001	2000	1999
Directors			
Aggregate remuneration paid or payable to Directors: (a)(c)(d)			
Directors' fees and salaries of Pacific Dunlop Limited Executive Directors	1,313	1,715	1,944
Performance-based bonuses	100	-	89
Other benefits (d)	2,791	1,606	75
Total remuneration of Directors of Pacific Dunlop Limited	**4,204**	**3,321**	**2,108**

$ in thousands	2001	2000	1999
Consolidated remuneration of directors of all Group Companies	35,713	34,534	32,206

	Consolidated			The Company		
$ in thousands	**2001**	**2000**	**1999**	**2001**	**2000**	**1999**
Executives						
Aggregate remuneration of the eleven Senior						
Executives: (a)(b)(c)(d)(e)						
Salaries	4,322	5,417	5,272	3,253	4,043	3,915
Performance-based bonuses	3,128	1,420	389	100	285	133
Other benefits (d)	4,411	4,202	1,260	3,871	2,951	1,017
Total remuneration of Executives	**11,861**	**11,039**	**6,921**	**7,224**	**7,279**	**5,065**

28. Directors' and Executives' remuneration (continued)

The number of Directors and Senior Executives whose total remuneration fell within the following bands (a)(b)(c)(d)(e)

		Executives						Directors		
		Consolidated			The Company			The Company		
Dollars		**2001**	**2000**	**1999**	**2001**	**2000**	**1999**	**2001**	**2000**	**1999**
0	10,000								1	
20,001	30,000							2		
60,001	70,000							1	2	4
70,001	80,000							2	1	
80,001	90,000							1	1	
90,001	100,000								1	1
140,001	150,000									1
190,001	200,000		1			1				
200,001	210,000	1			1				1	1
210,001	220,000							1		
260,001	270,000							1		
320,001	330,000	1			1					
350,001	360,000			1			1			
380,001	390,000	1			1					
400,001	410,000			1			1			
410,001	420,000			1			1			
420,001	430,000			1			1			
430,001	440,000(d)		2	1		2	1			
440,001	450,000	1			1					
460,001	470,000(d)	1	1		1	1				
520,001	530,000	1	1		1	1				
550,001	560,000			1			1			
560,001	570,000	1			1					
570,001	'580,000			1			1			1
580,001	590,000		1			1				
590,001	600,000		1			1				
800,001	810,000		1			1			1	
830,001	840,000			1			1			1
870,001	880,000			1						
920,001	930,000(d)	1			1					
980,001	990,000			1						
1,050,001	1,060,000			1			1			
1,130,001	1,140,000		1							
1,300,001	1,310,000(d)		1			1				
1,380,001	1,390,000	1								
1,910,001	1,920,000(d)		1			1			1	
2,620,001	2,630,000		1							
3,250,001	3,260,000	1								
3,380,001	3,390,000(d)	1			1			1		
Total no. of Dir & Execs		**11**	**12**	**11**	**9**	**10**	**9**	**9**	**9**	**9**

(a) The above values for Directors and Executives include amounts actually paid to superannuation funds in respect of their retirement.
(b) Includes Executive Directors of the Company disclosed within the remuneration of Directors.
(c) Any benefit arising from the grant of options to the Managing Director or other Executives which may subsequently be derived is not quantified and accordingly, has not been included in remuneration disclosed above. For details in relation to the options, refer Note 35(c).
(d) Includes retirement and/or statutory benefits paid to Directors and Executives.
(e) Executives for this disclosure include only those persons who are members of the Executive Committee which determines the operational management and strategic direction of the consolidated entity. These executives numbered up to eleven at any one time in 2001, twelve in 2000, and eleven in 1999. The disclosure includes two permanently overseas-based Executives whose total remuneration in 2001 was $4.6 million, (2000 - $3.8 million, 1999 - $1.9 million), one of whom terminated with the sale of a business.

29. Service Agreements

Provided for in the Financial Statements
The Company at 30 June 2001 had agreements with each of the Non-executive Directors which provide for benefits upon termination. The full extent of the liabilities of the Company under these agreements has been undertaken by a superannuation fund of which the Company is employer sponsor.

30. Notes to the Business Segments Report

(a) Operating Revenue
The Operating Revenue of Discontinued Businesses represents the external sales to the date of disposal and the cash received/receivable from the sale of such businesses.

(b) Unallocated Revenue and Costs
Represents corporate costs and other costs not allocated to Operating Groups and non-sales revenue.

(c) Tax
Includes the write off of the future income tax benefit attributable to Australian tax losses of $158.5 million and tax attributable to Discontinued Businesses.

(d) Cash
Includes Cash of Operating Groups.

(e) Industry Segments
The major products/services from which the segments derive revenue are:

Industry Segments	Products/Services
Healthcare	
- Ansell	Barrier Protection products for healthcare, consumer and industrial markets.
Consumer Goods	
- Pacific Brands	Clothing, footwear, sporting goods, bedding and foam products.
Automotive	
- Pacific Automotive	Distribution of automotive products in retail and wholesale channels.
- South Pacific Tyres	Passenger, light truck, truck, agricultural and industrial tyres.

(f) Inter-Segment Transactions
Operating revenue is shown net of inter-segment values. Accordingly, the Operating revenues shown in each segment reflect only the external sales made by that segment. The only significant inter-segment sales were made by Asia & New Zealand - $355.9 million (2000 - $237.2 million; 1999 - $308.1 million) and America - $220.6 million (2000 - $128.3 million; 1999 - $61.7 million).

Inter-segment sales are predominantly made at the same prices as sales to major customers.

(g) Regions
The allocations of Operating Revenue, Assets Employed and Operating Results reflect the geographical regions in which the relevant assets are employed and products manufactured.

Notes to the Financial Statements

30. Notes to the Business Segments Report (continued)

$ in millions	2001	2000	1999
(h) Segment Capital Expenditure (including finance leases)			
Ansell	21.1	47.8	92.9
South Pacific Tyres (100%)	19.3	30.4	45.0
Pacific Brands	12.5	13.6	16.0
Pacific Automotive	12.1	12.3	9.0
Non-Core/Discontinued Businesses	30.3	83.0	105.0
(i) Segment Depreciation (including amortisation of lease assets)			
Ansell	41.3	39.7	35.9
South Pacific Tyres (100%)	40.0	42.9	39.1
Pacific Brands	18.1	19.0	20.0
Pacific Automotive	10.3	11.0	11.0
Non-Core/Discontinued Businesses	29.3	79.0	89.0

31. Notes to the Statements of Cash Flows

	Consolidated		The Company	
$ in millions	**Acquisitions**	**Disposals**	**Acquisitions**	**Disposals**
(a) Businesses Acquired and Disposed				
During the year a number of controlled entities and businesses were acquired and disposed. The details are as follows:				
Net assets acquired/(disposed)				
Property, plant and equipment	24.7	(43.5)	23.1	(3.6)
Investments	-	-	-	-
Future income tax benefit	2.4	(3.5)	2.4	(0.5)
Trade debtors and other amounts receivable	20.4	(797.2)	20.7	(26.6)
Inventories	72.3	(134.7)	67.9	(7.9)
Cash (net of bank overdraft)	-	(2.8)	-	-
Goodwill	1.4	(12.7)	0.5	-
Brand names	1.0	(2.4)	1.0	(2.4)
Other assets	2.4	(6.9)	2.3	(3.4)
Bank and other loans	-	-	-	-
Creditors and other liabilities	(30.1)	108.5	(47.7)	8.2
	94.5	(895.2)	70.2	(36.2)
Goodwill	-	-	-	-
Net gain	-	(154.7)	-	(26.2)
	94.5	(1,049.9)	70.2	(62.4)
Consideration				
Cash paid/(received)	94.3	(909.6)	70.0	(59.1)
Cash payable/(receivable)	0.2	(35.2)	0.2	-
Non-cash proceeds (including disposal costs)	-	(105.1)	-	(3.3)
	94.5	(1,049.9)	70.2	(62.4)
Outflow/(inflow) of cash				
Cash consideration	94.3	(909.6)	70.0	(59.1)
Less: Cash balances (acquired)/disposed (net of overdrafts)	-	2.8	-	-
	94.3	**(906.8)**	**70.0**	**(59.1)**

(b) Financing Facilities

Refer Note 19.

31. Notes to the Statements of Cash Flows (continued)

$ in millions	Notes	Consolidated 2001	Consolidated 2000	Consolidated 1999	The Company 2001	The Company 2000	The Company 1999
(c) Reconciliation of net cash provided by Operating Activities to Operating Profit/(Loss) after Income Tax							
Operating profit/(loss) after income tax		(135.8)	(82.4)	111.5	(755.9)	(4.0)	133.4
Depreciation		90.2	142.9	149.6	16.7	31.5	47.7
Amortisation		49.6	50.3	46.9	5.8	5.4	4.2
Goodwill written off		-	-	-	5.7	-	-
Provision for doubtful debts - trade		7.9	7.3	7.2	0.1	1.2	5.2
Write off of FITB attributable to Australian tax losses		158.5	-	-	88.4	-	-
Provision for doubtful debts - wholly owned controlled entities		-	-	-	644.7	(8.3)	118.8
Write down of assets and investments in wholly owned controlled entities		97.7	160.0	-	240.3	186.0	-
Share of net loss/(gain) of associate and joint venture entities		44.3	1.9	(24.4)	-	-	-
Items classified as financing activities							
Interest revenue		(44.9)	(47.4)	(39.7)	(130.3)	(91.3)	(40.1)
Borrowing costs		144.3	149.5	146.2	129.5	124.5	112.6
Change in assets and liabilities net of effect from acquisitions and disposals of controlled entities and businesses:							
(Increase)/Decrease in debtors		(176.5)	215.7	39.8	(20.3)	47.0	(9.4)
(Increase)/Decrease in inventories		(13.8)	129.2	21.3	16.9	13.0	(13.8)
Decrease/(Increase) in prepaid expenses		19.2	17.3	(0.4)	16.1	6.5	(7.3)
(Increase) in deferred expenses		(4.2)	(16.8)	-	2.8	(16.3)	-
Increase/(Decrease) in creditors and bills payable		52.2	(118.6)	(19.4)	(2.5)	(29.0)	(4.6)
(Decrease)/Increase in provisions and other liabilities		(128.4)	(167.5)	(218.6)	(230.7)	70.6	(57.1)
Increase/(Decrease) in provision for deferred income tax		1.0	(47.6)	(10.0)	-	-	-
(Increase)/Decrease in future income tax benefit		(6.0)	8.4	80.1	27.1	9.4	(15.4)
(Decrease)/Increase in provision for income tax		1.2	8.0	(61.7)	-	(2.2)	4.7
(Increase)/Decrease in GNB net operating assets held for sale		182.3	(182.3)	-	20.7	(20.7)	-
Other non-cash items							
Investing Activities:							
Loss/(Gain) on sale of investments, properties, plant and equipment		4.6	(2.3)	105.6	4.2	(23.5)	12.5
Loss/(Gain) on sale of controlled entities and businesses [1]		(154.7)	4.5	8.3	(178.6)	-	(67.1)
Other		37.9	(39.8)	37.0	(0.8)	(5.0)	34.6
Net cash provided by operating activities		**226.6**	**190.3**	**379.3**	**(100.1)**	**294.8**	**258.9**

[1] Refer to Note 4(b) for further details on the Company 2001.

(d) Components of Cash

For the purposes of the Statements of Cash Flows, cash includes cash on hand and at banks and investments in money market instruments, net of outstanding bank overdrafts. Cash, at the end of the financial year, as shown in the Statements of Cash Flows, comprises:

	Notes	Consolidated 2001	Consolidated 2000	Consolidated 1999	The Company 2001	The Company 2000	The Company 1999
Cash on hand	11	0.6	1.2	1.0	0.1	0.1	0.1
Cash at bank	11	115.7	187.8	179.2	21.0	23.5	29.5
Short-term deposits	11	194.6	862.6	862.5	7.2	4.4	1.1
Restricted deposits*	11	27.0	26.3	29.6	-	-	-
Bank overdrafts	19	(9.5)	(58.1)	(51.0)	(1.0)	(3.9)	(1.9)
		328.4	**1,019.8**	**1,021.3**	**27.3**	**24.1**	**28.8**

* Refer to note 11 for further details on these amounts.

(e) Net Loans to Controlled Entities

In the Statements of Cash Flows of the Company, loan movements with controlled entities are disclosed as a net movement due to such transactions being large in number and rapid in turnover.

32. Acquisition of Material Controlled Entities and Businesses

During the year the following businesses were acquired:	Date of Acquisition	Voting Shares Acquired %	Cost of Acquisition $ million	Net Tangible Assets Acquired $ million	Description of Purchase Consideration
Sara Lee Apparel Australasia*	05-Mar-01	N/A	57.0	106.3	Cash

* A provision of $35.2 million was established for restructuring the operations of this entity. A balance of $26.5 million remains in the provision at 30 June 2001.

33. Disposal of Controlled Entities and Material Businesses

During the year the following businesses were disposed of:	Date of Disposal	Voting Shares Disposed %	Consideration (Cash) $ million	Net Tangible Assets Disposed $ million	Profit / (Loss) on Disposal $ million
GNB Technologies	30-Sep-00	100	667.5	667.5	-
Electrical Distribution business	31-Jul-00	100	343.0	198.0	145.0

34. Interest in Partnerships

Pacific Dunlop Tyres Pty. Ltd. carries on a partnership with Goodyear Tyres Pty. Ltd. in Australia and Papua New Guinea under the name of South Pacific Tyres. The principal activity of the partnership is the manufacture and sale of tyres and related products within the above territory. The partnership became operative on April 1, 1987, and is jointly controlled by the Partners under contractual arrangements. Pacific Dunlop Tyres Pty Ltd and Goodyear Tyres Pty Ltd are jointly and severally liable for 100% of all liabilities incurred by the partnership. The assets of the partnership are sufficient to meet such liabilities. The Group's 50% interest in the South Pacific Tyres unincorporated partnership is accounted for using equity accounting principles.

During the course of the year, PD Shared Services Pty Ltd entered into a partnership with Andersen Consulting (now Accenture) under the name of Novare Asia Pacific. The principal activity of the partnership is to provide business support services and information technology solutions to companies across the manufacturing, distribution and retail industries in Australia and New Zealand. The partnership became operative on August 1, 2000, and is jointly controlled by the Partners under contractual arrangements. PD Shared Services Pty Ltd and Accenture are jointly and severally liable for 100% of all liabilities incurred by the partnership. The Group's investment in the Novare Asia Pacific partnership was $100.

		Consolidated	
$ in millions	**2001**	**2000**	**1999**
Statement of Financial Performance			
The consolidated entity's share of the South Pacific Tyres partnership result consists of:			
Revenues	408.5	460.1	469.1
Expenses	456.1	465.0	449.3
Operating (Loss)/Profit before Tax	(47.6)	(4.9)	19.8
Income Tax (Benefit)/Expense	(14.4)	(1.7)	7.3
Net Profit	**(33.2)**	**(3.2)**	**12.5**
Statement of Financial Position			
The consolidated entity's share of the South Pacific Tyres partnership assets and liabilities consists of:			
Current Assets	162.1	164.3	161.7
Non-Current Assets	138.0	152.1	157.4
Total Assets	300.1	316.4	319.1
Current Liabilities	168.1	209.0	185.7
Non-Current Liabilities	17.9	5.9	20.7
Total Liabilities	186.0	214.9	206.4
Share of Net Assets as reported by partnership	114.1	101.5	112.7
Other equity adjustments	2.3	2.3	2.3
Net assets equity adjusted	116.4	103.8	115.0
Share of post-acquisition retained profits attributable to the South Pacific Tyres partnership			
Share of partnership's retained profits at the beginning of the financial year	(4.2)	8.3	7.9
Share of partnership's profit	(46.0)	(7.8)	13.5
Drawings from the partnership	-	(3.6)	(13.1)
Share of transfers to other reserves	(0.1)	(1.1)	-
Share of partnership's retained profits at the end of the financial year	(50.3)	(4.2)	8.3
Movements in carrying amount of South Pacific Tyres partnership			
Carrying amount at the beginning of the financial year	103.8	115.0	115.0
Share of partnership's profit	(46.0)	(7.8)	13.5
Drawings from the partnership	-	(3.6)	(13.1)
Additional capital contributions	58.8	-	-
Share of movements in partnership's other reserves	(0.2)	0.2	(0.4)
Carrying amount at the end of the financial year	116.4	103.8	115.0

35. Related Party Disclosures

Pacific Dunlop Limited is the parent entity of all those entities detailed in Note 38 and from time to time has dealings on normal commercial terms and conditions with those related entities, the effects of which are eliminated in the consolidated financial statements.

Disclosures in respect of certain transactions with controlled entities and related parties and amounts paid to or received therefrom are as set out in the details below. Other transactions with related entities, which are eliminated on consolidation, include the lease of certain properties, the supply of materials and labour and the provision of both short and long term finance in the form of varying financial instruments, all of which are conducted on normal commercial terms and conditions. The Directors of the Company during the year were:

John T. Ralph	Herbert J. Elliott	Nuno A. D'Aquino
Rodney L. Chadwick	David G. Penington	Anthony B. Daniels
S Carolyn H Kay	Robert J. McLean	Ian E. Webber

Details of transactions with these Directors or other Directors of other related entities (including entities deemed to be related to such Directors) and details of other related party transactions and amounts are set out in:

Note 3	as to interest and dividends received from controlled entities.
Note 4	as to interest paid to controlled entities.
Note 12	as to amounts receivable from controlled entities and loans to Directors of entities in the consolidated entity.
Note 18	as to amounts payable to controlled entities.
Note 28	as to remuneration paid or payable to Directors of the Company and the allocation of those amounts to individual directors within the bands of $10,000.
Note 29	as to agreements with certain Non-Executive Directors.
Note 34	as to material related parties not being controlled entities or Directors.

(a) Transactions with Associated Companies

The Company and the consolidated entity hold investments in associated companies as set out in Note 39. During the course of the year, the Company and the consolidated entity conducted financial transactions with these associated companies on normal commercial terms and conditions. The nature and amounts of these transactions are detailed as follows:

	Consolidated			The Company		
$ in millions	**2001**	**2000**	**1999**	**2001**	**2000**	**1999**
Sale of goods and services						
Car Parts Distribution Pty Ltd	97.3	84.0	-	-	-	-
South Pacific Tyres N.Z. Ltd.	0.5	1.6	2.0	-	-	-
	97.8	85.6	2.0	-	-	-
Royalty revenue						
South Pacific Tyres N.Z. Ltd.	1.9	1.8	2.0	-	-	-
Dividend revenue						
Pacific Marine Batteries Pty. Ltd.	1.0	-	0.6	-	-	0.6
South Pacific Tyres N.Z. Ltd.	0.2	1.8	1.6	-	-	-
	1.2	1.8	2.2	-	-	0.6
Aggregate current amounts receivable [(a)]						
Car Parts Distribution Pty Ltd	5.4	10.9	-	-	-	-
South Pacific Tyres N.Z. Ltd.	-	0.2	0.2	-	-	-
	5.4	11.1	0.2	-	-	-

(a) Amounts included within Trade debtors and other Amounts Receivable (Note 12).

35. Related Party Disclosures (continued)

(b) Transactions with Partnerships

As detailed in Note 34, the consolidated entity carries on partnerships with Goodyear in Australia and Papua New Guinea under the name of South Pacific Tyres, and with Accenture in Australia and New Zealand under the name of Novare Asia Pacific. During the course of the year, the Company and the consolidated entity conducted financial transactions with these partnerships on normal commercial terms and conditions being:

	Consolidated			The Company		
$ in millions	**2001**	**2000**	**1999**	**2001**	**2000**	**1999**
Sales of goods and services						
Novare Asia Pacific	1.1	-	-	1.1	-	-
South Pacific Tyres	6.6	18.8	29.2	6.6	8.4	0.1
	7.7	18.8	29.2	7.7	8.4	0.1
Purchases of goods and services						
Novare Asia Pacific	54.2	-	-	52.7	-	-
South Pacific Tyres	1.1	1.4	1.6	0.9	1.4	-
	55.3	1.4	1.6	53.6	1.4	0.0
Other revenue						
South Pacific Tyres	0.8	0.3	-	0.8	0.1	-
Other expenses						
South Pacific Tyres	-	0.1	0.4	-	0.1	0.1
Aggregate current amounts receivable (a)						
South Pacific Tyres	-	0.9	1.6	-	0.6	0.1
Aggregate non-current amounts receivable						
Novare Asia Pacific	3.0	-	-	3.0	-	-
South Pacific Tyres (b)	26.8	-	0.3	26.8	-	-
	29.8	-	0.3	29.8	-	-
Aggregate current amounts payable (c)						
Novare Asia Pacific	4.7	-	-	4.5	-	-
South Pacific Tyres	0.4	0.1	0.3	0.4	0.1	-
	5.1	0.1	0.3	4.9	0.1	-

(a) Amount included within Other Amounts Receivable (Note 12).

(b) Amount included within Net Interest Bearing Debt (Note 19)/Other Amounts Receivable (Note 12)

(c) Amount included within Other creditors (Note 18).

Loans

On 20 December 2000, the Company agreed to make available to the South Pacific Tyres partnership a loan for $56.3 million for a period of two years. The loan was drawn down in two tranches, $31.3 million on 20 December 2000 and $25.0 million on 5 January 2001.

Interest is charged at market rate and is payable quarterly in arrears.

On 20 December 2000, the Company was assigned a South Pacific Tyres receivable due from Goodyear of $31.3 million as partial settlement of the above loan.

Interest brought to account by the Company in relation to this loan during the year:

	Consolidated	The Company
	2001	**2001**
Interest revenue	0.8	0.8

In addition, under the partnership agreement, South Pacific Tyres leases certain properties on a basis of equitable rentals mutually agreed by the partners. Lease payments of $0.2 million (2000 - $0.3 million; 1999 - $0.3 million) were made by South Pacific Tyres to the consolidated entity. The Company, through its corporate treasury operations, also provided on the basis of normal commercial terms and conditions, forward exchange cover on behalf of the partnership.

35. Related Party Disclosures (continued)

(c) Transactions of Directors and Director-Related Entities Concerning Shares or Option Shares.

The aggregate number of shares acquired (1) by Directors of the Company and their director-related entities in entities in the consolidated entity during the year ended 30 June 2001 was:

The Company - 27,574 fully paid ordinary shares (2000 - Nil; 1999 - Nil).

The aggregate number of shares and share options disposed of by Directors of the Company and their director-related entities in the Company was Nil (2000 - Nil; 1999 - Nil).

The aggregate number of shares and share options held directly, indirectly or beneficially by the Directors of the Company and their director-related entities in the Company as at balance date were:

664,039 fully paid ordinary shares (2000 - 616,465; 1999 - 931,331)
Nil ordinary plan shares paid to one cent (2000 - 210,000; 1999 - 630,000)
Nil share options (2000 - 1,200,000; 1999 - 2,400,000).

(1) The above reflects the position in the financial statements of the Company and upon consolidation of the controlled entities. It only includes shares acquired from or disposed to an entity in the consolidated entity.

(d) Other Transactions of Directors and Director-Related Entities

In addition to the transactions referred to above, the consolidated entity entered into the following transactions with Directors and former Directors and their director-related entities. All transactions were on normal commercial terms and conditions except where otherwise stated:

- R. Shaw is a Director of Ambri Pty Ltd. A Director related entity of R. Shaw, Dxi Partners, provided consulting services to Ambri Pty Ltd.
- A. Pellen is a Director of Pacific Dunlop Insurances Pte Ltd. A director-related entity of A. Pellen, Richard Oliver International Pte. Ltd. provided management services to Pacific Dunlop Insurances Pte. Ltd.;
- R. Wilczek was, during the year, a Director of Pacific Dunlop Holdings Inc. A director-related entity of R. Wilczek, Gardner, Carton & Douglas, provided legal services to numerous controlled entities within the consolidated entity;
- W. Morrissey was, during the year, a Director of GNB Battery Technolgies Ltd. A director-related entity of W. Morrissey, The Tyre Factory, purchased trading stock from South Pacific Tyres (partnership) during the period.
- D. Penington was, during the year, a Director of Pacific Dunlop Limited. D. Penington provided consulting services during the year relating to Accufix Research Institute.

	Consolidated			The Company		
$ in millions	**2001**	**2000**	**1999**	**2001**	**2000**	**1999**
Aggregate amounts of each of the above types of other transactions with Directors and their director-related entities were as follows:						
Transaction Type						
Provision of management and consulting services	0.3	0.2	0.4	-	-	0.1
Rent of premises received by Directors and their director-related entities	-	0.4	0.9	-	-	-
Sales of goods to Directors and their director-related entities	0.2	1.0	-	-	-	-
Provision of legal services	13.2	11.9	14.8	0.7	1.7	0.8
Aggregate amounts payable to Directors and their director-related entities [(a)]						
Current	2.1	1.9	0.4	0.2	0.1	-

(a) Amount included within Other Creditors (Note 18).

35. Related Party Disclosures (continued)

In addition to the transactions referred to above, transactions were entered into during the year with Directors of the Company and its controlled entities or with director-related entities which:

- occurred within a normal employee customer or supplier relationship on terms and conditions no more favourable than those which it is reasonable to expect would have been adopted if dealing with the Director or director-related entity at arm's length in the same circumstances;
- do not have the potential to affect adversely decisions about the allocation of scarce resources or the discharge of accountability of the Directors; and are trivial or domestic in nature; include:
- provision of company services which have been fully reimbursed;
- minor purchases of goods at discount rates which are also available to other employees;
- purchases of Company owned motor vehicles at a value or net return to the Company or the consolidated entity of written down value;
- contracts of employment with relatives of Directors on either full time, casual or work experience basis on normal commercial terms and conditions.

36. Earnings per Share

	Consolidated		
$ in millions	**2001**	**2000**	**1999**
Earnings used in the calculation of basic earnings per share:			
Before Goodwill Amortisation	(99.1)	(44.9)	145.6
After Goodwill Amortisation	(139.4)	(86.5)	105.8
Weighted average number of ordinary shares used in the calculation of basic earnings per share	970.1	1,032.3	1,030.4

Diluted Earnings per Share

Diluted earnings per share have not been disclosed as it is not materially different from basic earnings per share.

Conversion, Call, Subscription or issue after 30 June 2001

Refer to Note 5 for further information.

37. Environmental Matters

The consolidated entity manufactures and markets a diverse range of products in many countries and consequently, must comply with a variety of regulatory controls, mainly environmental regulations, product manufacturing and performance standards, occupational health and safety laws and regulations, import/export regulations, tariffs and quotas. The consolidated entity believes it is in substantial compliance with all applicable regulatory controls, and any lack of compliance is not expected to have a materially adverse effect on its financial condition.

As a manufacturer of, among other products, polyurethane foam and tyres, and as an operator of plastic moulding facilities, environmental protection has been and will continue to be an important factor affecting the consolidated entity's operations.

Effective September 30 2000, the Company sold its worldwide GNB battery business to Exide Corporation ('Exide'), one of the largest manufacturers of electric storage batteries in the world. In the United States, this transaction was accomplished under the terms of a Stock Purchase Agreement pursuant to which one of the Company $ U.S. subsidiaries, Pacific Dunlop Holdings (USA) Inc. ('PDH(USA)'), sold all of the stock of Pacific Dunlop GNB Corporation to Exide. Outside of the United States, various Pacific Dunlop entities entered into separate stock purchase or asset purchase agreements providing for the sale of the separate corporations comprising the GNB business (where operated in separate corporations) or the assets employed in the GNB business (where operated as divisions of larger Pacific Dunlop companies).

In the U.S. stock purchase agreement, PDH(USA) made certain representations and warranties about the condition of the GNB facilities and the existence or non-existence of environment liabilities in the GNB business. These representations and warranties were mirrored in the non-U.S. stock and asset purchase agreements with such minor changes as were made necessary by local practice or law.

37. Environmental Matters (continued)

PDH(USA) agreed to indemnify Exide against costs and expenses incurred as a result of breaches of the representations and warranties or the existence of environmental contamination at or around GNB facilities. Although the representations and warranties were made by PDH(USA) and other Pacific Dunlop entities around the world, to avoid multiple and confusing actions under the various agreements, it was agreed that Exide would have recourse for indemnification only against PDH(USA) in the United States.

PDH(USA) gave an indemnity for breaches of the fairly typical, but limited, environmental representations and warranties made about the environmental condition of the GNB properties. For example, in the United States, PDH(USA) made representations and warranties about the existence of underground tanks, compliance with environmental laws, maintenance of permits, ongoing environmental actions or investigations, and the delivery to Buyer of all environmental audits and reports about GNB. PDH(USA) made extensive disclosure of matters about which it had knowledge on 29 September 2000 (the 'Closing Date') that qualified these representations and warranties. The indemnity for breaches of these representations and warranties is subject to a threshold that prevents any claims against PDH(USA) unless and until Exide has incurred costs and expenses of US$5,500,000, and no individual claim may be made unless it is more than US$150,000. Liability for this indemnity is capped at the amount of the purchase price paid by Exide for the GNB business, or US$333,000,000, and the indemnity obligation expires on 29 September 2002.

PDH(USA) and the other Pacific Dunlop selling entities also gave a broad environmental warranty to the effect that there were no known and undisclosed conditions on GNB owned or leased real property that would give rise to liability under the environmental laws. The indemnity supporting this warranty has no threshold. PDH(USA) agreed to a further indemnity against liabilities incurred by Exide for migration of contaminants to properties that adjoin GNB’s owned or leased properties. This indemnity also is not subject to a threshold, but all claims made are subject to a 20 per cent 'co-payment' by Exide (i.e. Exide pays $0.20 and PDH(USA) pays $0.80 of each $1 of claim). PDH(USA)’s obligations under both of the indemnities described in this paragraph expire on 29 September 2002 and are subject to an aggregate cap of US$40,000,000.

With respect to off-site disposal sites owned by third parties to which the GNB business may have shipped waste products prior to the Closing Date, PDH(USA) made no warranties or representations (except regarding the completeness of the list of such sites delivered to Exide). PDH(USA) has no indemnity obligation with respect to these sites. Similarly, there is no indemnity obligation with respect to two former GNB secondary lead smelter sites in Savanna, Illinios and Tampa, Florida that were not operating at the Closing date.

Regular review of the consolidated entity's land and buildings, which are mainly manufacturing sites, is undertaken based on advice of independent appraisers. Within various business segments the consolidated entity monitors emerging environmental legislation and its anticipated impact on the applicable industries worldwide. For example, the Household Products Division has monitored initiatives regarding elimination of Chlorofluorocarbons ("CFCs"), which historically were involved in the manufacture of polyurethane foam. The primary initiative has been an international accord signed in 1993/94 by numerous member nations of the United Nations (the "Montreal Protocol") which bans the production or use of CFCs from its operations. Elimination of CFC usage since 1993 has not had a material adverse effect upon the consolidated entity's financial condition or operations because it's principal competitors are also subject to the requirements of the Montreal Protocol. In the ordinary course of business, the consolidated entity has maintained comprehensive general liability insurance policies covering its operations and assets. Generally such policies exclude coverage for most environmental liabilities.

38. Particulars Relating to Controlled Entities

Particulars Relating to Controlled Entities	Country of Incorporation	Beneficial Interest 2001 %	2000 %	1999 %
Pacific Dunlop Ltd.	Australia			
Ansell GmbH	*Germany	**100**	100	100
Ansell Healthcare Japan Co. Ltd. (formerly Pacific Dunlop Japan K.K.)	*Japan	**100**	100	100
Australian Battery Co. (Aust.) Pty. Ltd.	Australia	**100**	100	100
BNG Battery Technologies Pty. Ltd. (formerly GNB Battery Technologies Ltd.)	Australia	**100**	100	100
Bonds Industries Pty. Ltd. (formerly Bonds Industries Ltd.)	Australia	**100**	100	100
Mt Waverley Estates Pty. Ltd.	Australia	**100**	100	100
Boydex International Pty. Ltd.	Australia	**100**	100	100
Cliburn Investments Pty. Ltd.	Australia	**100**	100	100
Kcilc Pty. Ltd. (formerly Click Pty. Ltd.)	Australia	**100**	100	100
Corrvas Insurance Pty. Ltd.	Australia	**100**	100	-
Dunlop Olympic Manufacturing Pty. Ltd.	Australia	**100**	100	100
Duratray Pty. Ltd.	Australia	**100**	100	100
FGDP Pty. Ltd.	Australia	**100**	100	100
H.C. Sleigh Investments Pty. Ltd.	Australia	**100**	100	100
H.C. Sleigh Services Pty. Ltd.	Australia	**100**	100	100
N Harvesters Pty. Ltd.	Australia	**100**	100	100
PSL Industries Pty. Ltd.	Australia	**100**	100	100
Gardenland Frozen Food Pty. Ltd.	Australia	**100**	100	100
General Jones Pty. Ltd.	Australia	**100**	100	100
Herbert Adams Holdings Pty. Ltd.	Australia	**100**	100	100
Softwood Towns Pty. Ltd.	Australia	**100**	100	100
Robur Tea Company Pty. Ltd.	Australia	**100**	100	100
F.J.'s Auto Plus Pty. Ltd. (formerly F.J.'s Auto Plus Ltd.)	Australia	**100**	100	100
International Better Brands Pty Ltd	Australia	**100**	100	100
Niblick Pty. Ltd.	Australia	**100**	100	100
Novare Partnership Pty Ltd (formerly Ateb Pty. Ltd.)	Australia	**100**	100	100
Nucleus Ltd.	Australia	**100**	100	100
AMBRI Pty. Ltd.	Australia	**100**	100	100
Pellias Pty. Ltd.	Australia	**100**	100	100
AMBRI Project Pty. Ltd.	Australia	**100**	100	100
AMBRI R & D Pty. Ltd.	Australia	**100**	100	100
Maspas Pty. Ltd.	Australia	**100**	100	100
Project Array Pty. Ltd.	Australia	**100**	100	100
Medical TPLC Pty. Ltd.	Australia	**100**	100	100
N&T Pty. Ltd.	Australia	**100**	100	100
Nucleus Trading Pte. Ltd.	*Singapore	**100**	100	100
THLD Ltd.	Australia	**100**	100	100
Jetbase Pty. Ltd.	Australia	**100**	100	100
Project (X92) Pty. Ltd.	Australia	**100**	100	100
TNC Holdings Pte. Ltd.	*Singapore	**100**	100	100
TPLC Pty. Ltd.	Australia	**100**	100	100
Societe de Management Financier S.A.	*France	**100**	100	100
TPLC S.A.	*France	**100**	100	100
Olympic General Products Pty. Ltd.	Australia	**100**	100	100
Foamlite (Australia) Pty. Ltd.	Australia	**100**	100	100
Park Avenue Furniture Pty. Ltd.	Australia	**100**	100	100
Pacific Distribution Properties Pty. Ltd. (formerly Pacific Distribution Properties Ltd.)	Australia	**100**	100	100
Pacific Dunlop Finance Pty. Ltd.	Australia	**100**	100	100

38. Particulars Relating to Controlled Entities (continued)

Particulars Relating to Controlled Entities	Country of Incorporation	Beneficial Interest 2001 %	2000 %	1999 %
Pacific Dunlop Holdings (China) Co. Ltd.	*China	**100**	100	100
Pacific Dunlop Holdings (N.Z.) Ltd.	*New Zealand	**100**	100	100
Pacific Dunlop Linings Pty. Ltd.	Australia	**100**	100	100
Pacific Dunlop Tyres Pty. Ltd.	Australia	**100**	100	100
Pacific Dunlop (U.K.) Ltd.	*UK	**100**	100	100
P.D. Holdings Pty. Ltd.	Australia	**100**	100	100
P.D. International Pty. Ltd.	Australia	**100**	100	100
Ansell Canada Inc.	*Canada	**100**	100	100
TPLC (Canada) Pty. Ltd.	*Canada	**100**	100	100
Ansell Healthcare Australia Pty. Ltd.	Australia	**100**	-	-
Ansell Italy Srl	* Italy	**100**	-	-
Ansell Kemwell Ltd.	*India	**74.9**	74.9	75
Ansell Lanka (Pvt.) Ltd.	*Sri Lanka	**100**	100	100
Ansell S.A.	*France	**100**	100	100
Ansell (Thailand) Ltd.	*Thailand	**100**	100	100
Ansell Protective Products Europe N.V.	*Belgium	**100**	100	100
Luxafoam (Fiji) Ltd.	*Fiji	**100**	100	100
Medical Telectronics N.V.	*Netherlands Ant.	**100**	100	100
Medical Telectronics Holding & Finance (Holland) B.V.	*Netherlands	**100**	100	100
Pacific Dunlop Holdings (Hong Kong) Ltd.	*Hong Kong	**100**	100	-
Grosby (China) Ltd.	*Hong Kong	**100**	100	100
Pacific Dunlop Insurances Pte. Ltd.	*Singapore	**100**	100	100
Pacific Dunlop Brands (Asia) Ltd. (formerly Shoe Talk Ltd.)	*Hong Kong	**100**	100	100
Pacific Dunlop Investments (USA) Inc.	*USA	**100**	100	100
Ansell Brazil LTDA	*Brazil	**100**		
Ansell Edmont Industrial de Mexico S.A. de C.V.	*Mexico	**100**	100	100
Ansell Perry de Mexico S.A. de C.V.	*Mexico	**100**	100	100
Commercializadora GNK S.A de C.V	*Mexico	**100**	100	100
Golden Needles de Mexico S.A de C.V	*Mexico	**100**	100	100
Pacific Dunlop Capital Inc	*USA	**100**	100	100
Pacific Dunlop Holdings (USA) Inc.	*USA	**100**	100	100
Ansell Healthcare Inc	*USA	**100**	-	-
Ansell Overseas Inc	*USA	**100**	-	-
Ansell Holdings (BVJ) Inc.	*USA	**100**	-	-
Ansell UK (Holdings) Ltd.	*UK	**100**	-	-
Ansell Canada Holdings Inc.	*Canada	**100**	-	-
Ansell France Holdings S.A.	*France	**100**	-	-
Ansell Belgium Holdings SPRL N.V.	*Belgium	**100**	-	-
Ansell International Holdings Inc.	*USA	**100**	-	-
Ansell LUX Holdings S.A.	*Luxembourg	**100**	-	-
Ansell MAT Holdings B.V.	*Netherlands	**100**	-	-
Ansell Healthcare Holdings Sdn. Bhd.	*Malaysia	**100**	-	-
Ansell Healthcare Products Inc. (formerly Ansell Incorporated)	*USA	**100**	100	100
Ansell Protective Products Inc. (formerly Ansell Edmont Industrial Inc.)	*USA	**100**	100	100
Ansell Services Inc. (formerly Olex Cables USA Inc.)	*USA	**100**	100	100
Pacific Chloride Inc.	*USA	**100**	100	100
Pacific Dunlop Holdings Inc.	*USA	**100**	100	100

38. Particulars Relating to Controlled Entities (continued)

Particulars Relating to Controlled Entities	Country of Incorporation	Beneficial Interest 2001 %	2000 %	1999 %
Pacific Dunlop Footwear Inc.	*USA	**100**	100	100
Pacific Dunlop USA Inc.	*USA	**100**	100	100
TPLC Holdings Inc.	*USA	**100**	100	100
Accufix Research Institute Inc.	*USA	**100**	100	100
Cotac Corporation	*USA	**100**	100	100
TPL Holdings Inc.	*USA	**100**	100	100
Pacific Dunlop Finance Company Inc.	*USA	**100**	100	100
Pacific Dunlop Holdings (Europe) Ltd. (formerly Pacific Dunlop (Holdings) Ltd.)	*U.K.	**100**	100	100
Ansell Glove Company Ltd.	*U.K.	**100**	100	100
Golden Needles Knitting & Glove Co. Ltd.	*U.K.	**100**	100	100
Ansell UK Limited	*U.K.	**100**	100	100
Mates Vending Ltd.	*U.K.	**100**	100	100
Pacific Brands (UK) Ltd.	*U.K.	**100**	100	100
Pacific Dunlop Holdings (Singapore) Pte. Ltd.	*Singapore	**100**	100	100
JK Ansell Ltd.	*India	**50**	50	50
P.T. Berlei Indonesia	*Indonesia	**100**	100	100
P.D. Holdings (Malaysia) Sdn. Bhd.	*Malaysia	**100**	100	100
Ansell Ambi Sdn. Bhd.	*Malaysia	**100**	100	100
Ansell (Kedah) Sdn. Bhd.	*Malaysia	**100**	100	100
Ansell (Kulim) Sdn. Bhd.	*Malaysia	**100**	100	100
Ansell Malaysia Sdn. Bhd.	*Malaysia	**75**	75	75
Ansell Medical Sdn. Bhd.	*Malaysia	**75**	75	75
Ansell N.P. Sdn. Bhd.	*Malaysia	**75**	75	75
Ansell Shah Alam Sdn. Bhd.	*Malaysia	**100**	100	-
Restonic (M) Sdn. Bhd.	*Malaysia	**50**	50	50
Dream Crafts Sdn. Bhd.	*Malaysia	**50**	50	50
Dream Products Sdn. Bhd.	*Malaysia	**50**	50	50
Dreamland Corporation (M) Sdn. Bhd.	*Malaysia	**50**	50	50
Dreamland (Singapore) Pte. Ltd	*Singapore	**50**	50	50
Dreamland Spring Manufacturing Sdn. Bhd.	*Malaysia	**50**	50	50
Eurocoir Products Sdn. Bhd.	*Malaysia	**50**	50	50
Sleepmaker Sdn. Bhd.	*Malaysia	**50**	50	50
Roberts Flooring (Malaysia) Sdn. Bhd.	*Malaysia	**100**	100	100
PDOCB Pty. Ltd.	Australia	**100**	100	100
Ansell Medical Products Pvt. Ltd.	*India	**100**	100	100
Serenity Asia (Pvt.) Ltd.	*Pakistan	**100**	100	100
Suretex Ltd.	*Thailand	**100**	100	100
STX Prophylactics S.A .(Pty.) Ltd. (formerly GP Prophylactics S.A.)	*Sth Africa	**100**	100	100
Latex Investments Ltd.	Mauritius	**100**	100	100
Suretex Prophylactics (India) Ltd.	*India	**100**	100	100
TPLC Ltd.	*UK	**100**	100	100
TPLC Medizinprodukte GmbH.	*Germany	**100**	100	100
PD Licensing Pty. Ltd. (formerly PD Licensing Ltd.)	Australia	**100**	100	100
PD Shared Services Pty. Ltd.	Australia	**100**	100	-
Retsamttaw Ocla Pty. Ltd. (formerly Wattmaster Alco Pty. Ltd.)	Australia	**100**	100	100
Siteprints Pty. Ltd.	Australia	**100**	100	100
Pacific Dunlop Holdings N.V.	*Netherlands Ant.	**100**	100	100
Pacific Dunlop (Netherlands) B.V.	*Netherlands	**100**	100	100
Slumberland (Australia) Pty. Ltd.	Australia	**100**	100	100

38. Particulars Relating to Controlled Entities (continued)

Particulars Relating to Controlled Entities	Country of Incorporation	Beneficial Interest 2001 %	2000 %	1999 %
Sport Australia (Export) Pty. Ltd.	Australia	**100**	100	100
Textile Industrial Design & Engineering Pty. Ltd. (formerly Textile Industrial Design & Engineering Ltd.)	Australia	**100**	100	100
The Distribution Group Holdings Pty. Ltd. (formerly The Distribution Group Holdings Ltd.)	Australia	**100**	100	100
Repco Auto Parts Pty. Ltd.	Australia	**100**	100	100
The Distribution Group Pty. Ltd. (formerly The Distribution Group Ltd.)	Australia	**a 100**	a 100	a 100
Ashdown Enterprises (Wholesale) Pty. Ltd.	Australia	**100**	100	100
Pacific Distribution Pty. Ltd.	Australia	**100**	100	-
TDG Warehousing Pty. Ltd.	Australia	**100**	100	-
The Distribution Trust	Australia	**100**	100	100
Carparts Distribution Pty. Ltd.	Australia	**50**	-	-
Union Knitting Mills Pty. Ltd	Australia	**100**	100	100
Vita Pacific Pty. Ltd. (formerly Vita Pacific Ltd.)	Australia	**100**	100	100
Sleepmaker Europe S.A.R.L.	*France	**100**	100	100
Xdds Pty. Ltd.	Australia	**100**	100	100
Xelo Pty. Ltd. (formerly Olex Pty. Ltd.)	Australia	**100**	100	100
Xelo Sacof Pty. Ltd. (formerly Olex Focas Pty. Ltd.)	Australia	**100**	100	100
Controlled Entities Sold in Year Ended 30 June 2001				
GNB Technologies Ltd.	*U.K.	**100**	100	100
GNB Technologies (China) Ltd.	*Hong Kong	**100**	100	-
GNB Technologies (India) Private Limited	*India	**100**	100	100
GNB Technologies NV	*Belgium	**100**	100	100
GNB Technologies Coy	*Finland	**100**	100	100
GNB Technologies GmbH	*Germany	**100**	100	100
GNB Technologies S.A.R.L.	*France	**100**	100	100
GNB Technologies SpA	*Italy	**100**	100	100
Shenzhen Olex Cables Ltd.	*China	**100**	100	100
Pacific Dunlop GNB Corporation	*USA	**100**	100	100
GNB Technologies Inc.	*USA	**100**	100	100
GNB Industrial Battery Company	*USA	**100**	100	100
GNB Battery Technologies Japan Inc.	*USA	**100**	100	100
Controlled Entities in Voluntary Liquidation at 30 June 2001				
ACN 000 757 924 Pty. Ltd. (formerly Domedica)	Australia	**100**	100	100
Dunlop Shelter Hong Kong Ltd.	*Hong Kong	**100**	100	100
New Enpak Inc.	*USA	**100**	100	100
Pacific Dunlop Finance (Aust) Pty. Ltd.	Australia	**100**	100	100
Super Cycle Pty. Ltd.	Australia	**100**	100	100
Controlled Entities Voluntarily Liquidated During the Year				
Vision Cables Pty. Ltd.	Australia	**51**	51	51
Ansell JKLS Holdings B.V.	*Netherlands	**100**		

* Controlled Entities incorporated outside Australia carry on business in those countries.

(a) The trustee of The Distribution Trust is The Distribution Group Pty. Ltd. The beneficiary of the trust is Pacific Dunlop Limited. The profit for the year arising from the trust has been included in the financial statements of Pacific Dunlop Limited and this treatment is consistent with previous years.

39. Investments in Associates

$ in millions	Consolidated 2001	2000	1999
Results of associates			
Share of associates' operating profit before income tax	5.0	4.7	5.6
Share of associates' income tax expense attributable to operating profit	(1.7)	(1.7)	(2.0)
Share of associates' net profit - as disclosed by associates	3.3	3.0	3.6
Share of post acquisition retained profits and reserves attributable to associates			
Retained profits			
Share of associates' retained profits at the beginning of the financial year	6.2	5.0	12.7
Share of associates' net profit	3.3	3.0	3.6
Dividends from associates	(1.0)	(1.8)	(3.9)
Retained profits of Associates disposed of during the financial year	-	-	(7.4)
Share of associates' retained profits at the end of the financial year	8.5	6.2	5.0
Asset revaluation reserve			
Share of associates' asset revaluation reserve at the beginning of the financial year	0.9	0.9	0.9
Share of increment in asset revaluation reserves of associates	-	-	-
Share of associates' assets revaluation reserve at the end of the financial year	0.9	0.9	0.9
Foreign currency translation reserve			
Share of associates' foreign currency translation reserve at the beginning of the financial year	2.1	1.6	0.8
Share of exchange fluctuations on assets and liabilities held in foreign currencies	0.2	0.5	0.8
Share of associates' foreign currency translation reserve at the end of the financial year	2.3	2.1	1.6
Movements in carrying value of investments			
Carrying amount of investments in associates at beginning of the financial year	19.0	17.3	26.5
Share of associates' net profit	3.3	3.0	3.6
Dividends received from associates	(1.0)	(1.8)	(3.9)
	21.3	18.5	26.2
Share of movement in associates' foreign currency translation reserve	0.2	0.5	0.8
Add carrying value of investment in Associate acquired during the year	11.8	-	-
Less carrying value of investment in Associate disposed of during the financial year	-	-	(9.7)
Carrying amount of investment in associates at the end of the financial year	33.3	19.0	17.3
Commitments			
Share of associates' capital expenditure commitments contracted but not provided for and payable:			
Payable within one year	1.8	-	1.1
	1.8	-	1.1
Share of associates' operating lease commitments payable:			
Payable within one year	5.3	1.4	1.8
Later than one but within five years	8.8	3.2	3.9
Later than five years	0.5	-	0.6
	14.6	4.6	6.3

Contingent liabilities

There are no material contingent liabilities in respect of associates at 30 June 2001

Notes to the Financial Statements

39. Investments in Associates (continued)

Details of investments in associates are as follows :

Name	Principal Activities	Balance Date	Consolidated Ownership Interest 2001 %	2000 %	1999 %	Consolidated Investment Carrying Amount 2001 $ million	2000 $ million	1999 $ million
South Pacific Tyres N.Z. Ltd.	Manufacturing	30 June	50	50	50	18.7	16.7	16.7
Pacific Marine Batteries Pty. Ltd.	Manufacturing	30 June	50	50	50	2.0	1.5	0.6
BT Equipment Pty Ltd	Manufacturing	30 June	45	-	-	11.8	-	-
Car Parts Distribution Pty Ltd	Manufacturing	30 June	50	50	-	0.8	0.8	-
						33.3	**19.0**	**17.3**

Dividends received from associates for the year ended 30 June 2001 by the consolidated entity amounted to $1.0 million (2000 - $1.8 million; 1999 - $3.9 million), and by the Company : nil (2000 - Nil; 1999 - $0.6 million).

Summary performance and financial position of associates **$ in millions**	**Consolidated** **2001**	**2000**	**1999**
The consolidated entity's share of aggregate assets, liabilities and profits of associates are as follows:			
Net profit - as reported by associates	3.3	3.0	3.6
Current assets	61.6	45.5	24.3
Non-current assets	22.8	21.8	22.5
Total assets	84.4	67.3	46.8
Current liabilities	42.3	34.5	18.8
Non-current liabilities	10.8	15.8	12.7
Total liabilities	53.1	50.3	31.5
Net assets - as reported by associates	31.3	17.0	15.3
Adjustments arising from equity accounting Preference Share adjustment	2.0	2.0	2.0
Net assets - equity adjusted	**33.3**	**19.0**	**17.3**

40. Major differences between Australian GAAP and US GAAP

Australian generally accepted accounting principles (AGAAP) vary in certain significant respects from generally accepted accounting principles in the United States (US GAAP). Application of US GAAP would have affected shareholders' equity as at 30 June 2001, 2000, and 1999 and operating profit after income tax expense attributable to the Pacific Dunlop Limited shareholders for each of the years in the three year period ended 30 June 2001, to the extent quantified below. A description of the material differences between AGAAP, as followed by Pacific Dunlop Limited, and US GAAP are as follows:

(a) Property, Plant and Equipment

Certain property, plant and equipment has been revalued by Pacific Dunlop Limited at various times in prior financial periods. Revaluation increments have increased the carrying value of the assets and accordingly the depreciation charges have been increased above those which would be required on an historical cost basis. These adjustments eliminate this effect.

The above policy also causes differences in reported gains and losses on the sale of property, plant and equipment. Since 1983, gains and losses for Australian GAAP are based on consideration less revalued amounts net of accumulated depreciation and amortization. For US GAAP purposes gains and losses are determined having regard to depreciated historical cost, and revaluation reserves applicable to assets sold are reported as Income.

In March 1995, the United States Financial Accounting Standards Board issued SFAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of ". SFAS 121 requires entities to perform separate calculations for assets to be held and used to determine whether recognition of an impairment loss is required, and if so, to measure the impairment.

If the sum of expected future cash flows, undiscounted and without interest charges, is less than an asset's carrying value, an impairment loss is recognized; if the sum of the expected future cash flows is greater than an asset's carrying value, an impairment loss cannot be recognized.

Measurement of an impairment loss is based on the fair value of the asset. SFAS 121 also generally requires long-lived assets and certain identifiable intangibles to be disposed of to be reported at the lower of the carrying value or fair value less cost to sell. The Company adopted SFAS 121 for the Group's 1997 fiscal year end. An adjustment of $11.5 million was made at June 30, 1998 (following an assessment of the fair values of properties at 31 December 1997) to reflect the total amount by which certain properties were revalued below their depreciated historical cost. Properties were sold in 1999 which had previously been revalued below depreciated historical cost by $3.5 million. Therefore the adjustment has been reduced to $8.0 million as at June 30, 1999, June 30, 2000 and June 30, 2001.

(b) Minority Interests

Minority interests are included as part of total Shareholders Equity under AGAAP. The reconciliation to US GAAP in Note 41 has excluded these from Shareholders 'Equity consistent with US GAAP treatment.

40. Major differences between Australian GAAP and US GAAP (continued)

(c) Provisions

The term "provisions" is used in AGAAP to designate accrued expenses with no definitive payment date. Classification between current and non-current is generally based on management assessments, as subject to audit.

For AGAAP purposes dividends declared by the Company are provided for in the financial statements at year end if declaration date is prior to financial statements being signed. For US GAAP these amounts provided are added back to shareholders' equity where declaration has not occurred within the financial year.

Included within the result for AGAAP are amounts charged to income in respect of future costs associated with rationalisation and restructuring within existing business segments (provision for rationalisation and restructuring costs). Any plans to reorganise or exit a business are approved by the Board of Directors. Once committed to, accruals are made for the estimated costs associated with the reorganisation or exit. The US GAAP criteria for accruing costs associated with business restructure are fundamentally consistent with those of AGAAP but do contain certain very specific qualifying criteria. Where these criteria are not satisfied an adjustment to earnings is included in the reconciliation to US GAAP.

(d) Executive Share Plan and Options

Company executives participated in an executive share plan scheme which allowed them to purchase allocated shares at $0.50 per share, or in respect of approximately 35% of the shares, at $2.00 per share. Shares issued under the plan are not listed, cannot be traded and do not rank for dividends until the above amounts have been paid. The determined compensation expense in respect of the partly paid shares has been fully amortized as at June 30, 1996, and no further shares have been issued.

The Company has adopted, for financial years ending after June 30, 1997, the provision of SFAS 123 to determine compensation cost.

(e) Earnings Per Share

Under Australian GAAP earnings per share is calculated by dividing operating profit after tax, minority shareholders interest and preference dividend by the weighted average number of shares on issue for the year. Methods of computing Earnings per Share in accordance with US GAAP is documented in SFAS 128. Earnings per Share computations recognize the effect of all bonus issues (stock splits) and bonus elements of rights issues made up to June 30, 2001.

40. Major differences between Australian GAAP and US GAAP (continued)

(f) Finance Leases

Finance leases have been capitalised and recorded in the Group accounts as from July 1, 1987.

(g) Pension Plans

The Company and its subsidiaries are party to 15 pension plans worldwide, principally established by trust deed, covering substantially all of their employees. Of the pension plans within the Group, only one plan, being the Pacific Dunlop Superannuation Fund, has been considered material for the year ended June 30, 2001. The Group sponsors contributory and non-contributory accumulation and defined benefit pension plans covering substantially all employees. The defined benefit plans generally provide benefits based on salary in the period prior to retirement. All defined benefit plans are funded based on actuarial advice on a regular basis.

Actuarial calculations have been carried out for the above funds and the material fund aspects are as detailed in Note 24. The majority of assets of the funds are invested in pooled superannuation trusts in the case of the Australian funds and equity securities for other major funds.

A detailed level of reporting in respect of pension plans is not presently required by AGAAP. Under AGAAP the contributions to the various pension plans are recorded as an expense in the income statement. The disclosure requirements of Statement of Financial Accounting standards No. 87 and No. 132 (SFAS 87,SFAS 132) have been included in these financial statements. The Group reports pension plans aggregated where allowed by SFAS 87. Additionally, an adjustment is made to recognise the measurement principles of SFAS 87 in determining net income and shareholders 'equity under US GAAP.

(h) Statement of Cash Flows

Profit from operations determined under AGAAP differs in certain respects from the amount determined in accordance with US GAAP. A reconciliation of US GAAP profits to Cash Flows from operations is provided.

(i) Income Taxes

Accounting under AGAAP is under the liability method, and is equivalent in all material respects to Statement of Financial Accounting Standards No. 109 (SFAS 109). For each tax jurisdiction, after reclassification of Deferred Tax liabilities (net of Deferred Tax assets arising from timing differences) the net tax asset meets the criteria set out in SFAS 109. There have been no variations in the application of the qualifying criteria under US GAAP and AGAAP.

Valuation allowances of approximately $461.8 million (2000 - $197.8 million; 1999 - $169.5 million) in respect of operating losses and $242.5 million of capital losses (2000 - $42.5 million; 1999 - $29.1 million) have been recorded against available deferred tax assets. Reversal of these valuation allowances and the realization of the unrecorded assets is dependent upon obtaining qualifying assessable income in the relevant tax jurisdictions.

40. Major differences between Australian GAAP and US GAAP (continued)

(i) Income Taxes (continued)

At June 30, 2001 the expiry dates of gross tax losses for which future tax benefits (deferred tax assets) have been brought to account are as follows - in respect of financial years ending on June 30;

Year	A$ million
2005	74.4
2006	1.4
2007	1.8
2010	2.5

Additionally, certain deferred tax assets have been brought to account in respect of losses which have no prescribed expiry date.

(j) Accounting for Goodwill

Shares in subsidiary companies are valued on acquisition at the holding company's cost. Any difference between the fair value of net assets and cost is recognized as an asset. Under AGAAP, goodwill is amortized on a straight line basis over varying periods not exceeding 20 years. Although the benefits from the goodwill acquired may exceed 20 years the goodwill is written off over periods not exceeding 20 years to comply with AGAAP.

In 1989 and prior years, for AGAAP, goodwill was written off in the year of acquisition. For US GAAP purposes, such goodwill has been reinstated and is being amortized. For US GAAP, where the useful life is considered to be 20 years or longer, the Group has adopted the method of straight-line amortization over a maximum of 40 years. The unamortized balance of goodwill is reviewed semi-annually and any material diminution in value is charged to the Statement of Financial Performance. Goodwill attributable to sold businesses is brought to account in determining the gain or loss on sale (Refer to Note 40(o) for recent changes under US GAAP).

(k) Brand names

Brand names acquired since July 1, 1990, are recorded in the accounts at cost based on independent valuation. No amortization has been charged on these assets under Australian GAAP as no event has occurred to cause a reduction in the values or limit their useful lives.

For US GAAP purposes and for purposes of this reconciliation, brand names are, effective July 1, 1994 amortized over a period of 40 years using the straight line method. Brand names attributable to sold businesses are brought to account in determining the gain or loss on sale.

(l) Hedging of Anticipated Transactions

Included within Note 27 is detail of amounts deferred related to hedging of anticipated exposures. For US GAAP purposes certain of these transactions (primarily related to forward exchange contracts) do not qualify as hedges as they relate to anticipated transactions. These amounts are adjusted in determining US GAAP income. The amount adjusted, by decreasing US GAAP net income by $1.1 million (2000 - $1.4 million decrease; 1999 - $3.4 million increase), is in respect of forward contracts hedging future foreign currency sales of product. The contracts are related to budgeted sales and are not in relation to firm commitments.

40. Major differences between Australian GAAP and US GAAP (continued)

(m) Discontinued Operation

Certain retained liabilities relating to Accufix Pacing Lead related expenses are reported in Note 20 to the financial statements as provisions of $11.5 million (current) and $17.8 million (non current). As set out in Note 26 to the financial statements the expected outcome of the material litigation actions outstanding in respect of the Medical Products Group have been provided for.

Certain deferred tax assets previously reported in respect of the results of the Medical Products Group were written off in 1996, and income tax benefits attributable to the losses from operations and loss from sale have not been brought to account as recovery is not, at this time, considered to be more likely than not.

(n) Derivative Instruments and Hedging Activities

The Financial Accounting Standards Board ("FASB") issued then subsequently amended, Statement of Financial Accounting Standards ("SFAS") No. 133, Accounting for Derivative Instruments and Hedging Activities, which became effective for Pacific Dunlop Limited on July 1, 2000. Under SFAS No. 133, as amended, all derivative instruments are recognized in the balance sheet at their fair values and changes in fair value are recognized immediately in earnings, unless the derivatives qualify as hedges of future cash flows. For derivatives qualifying as hedges of future cash flows, the effective portion of changes in fair value is recorded temporarily in equity, then recognized in earnings along with the related effects of the hedged items. Any ineffective portion of hedges is reported in operations earnings as it occurs.

The nature of Pacific Dunlop's business activities necessarily involves the management of various financial and market risks, including those related to changes in interest rates, currency exchange rates, and commodity prices. Pacific Dunlop uses derivative financial instruments to mitigate or eliminate certain of those risks. All derivatives are recognized on the balance sheet at their fair value. On the date the derivative is entered into, Pacific Dunlop designates the derivative as either a hedge of the fair value of a recognized asset or liability or firm commitment (fair value) or of the variability of cash flows to be paid or received related to a recognized asset, liability or forecasted transaction (cash flow hedge).

At July 1, 2000, Pacific Dunlop's statements were adjusted to record a cumulative effect of adopting this accounting change, as follows:

	Earnings $ millions	Share Owners Equity $ millions
Adjustment to fair value of derivatives (a)	0.10	9.40
Income tax effect	(0.04)	(3.40)
Total	0.06	6.00

[a] For earnings effect, amount shown is net of adjustment to hedge items

Hedges of future cash flows

The ineffective portion of the changes in cash flow values of hedge positions to be reported in the current period amounts to a loss of $0.3m, before income taxes. The loss has been recognised in "other expenses". There is no portion of any derivative instruments excluded from the assessment of hedge effectiveness.

Amounts classified in Other Comprehensive Income (OCI) during the period relate to cash flow hedges and will be released to earnings as the hedged items mature. During the period, no amount was reclassified for an OCI and realised in earnings due to the discontinuation of cash flow hedges. It is expected that during the next 12 month period ending June 30, 2002, a loss of $0.9m will be reclassified to earnings as hedged items mature. The actual amounts will vary from this amount as a result of changes in market conditions.

At June 30, 2001, the maximum term of derivative instruments that hedge forecasted transactions was 36 months.

(n) Derivative Instruments and Hedging Activities

Hedges of recognised assets, liabilities and firm commitments
All fair value hedges have been assessed for their effectiveness in accordance with SFAS 133 guidelines and no gains or losses are to be reported due to ineffectiveness. A loss of $(2.7)m, before income taxes, was recognised in 'other expenses' relates to the change in fair value of fair value hedges and associated hedged item.

A reconciliation of current period changes, before applicable income taxes in Other Comprehensive Income within equity is as follows:

	$ millions
Transition adjustment as of July 1, 2000	9.4
Net gain / (loss) on cash flow hedges	(7.2)
Less reclassification adjustments to earnings	(4.7)
Closing balance of accumulated net gain (loss) on cash flow hedges	(2.5)

Income tax applicable on the closing balance of Other Cumulative Income amounts to $0.9m.

(o) Recent Changes in US GAAP

In June 2001, the FASB issued Statement No. 141, Business Combinations, and Statement No. 142, Goodwill and Intangible Assets. Statement 141 requires that the purchase method of accounting be used for all business combinations completed after June 30, 2001. Statement 141 also specifies the types of acquired intangible assets that are required to be recognised and reported separately from goodwill and those acquired intangible assets that required to be included in goodwill. Statement 142 will require that goodwill no longer be amortised, but instead tested for impairment at least annually. Statement 142 will also require recognised intangible assets be amortised over their respective estimated useful lives and reviewed for impairment in accordance with Statement No. 121, Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to Be Disposed Of. Any recognised intangible assets determined to have an indefinite useful life will not be amortised, but instead tested for impairment in accordance with the Standard until its life is determined to no longer be indefinite. Because of the extensiveness of the efforts needed to comply, it is not practicable to reasonably estimate the impact the adoption of these Statements is expected to have on the Company's financial statements.

41. Reconciliation to United States Generally Accepted Accounting Principles (U.S. GAAP)

		Consolidated	
$ in millions	**2001**	**2000**	**1999**
Profit and Loss Statement (for years ended 30th June)			
Net (loss)/profit of the consolidated entity per Australian GAAP	(135.8)	(82.4)	111.5
Less interest of outside equity holders	3.6	4.1	5.7
Net (loss)/profit attributable to members	(139.4)	(86.5)	105.8
Adjustments required to accord with US GAAP: add/(deduct);	(55.6)	44.7	12.9
(Loss)/profit according to U.S. GAAP	**(195.0)**	**(41.8)**	**118.7**
Weighted average number of shares per basic EPS calculations (millions)	970.1	1,032.3	1,030.4
Weighted average number of Executive shares (millions)	2.7	2.6	12.5
Weighted average number of shares per diluted EPS calculations (millions)	972.8	1,034.9	1,042.9
Continuing Operations			
Income/(loss) from continuing operations			
Before income tax	(164.9)	86.6	149.1
Income tax expense	(177.4)	(26.0)	(27.4)
Discontinued Operations			
Income/loss from discontinued operations	150.6	(80.9)	22.7
Income tax expense	(3.3)	(21.5)	(25.7)
Net (loss)/profit per US GAAP	(195.0)	(41.8)	118.7
Earnings per share - basic and diluted (Australian Cents)			
Continuing operations - basic	(35)¢	6 ¢	12 ¢
- diluted	(35)¢	6 ¢	12 ¢
Discontinued operations - basic	15 ¢	(10)¢	(1)¢
- diluted	15 ¢	(10)¢	(1)¢
Condensed US GAAP Consolidated Statement of Income Data excluding Discontinued Operations			
Revenues	3,590.9	3,315.7	3,205.6
Total costs and expenses	3,615.0	3,082.9	2,913.6
Interest expense	140.8	146.2	142.9
Tax expense	177.4	26.0	27.4
Income/(loss) from continuing operations	**(342.3)**	**60.6**	**121.7**

41. Reconciliation to United States Generally Accepted Accounting Principles (U.S. GAAP)(continued)

$ in millions			2001	2000	1999
			Consolidated		
Adjustments to reflect U.S. GAAP					
Add:	Amortisation of goodwill capitalized	40 (j)	14.8	10.0	15.5
Deduct:	Amortisation of brand names capitalized	40 (k)	(5.3)	(5.3)	(5.6)
Deduct:	Amortisation of compensation component of executive share plan and options	40 (d)	-	(0.8)	(1.0)
(Deduct)/Add:	Pension Plans	40 (g)	(12.3)	7.1	4.7
Add:	Depreciation of asset increment included in depreciation charge	40 (a)	0.3	0.4	0.2
Add/(Deduct):	Revaluation of asset increment realized	40 (a)	-	1.9	15.7
Add/(Deduct):	Net hedge (losses)/gains (brought to account)/ deferred for Australian GAAP - after tax	40 (l)	(1.1)	(1.4)	3.4
Add/(Deduct):	Rationalisation and restructuring provision	40 (c)	(11.8)	32.8	(20.0)
Deduct:	Goodwill and brandnames written off	40 (j)/(k)	(35.3)	-	-
Deduct:	Net change in fair value hedges, hedged items and cash flow hedges	40 (n)	(4.9)	-	-
			(55.6)	44.7	12.9
Shareholders' Equity of the Group					
As at 30th June			1,066.2	1,499.9	1,634.3
(Deduct):	Outside equity interests	40 (b)	(19.8)	(17.5)	(25.8)
Shareholders' equity attributable to Pacific Dunlop Limited			1,046.4	1,482.4	1,608.5
Adjustments required to accord with U.S. GAAP:					
Add / (Deduct):	Goodwill not capitalised for Australian GAAP - net of amortisation and amortisation adjustments on Australian GAAP goodwill	40 (j)	155.6	175.1	161.9
	Amortisation of brand names - cumulative	40 (k)	(40.1)	(39.5)	(32.6)
	Pension Plans	40 (g)	0.8	13.2	6.1
	Dividends	40 (c)	-	31.0	72.2
	Hedging adjustments - after tax	40 (l)	1.0	2.0	3.4
	Reserves attributable to Asset Revaluation	40 (a)	(29.3)	(43.4)	(32.2)
	Rationalisation and Restructuring provisions	40 (c)	21.9	32.8	-
	Depreciation charged on Revaluation increments	40 (a)	12.4	12.1	11.7
	Net change in fair value hedges, hedged items and cash flow hedges	40 (n)	(4.9)	-	-
	Net gains/(losses) on cash flow hedges residing in Comprehensive Income	40 (n)	(1.6)	-	-
Total Adjustments			115.8	183.3	190.5
Pacific Dunlop Limited Shareholders' Equity according to U.S. GAAP (including Comprehensive Income)			1,162.2	1,665.7	1,799.0
Statement of Comprehensive Income:					
Net profit per U.S. GAAP			(195.0)	(41.8)	118.7
Foreign Currency Translation Reserve:					
	Movement per A GAAP		(73.0)	61.3	(21.3)
	Movement per U.S. GAAP		5.2	1.6	(1.7)
Net gain/(loss) on cash flow hedges (including cumulative effect of change in accounting standard)			(1.6)	-	-
Comprehensive Income			**(264.4)**	**21.1**	**95.7**

41. Reconciliation to United States Generally Accepted Accounting Principles (U.S. GAAP)(continued)

		Consolidated		
$ in millions		**2001**	**2000**	**1999**
Information for United States Investors				
Goodwill:				
Australian GAAP goodwill - June 30		**339.1**	**408.2**	**402.5**
Add:	Goodwill recognized for US GAAP only	75.2	105.2	109.4
Add:	Adjustment for different amortisation basis	80.4	69.9	52.5
		155.6	175.1	161.9
US GAAP goodwill - June 30		**494.7**	**583.3**	**564.4**
Brand names				
Australian GAAP brand names - June 30		**217.7**	**219.7**	**205.3**
(Deduct):	US GAAP amortisation	(40.1)	(39.5)	(32.6)
US GAAP Brand names - June 30		**177.6**	**180.2**	**172.7**
Property, plant & equipment				
Property, plant & equipment at cost and valuation (net of accumulated depreciation)		**669.9**	**658.2**	**1,065.8**
(Deduct):	Asset revaluation reserves applicable	(29.3)	(43.4)	(32.2)
Add:	Adjustment to add back depreciation charged on the revaluation increments (cumulative)	12.4	12.1	11.7
Property, plant & equipment at cost (net of accumulated depreciation)		**653.0**	**626.9**	**1,045.3**

Reconciliation of Net Cash Provided by Operating Activities per Australian GAAP financial statements to Profit after Tax Under US GAAP

		2001	2000	1999
Net Cash Provided by Operating Activities:		226.6	190.3	379.3
Writedown of non-current assets		-	(160.0)	-
Depreciation		(89.9)	(142.5)	(149.4)
Amortisation		(40.1)	(45.6)	(37.0)
Provision for doubtful debts		(7.9)	(7.3)	(7.2)
Write down of FITB		(158.5)	-	-
Repco goodwill and brandnames written off		(97.7)	-	-
Share of net (loss)/gain of associate and joint venture entities		(44.3)	(1.9)	24.4
Items classified as financing activities:				
	Interest received	44.9	47.4	39.7
	Interest paid	(144.3)	(149.5)	(146.2)
Change in assets and liabilities net of effect from acquisitions and disposals of subsidiaries and businesses:				
	(Decrease)/Increase in trade debtors	176.5	(215.7)	(39.8)
	(Decrease)/Increase in inventories	13.8	(129.2)	(21.3)
	(Decrease)/Increase in prepaid expenses	(19.2)	(17.3)	0.4
	(Decrease)/Increase in deferred expenditure	4.2	16.8	-
	(Increase)/Decrease in creditors and bills payable	(52.2)	118.6	19.4
	Decrease in lease liabilities, provisions, and other liabilities	98.3	205.2	205.7
	(Increase)/Decrease in provision for deferred income tax	(1.0)	47.6	10.0
	Increase/(Decrease) in future income tax benefit	6.0	(8.4)	(80.1)
	(Increase)/Decrease in provision for income tax	(1.2)	(8.0)	61.7
	(Decrease)/Increase in GNB net operating assets held for sale	(182.3)	182.3	-
(Loss)/Gain on sale of investments, properties, plant and equipment		(4.6)	4.2	(89.9)
Gain/(loss) on sale of subsidiaries and businesses		154.7	(4.5)	(8.3)
Outside equity interest in loss/(profit) for the year		(3.6)	(4.1)	(5.7)
Goodwill written-off		(35.3)	-	-
Other		(37.9)	39.8	(37.1)
(Loss)/Profit after tax		**(195.0)**	**(41.8)**	**118.7**

41. Reconciliation to United States Generally Accepted Accounting Principles (U.S. GAAP)(continued)

$ in millions	2001 Major Australian Funds	2000 Major Australian Funds	2000 GNB Inc. [1]	1999 Major Australian Funds	1999 GNB Inc. [1]
Pension Plan data supporting Note 40 (g)					
Plan's funded status at June 30 is summarised as follows:					
Actuarial present value of accumulated obligations:					
- Vested	458.1	520.0	180.0	464.6	172.7
- Non-vested	1.7	1.8	15.6	2.9	15.8
Total accumulated benefit obligation	459.8	521.8	195.6	467.5	188.5
Projected benefit obligation	464.1	525.6	207.9	482.1	203.3
Plan assets at fair value	506.0	604.9	227.6	545.4	204.9
Excess of assets over benefit obligations	41.9	79.3	19.7	63.3	1.6
Unrecognised net (gain)	(37.1)	(56.6)	(45.0)	(45.3)	(22.4)
Unrecognised prior service costs	-	-	12.6	0.2	11.1
Unrecognised net transition obligation/(asset) and other deferrals	(7.1)	(9.5)	1.1	(12.1)	1.6
Net Pension (Liability)/Asset	(2.3)	13.2	(11.6)	6.1	(8.1)
NET PENSION COST					
Defined Benefit Plans:					
- Service cost-benefits earned during the year	39.8	44.2	6.7	43.2	5.1
- Interest cost on projected benefit obligation	35.4	31.5	15.5	31.7	13.1
- Actual return on plan assets	(45.3)	(88.1)	(22.2)	(41.6)	(18.0)
- Net amortisation and deferral	(5.7)	43.0	2.3	(3.4)	1.6
Net Pension Cost of Defined Benefit Plans	24.2	30.6	2.3	29.9	1.8
ASSUMPTIONS					
Weighted average discount rate	6.0%	6.0%	7.0%	6.0%	7.0%
Rate of increase in compensation level	3.5%	3.5%	5.0%	3.5%	5.0%
Expected long term rate of return	7.5%	7.5%	11.0%	7.5%	11.0%
CHANGE IN BENEFIT OBLIGATION					
Projected Benefit Obligation at beginnning of year	525.6	482.1	203.3	486.2	199.5
Service cost	39.8	44.2	6.7	43.2	5.1
Interest cost	36.6	55.7	15.5	32.0	13.1
Transfers from/(to) other funds	7.4	(0.3)	-	4.2	-
Member contributions	8.2	12.5	-	13.6	-
Actuarial (gain)/loss	16.9	5.4	(29.7)	7.9	3.7
Plan Amendments	-	-	2.0	-	5.6
Benefits paid	(166.9)	(67.3)	(10.8)	(98.3)	(8.6)
Expenses and tax paid	(3.5)	(6.7)	-	(6.7)	-
Foreign currency exchange rate changes	-	-	20.9	-	(15.1)
Projected Benefit Obligation at end of year	464.1	525.6	207.9	482.1	203.3
CHANGE IN PLAN ASSETS					
Market value of assets at beginning of year	604.9	545.4	204.9	554.6	231.5
Member/Employer Contributions	18.8	45.7	-	50.0	-
Transfers from other funds	7.4	(0.3)	-	4.2	-
Benefits paid	(166.9)	(67.3)	(10.8)	(98.3)	(8.6)
Expenses and tax paid	(3.5)	(6.7)	-	(6.7)	-
Actual return on plan assets	45.3	88.1	12.8	41.6	(0.6)
Foreign currency exchange rate changes		-	20.7	-	(17.4)
Market value of assets at end of year	506.0	604.9	227.6	545.4	204.9

[1] Amounts relating to the GNB Inc. pension plan were transferred to Exide on the sale of GNB.

41. Reconciliation to United States Generally Accepted Accounting Principles (U.S. GAAP) (continued)

Information for United States Investors
Executive Share Option Data Supporting Note 40 (d) and Note 25

SFAS 123 "Accounting for Stock Based Compensation" encourages the adoption of a fair value based method of determining compensation costs. For US GAAP purposes, the company has adopted the fair value provision of SFAS 123.

The fair value of the options granted was estimated on the dates of grant using a Monte Carlo simulation model with the following assumptions for 2000, 2001 and 2002 respectively: risk free interest rate of 5.94% for all years; dividend yield of 13.08% for all years: expected lives of three years, four years and five years; and volatility of 27.8% for all years.

42. Events after Balance Date

Since the end of the financial year, the following matters or circumstances have arisen that may affect the results of operations or state of affairs of the Group in subsequent financial years:

- a Memorandum of Understanding has been signed with The Goodyear Tire & Rubber Company of the United States on issues regarding the future of the South Pacific Tyres Joint Venture, including the basis of future funding and opportunities for continuance or future exit by the Company on a satisfactory basis. Agreement to give effect to the understandings in the memorandum is subject to completion of a definitive agreement and the approval of the boards of the two companies to that agreement.

- effective 23 August 2001, the consolidated entity sold its investment in Ambri Pty Ltd to Optecom Limited for $10 million and a 19.9 per cent share in that company.

Directors' Declaration

In the opinion of the directors of Pacific Dunlop Limited:

(a) the financial statements and notes, set out on pages 14 to 86, are in accordance with the

Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the Company and consolidated entity as at 30 June 2001 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and

(ii) complying with Accounting Standards and the Corporations Regulations 2001; and

(b) 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:

J T Ralph Director	A B Daniels Director

Dated in Melbourne this 5th day of September 2001

Independent Audit Report

To the members of Pacific Dunlop Limited

Scope

We have audited the financial report of Pacific Dunlop Limited for the financial year, consisting of the statements of financial performance, statements of financial position, statements of cash flows, industry segments, accompanying notes, and the directors 'declaration. The financial report includes the consolidated financial statements of the consolidated entity, comprising the Company and the entities it controlled at the end of the year or from time to time during the financial year. The Company s directors are responsible for 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, and in accordance with auditing standards generally accepted in the United States of America, to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included 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 requirements and statutory requirements in Australia 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 Pacific Dunlop Limited is in accordance with:

(a) the Australian Corporations Act 2001, including:

(i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2001, 2000 and 1999, and of their performance for the financial years ended on that dates; and

(ii) complying with Accounting Standards and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements.

Accounting principles generally accepted in Australia vary in certain respects from accounting principles generally accepted in the United States of America. An explanation of the major differences between the two sets of principles is presented in Note 40 to the consolidated financial statements. In so far as there are significant differences between such principles, the application of the United States principles would have affected the determination of the consolidated result for the years ended 30 June 2001, 2000 and 1999 and the determination of the consolidated shareholders 'equity at 30 June 2001, 2000 and 1999 to the extent summarised in Note 41 to the consolidated financial statements.

KPMG

William J Stevens
Partner

Dated in Melbourne this 5th day of September 2001