Annual Review 2000

PACIFIC DUNLOP

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Pacific Dunlop Limited ABN 89 004 085 330

The Annual General Meeting will be held in the Concert Hall at The Arts Centre, 100 St. Kilda Road, Melbourne on Friday, 13 October 2000 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.

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A New Pacific Dunlop Takes Shape

The faster-paced markets of 2000 and beyond require smarter ways to do business successfully. That's why Pacific Dunlop has been undergoing fundamental change. It has meant overhauling every step a product takes on its way to market, and we have markets in over 100 countries. It has meant changing many of the ways we operate.

Most of the change is now either in place or in hand. As a result, Pacific Dunlop is better equipped to deliver a return to profitable growth for shareholders in the future.

This report tells the story.

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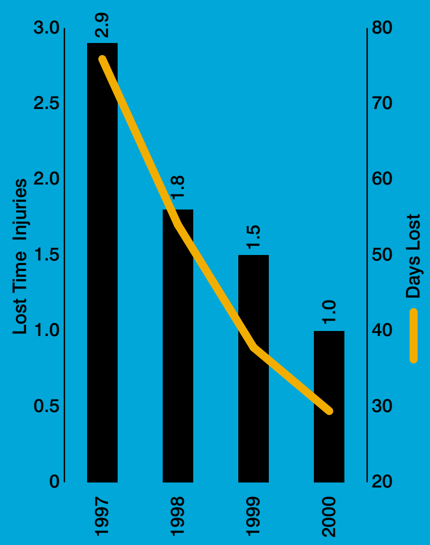
Financial Results

	2000	1999	% change
Revenue ($ million)	**5,726**	5,680	+0.8
Operating profit before interest, tax and goodwill amortisation ($ million)	**333**	401	–17.0
Profit after tax and before abnormal items ($ million)	**141**	200	–29.5
Abnormal loss ($ million)	**(227)**	(94)	–
Profit/(loss) after tax and after abnormal items ($ million)	**(87)**	106	–182.1
Total assets ($ million)	**4,008**	4,147	–3.4
Return on shareholders' equity before abnormals (%)	**9.4**	12.2	–22.9
Average shares on issue (million)	**1,032**	1,030	+0.2
Earnings per share before abnormal items (cents)	**13.6**	19.4	–29.9
Earnings per share after abnormal items (cents)	**(8.4)**	10.3	–181.6
Dividends per share (cents)	**10.0**	14.0	–28.6

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

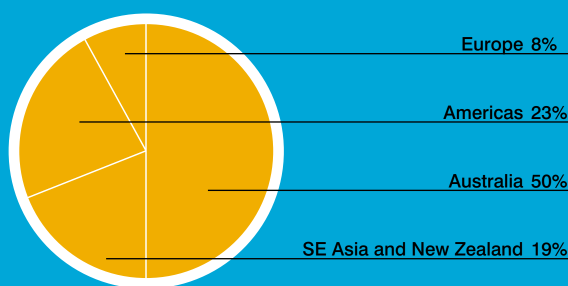
Safety Performance

(per 100 employees per annum)



Assets Employed by Region

(excluding GNB Technologies and Electrical Distribution)



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Chairman's Comment

Dear Shareholder

Pacific Dunlop starts the 2001 financial year in a much sounder condition.

Substantial progress has been made in reshaping and equipping the Company for the different style markets of today.

The focus is now on converting this progress into the increased returns for shareholders which we undertook to deliver when we started the reform process.

Over the past six years, abnormal losses have totalled $928 million, which has had a substantial negative effect on the Company. Two of the Company's businesses, Telectronics and GNB, have been responsible for write-offs of $971 million. The other adjustments have represented a net gain of $43 million before the realised gain of $145 million on the Electrical Distribution business, which will be included in the results of the coming financial year.

The substantial costs involved in relation to Telectronics and GNB Technologies have imposed a major burden on the Company, not only in financial terms but also in the managerial effort required. However, while the US litigation in respect of the pacing leads continues, most of this is now behind us and once the sale of the GNB battery business is finalised, Pacific Dunlop will go forward with three major businesses – Healthcare, Automotive and Consumer Goods. All have strong positions in their markets and provide a sound foundation for future profitable growth. Duplication across the Company is being eliminated.

As a result, Pacific Dunlop has started the current year with the prospect of a higher performing, more clearly defined asset base. The performance of South Pacific Tyres, however, remains a concern. A major priority this year is the reorganisation and refocusing of this business.

Supporting the three core businesses is an expanded services platform based on advanced supply chain systems, eBusiness, and shared services, where we have entered into a joint venture with Andersen Consulting.

This joint venture, called Novare, delivers three advantages – a reduction in servicing costs; access to world-class systems development at a faster rate and lower cost than the Company could do on its own; and an organisational structure that permits management to focus more strongly on Pacific Dunlop's competitive positioning. We anticipate increasing cost benefit synergies and growth opportunities as these initiatives become an integral part of each business.

Overall, the outlook is one of confidence in improved returns for the current year.

In a further move, it is proposed to restructure the Company's capital as soon as the GNB Technologies battery business sale is completed. The US$333 million cash proceeds from this sale and the $343 million received from the Electrical business sold in July will be applied to reducing debt and, subject to completion of the GNB transaction, to funding a share buyback.

A final dividend of 3 cents a share is being paid, making a full-year dividend of 10 cents a share. The reduction in the total dividend for the year is consistent with the lower level of profitability and represents a level that is sustainable. In addition, at the current market value, a buyback of shares represents a valuable opportunity to increase the earnings per share on an ongoing basis.

The work of the past three years, and particularly in the last 18 months, has laid the foundation for the Company to return to sustainable profitable growth. It has required a great deal of persistence from management to deliver these changes. I look forward to a brighter period ahead as a result of these efforts.

Finally, I wish to record the Board's appreciation of the contribution and service of two Directors who retired during the year, Margaret Jackson and Robert Hershan. In May we welcomed as a Director, Carolyn Kay, who has a strong background in international banking and finance.

John Ralph

John T Ralph
Chairman

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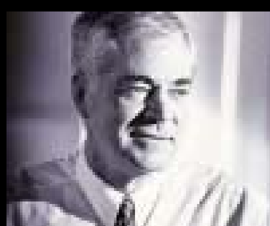
Right top: Rod Chadwick, Managing Director and Chief Executive.

Left (descending order): Philip Gay, Executive General Manager, Finance; Ian Veal, Executive General Manager, Strategic Direction; John Eady, Executive General Manager, Manufacturing; Jo Farnik, Managing Director, Pacific Distribution; Paul Moore, Managing Director, Pacific Brands.

Centre (descending order): John Rennie, Company Secretary; Mary Keely, Executive General Manager, Human Resources; Russell Hulstrom, Chief Information Officer; Tom Minner, President and CEO, GNB Technologies.

Far right (descending order): Robert McEniry, Chief Executive, South Pacific Tyres; Harry Boon, Managing Director, Ansell Healthcare.



This report is about the emergence of a reorganised, differently shaped Pacific Dunlop ready to perform better.

The final shape is still being moulded, but enough is now evident from the company-wide changes put in place to indicate our goal.

The goal is a simpler, more integrated company which clearly straddles the old and the new economies. Developments around the world assure us this is the way to go forward.

The last 12 months were important for the progress we made towards this goal, and the way we are beginning to leverage the various new initiatives into higher performance. Among them is the expansion of our eBusiness capability as an integral part of supply chain management. eBusiness also increases marketing power.

The sale of our two consistently low margin businesses, GNB Technologies and Electrical Distribution, largely completes a major asset restructure. It means we can now concentrate on growing the three core businesses of Healthcare globally, and of Automotive and Consumer Goods regionally.

Taken together, these initiatives will enable us to deliver the objective we stated in last year's annual report: namely, improve customer satisfaction and value for shareholders on a sustainable basis.

Improved Asset Base

The Pacific Dunlop of 2000 gained an identifiable shape as the financial year closed when there was a convergence of several major developments.

The first was the exiting of the Electrical Distribution business and the agreement to sell GNB Technologies. Although representing $2 billion in sales, both were low-margin businesses.

GNB was also cash hungry. For example, the capital expenditure of GNB was 1.6 times depreciation over the last 10 years. Growth was also difficult to see without consolidation in the US automotive battery market, which is what the sale to Exide Corporation in the United States helps to achieve.

The benefits for Pacific Dunlop of these two asset sales will be immediate. Their disposal will mean Pacific Dunlop's EBIT to sales margin improves by more than 1 percentage point. Interest cover, gearing and capital expenditure to sales ratios will also improve significantly.

The sale of GNB to Exide, which is still subject to completion of financing as we go to print, is particularly welcome after a long and difficult process, including the collapse of an earlier sale agreement a year previously.

Throughout this drawn-out, trying period, the staff and management of GNB under Tom Minner's leadership have performed with great merit, lifting profit in the last 12 months and writing significant new business in a highly competitive environment.

We believe GNB's transfer to Exide Corporation, the world's largest battery manufacturer, represents a good business fit with ample room for synergistic improvement and enhanced growth prospects. As the holder of an entitlement to approximately 18 per cent of Exide's current equity under the sale agreement, we are confident that over time the value of this stakeholding will increase.

The sale of GNB, as with the previous year's sale of Cables and rationalisation of Pacific Brands production, is consistent with our strategy of reducing exposure to low value added manufacturing.

Supply Chain and eBusiness Focus

Three other developments are having a significant impact on the Company. They are a greatly strengthened supply chain capability, a burgeoning eBusiness capability and the conversion of what had been separate business unit 'empires' into a one-company mould.

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The use of the eBusiness platform to underpin the one-company supply chain culture means we can take product to market on an integrated source-to-customer basis. Our goal is to complete the integration of Pacific Brands and Pacific Automotive, before expanding it to include Ansell and South Pacific Tyres in Australia and New Zealand.

Closing in on this objective has been made possible by identifying and incorporating synergies such as warehousing and transportation across Pacific Brands and the Automotive businesses. Annual cost saving benefits of up to $50 million are anticipated from these initiatives within two years.

The volume of electronic transactions in continuing businesses last year was over $1 billion, which is a significant proportion of current sales. With over 100,000 small and medium sized enterprise customers, there exists the opportunity to expand our businesses by utilising a cross-divisional eCommerce application to this largely untapped market. A specialist eBusiness division has been established to assist the process.

The roles of supply chain management and eBusiness in Pacific Dunlop are being supported by the implementation of another initiative – the formation of a 50-50 shared services joint venture, Novare, with Andersen Consulting, one of the world's leading management consulting firms. Novare is the first of its kind in the Asia Pacific region, and Pacific Dunlop is its anchor client.

Novare is a specialised vehicle, providing Pacific Dunlop with a range of business support and information technology services. Growth will come from this initiative, while at the same time reducing our 'time to market' and lowering our business processing costs. The savings in our Australian and New Zealand operations are expected to be $15 million annually.

The move to a one-company operation and culture is being further enhanced with the consolidation of the offices of Pacific Brands, Pacific Distribution and corporate head office to one location in the Melbourne suburb of Richmond, Victoria.

Performance Summary

The year's operating performance was mixed. While sales of ongoing businesses were marginally higher, profit was disappointingly down by 29.5 per cent.

One of the major reasons for the lower profit result was a $30 million adverse currency impact on the results of **Ansell Healthcare**, largely as a result of the devaluation of the Euro. Weakness in examination gloves prices in the United States also impacted profit.

Ansell meanwhile consolidated its market leadership in healthcare products globally. Strategic acquisitions, including the worldwide Johnson & Johnson medical glove business in the second half, greatly strengthened Ansell's product range and low-cost manufacturing base.

The Johnson & Johnson acquisition adds annual sales of approximately $150 million and gives Ansell global leadership in surgeons' gloves. Strong growth was also achieved through the launch of new condom, powder-free surgical and occupational glove products.

We remain confident of Ansell's future growth prospects as a truly global business with leadership positions in its major markets. This year it will have the benefit of the fully integrated Johnson & Johnson acquisition, a lower condom cost base as a result of the relocation of condom manufacturing facilities to Asia, and increased use of eBusiness. New market opportunities are also being developed in South-East Asia, eastern Europe and Latin America.

Pacific Brands showed pleasing improvement in both sales and EBIT during the year. Its performance reflects a renewed emphasis on brand promotion and values, a better matching of customer requirements, an improved sourcing/production mix and the cost benefits of consolidating production facilities. Brand reach was expanded with the acquisition of Jockey in New Zealand, and the Julius Marlow, Lightning Bolt and Amco brands in Australia.

Pacific Brands is now well-placed to continue its improvement as it develops synergies with Pacific Automotive and uses eBusiness to reach new markets.

Pacific Distribution's underlying performance last year, including that of the Electrical Distribution business, was marginally lower. The Group's portfolio has been changed with the sale of the Electrical Distribution business and now comprises the automotive retail and wholesale businesses of Pacific Automotive.

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The automotive businesses provide a substantial opportunity to increase market shares profitably from their existing bases. We will also be actively looking at industry consolidation opportunities as they arise.

South Pacific Tyres' result for the year was disappointing. Market conditions were extremely difficult, with increased imports in a no-growth market.

The appointment of a new Chief Executive, Robert McEniry, an experienced international executive from the automotive industry, was made in the second half of the year. Revised pricing and product positioning, together with a review of all operational aspects, will provide a stronger basis for the coming year.

Financial Comment

At year end, the Company's net liabilities to shareholders' equity was 167% compared with 154% at the previous year end. This increase was largely due to acquisitions and an increase in borrowings caused by a weaker Australian dollar.

Following the end of the financial year, the Company successfully completed the sale of the Electrical Distribution business for $343 million. Together with the release of a further US$333 million following the completion of the GNB sale scheduled for September 2000, the net liabilities to shareholders' equity, on a pro-forma basis, as at 30 June 2000 would have reduced to 107%.

Moody's and Standard & Poor's have reaffirmed the Company's long-term credit ratings of Baa1, stable outlook, and BBB+, negative outlook, respectively.

Ambri Biosensor Project

Pacific Dunlop's 100 per cent-owned subsidiary, Ambri Pty Ltd, continues to make encouraging progress towards commercialising Ambri's revolutionary new biosensor technology for world diagnostic markets.

The Ambri biosensor is a high sensitivity detection device which copies the actions of a human cell membrane in measuring hormones, viruses, bacteria, enzymes and ions. A synthetic membrane is placed on a disposable slide. Biochemistry and electronics are then combined in a simple one-step measuring technique that provides results in seconds, with greater speed and accuracy than existing methods.

Ambri technology has potential applications in drug discovery, medical diagnostics, food testing and environmental control. The initial focus is on the development of products for the medical diagnostic and rapidly growing pharmaceutical drug discovery markets.

Ambri has commercialisation rights for the technology which was developed with Australia's CSIRO and the University of Sydney. The goal is commercial introduction of Ambri's first biosensor product within two years.

Ambri has already entered into a collaborative research agreement and is negotiating another with a leading pharmaceutical company.

Accufix

During the year, all outstanding litigation in Australia was resolved in a settlement sanctioned by the Federal Court.

The previously approved settlement with the Accufix claimants in the US was rejected on appeal by the Appellate Court in Cincinnati. Advice as to the options available following this decision is being taken.

There remain six individual cases outside the US which are being litigated separately.

We remain of the view that this matter will ultimately be resolved within the scope of the provisions already made by the Group.

Workplace Safety

Pacific Dunlop continues to make significant progress in improving its global and local safety and risk management performance.

Lost Time Injuries are down to one a year per 100 employees, which has halved over the previous two years. The target for the coming two years is to halve this again.

Rod L Chadwick
Managing Director and Chief Executive

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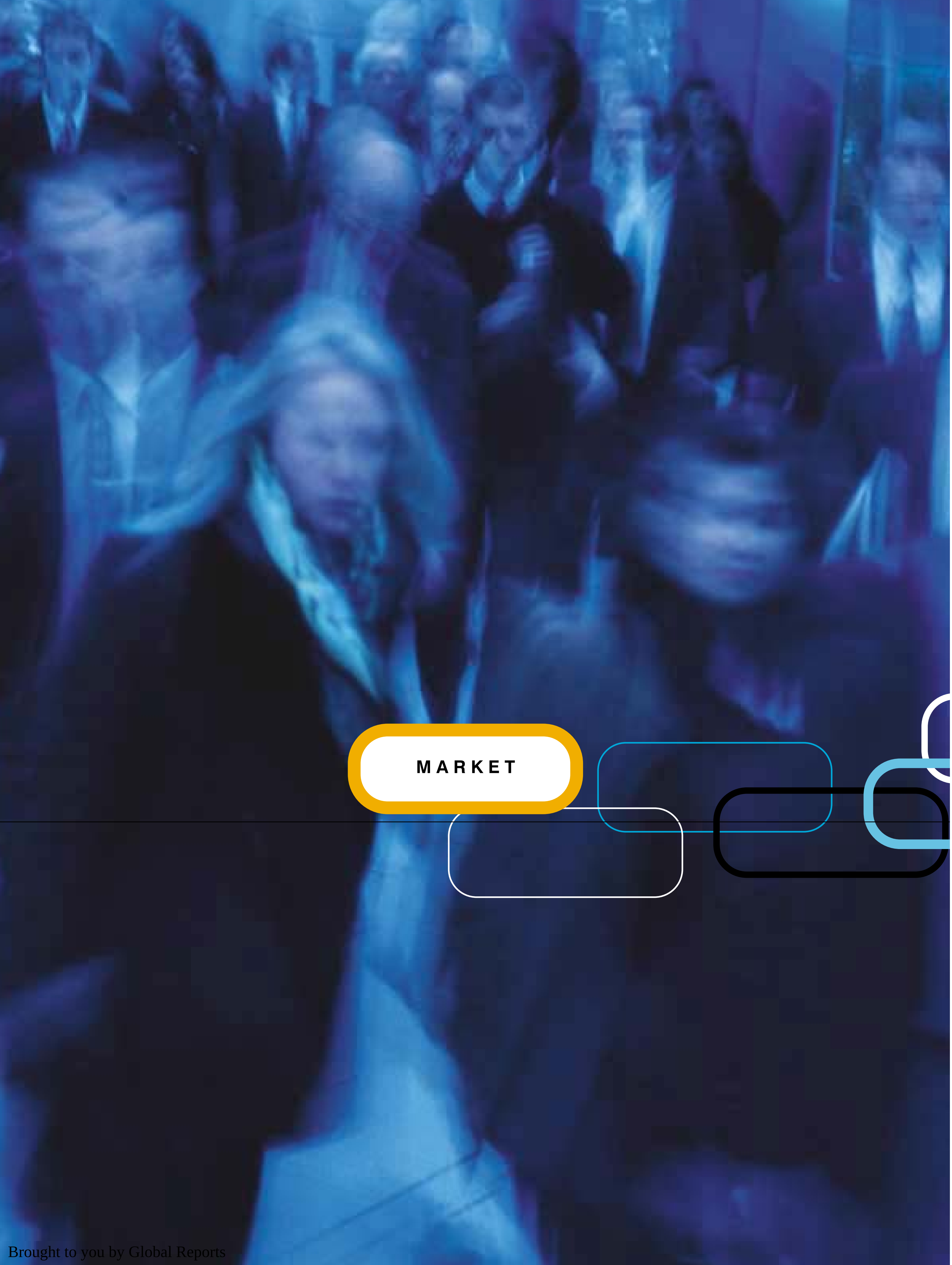

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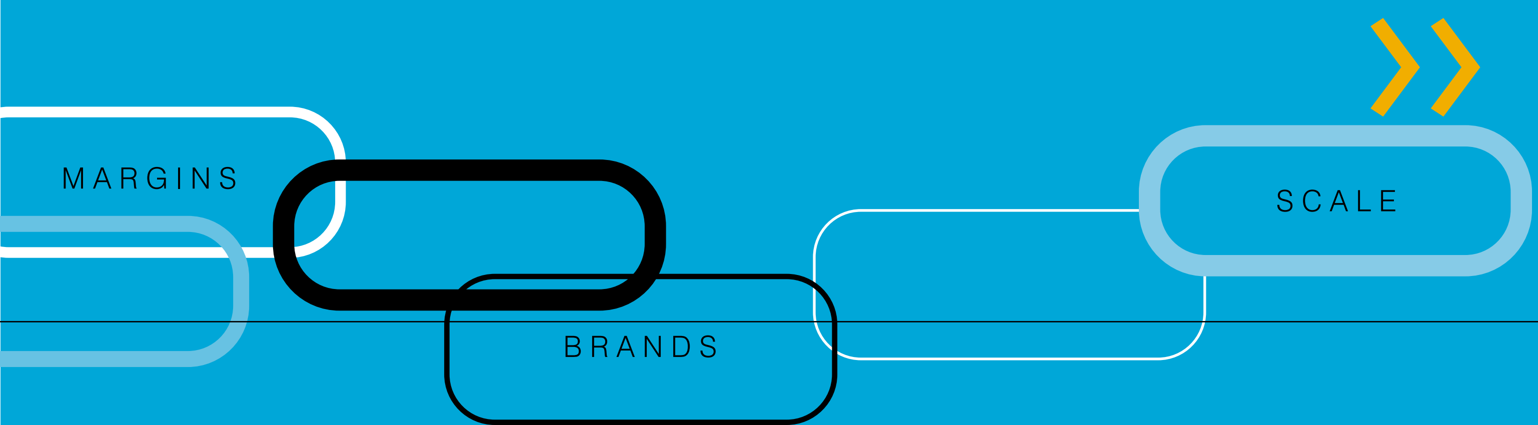
Shareholder value comes from recognition of what customers and the market want, and delivering it in as an efficient and as timely way as possible.

Along the supply chain, there are four main steps. These steps are central to all Pacific Dunlop businesses.



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1

The Economies of Scale

The first step is scale.

Without volume production and supply, we cannot achieve the necessary economies of scale and profitability.

Almost all Pacific Dunlop's products meet this test by being Number One or Number Two in their respective markets.

strength in numb

Scale applies to many operational areas, but one of the basics is sales volume. This comes with market leadership.

Ansell Healthcare continues to lead the world market for professional healthcare gloves and occupational protective gloves and maintains a strong position in condoms. Helping consolidate this leadership was the strategic acquisition of Johnson & Johnson's medical glove business for US$86 million in the second half, and the expansion of the Suretex condom facility in Thailand and of the Kemwell surgical glove facility in India.

The Johnson & Johnson worldwide medical glove business strengthens Ansell's competitive position. It delivers market share growth, and gives Ansell global leadership in surgical gloves.

The expansion of Suretex and Kemwell boosted medical glove and condom sales in India and other regional markets. It also delivers additional manufacturing capacity consistent with Ansell's lowest-cost producer strategy from its main global production centres in Asia.

Pacific Brands enlarged its clothing operations by acquiring the successful Jockey underwear business in New Zealand to add to the Jockey brand it already has in Australia. New clothing brands Amco and Lightning Bolt, and a relaunched Julius Marlow shoe range in Australia were added to their range.

The merging of the marketing activities of Pacific Dunlop's wholesale automotive distribution division with Atkins Carlyle created a new joint venture, CarParts, with sales of over $200 million. The increased sales are bringing economies of scale and improved customer support.

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SCALE

Workers at the Ansell factory at Shah Alam near Kuala Lumpur in Malaysia, acquired from Johnson & Johnson during the year, prepare Neutralon surgical gloves for sterile packaging and shipment. They package 24 million pairs a year.

2 brands

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The Power of Brands

The second step is having great brands.

Pacific Dunlop has many which command immediate recognition in Australia and New Zealand. Others like Ansell, Dunlop and Slazenger are known around the world.

Pacific Dunlop has placed a premium on brands and their value throughout its 100-year history. Last year and this year are no exceptions.

The Pacific Brands Group reinforced this commitment last year with a reorganisation of its marketing activities based on the recognition that successful brand management depends on close customer relationships. The reorganisation also allows each product group to tap into and use the relevant skills and logistical strengths of the others.

New additions to Pacific Dunlop's powerhouse collection of brand names include Julius Marlow in footwear, and Amco and Lightning Bolt in surfwear and streetwear.

They join other established market leaders in clothing, footwear, sporting and household products such as Bonds, Berlei, Dunlop, Sleepmaker, Slazenger, Hestia, Jockey, Tontine and Rio; Dunlop and Goodyear in tyres; Repco in car parts and accessories; and Ansell, Edmont, Lifestyles and Hyflex in healthcare.

The Hyflex branded glove developed by Ansell is proving to be an outstanding new product success. Launched early in 2000 in the United States, it will go global this year. Hyflex is a highly ergonomic glove which creates a new class of comfort, challenging for the first time traditional leather and cotton gloves.

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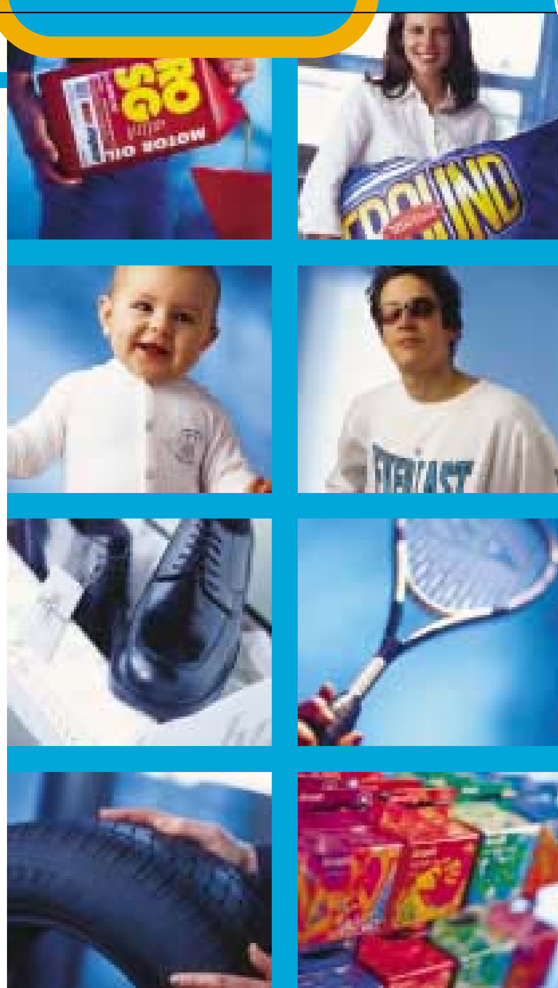
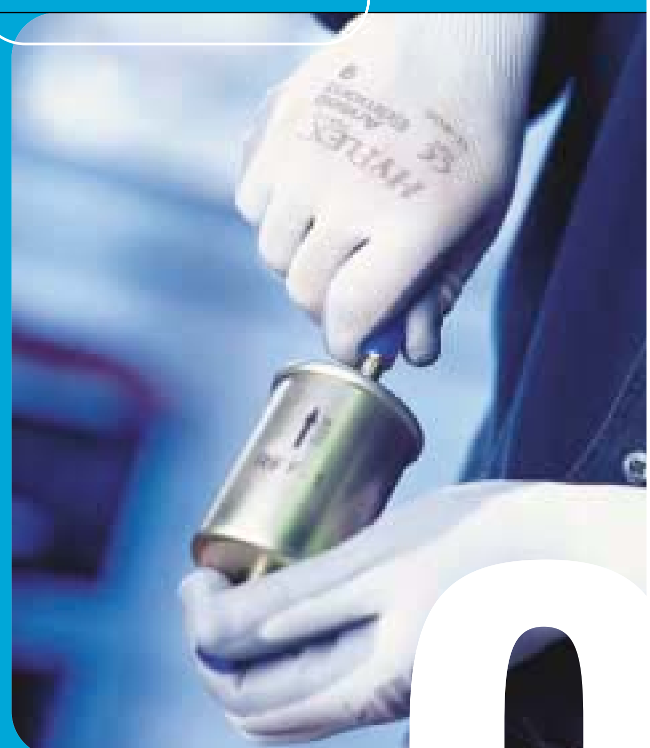
ands

BRANDS





margins

3

Some of Pacific Dunlop's popular brands. The Everlast sportswear, Julius Marlow shoes and Hyflex gloves became new product winners last year. The Bonds Cozy Cuffs babies' wear and Tontine's Rebound pillow are new this year.

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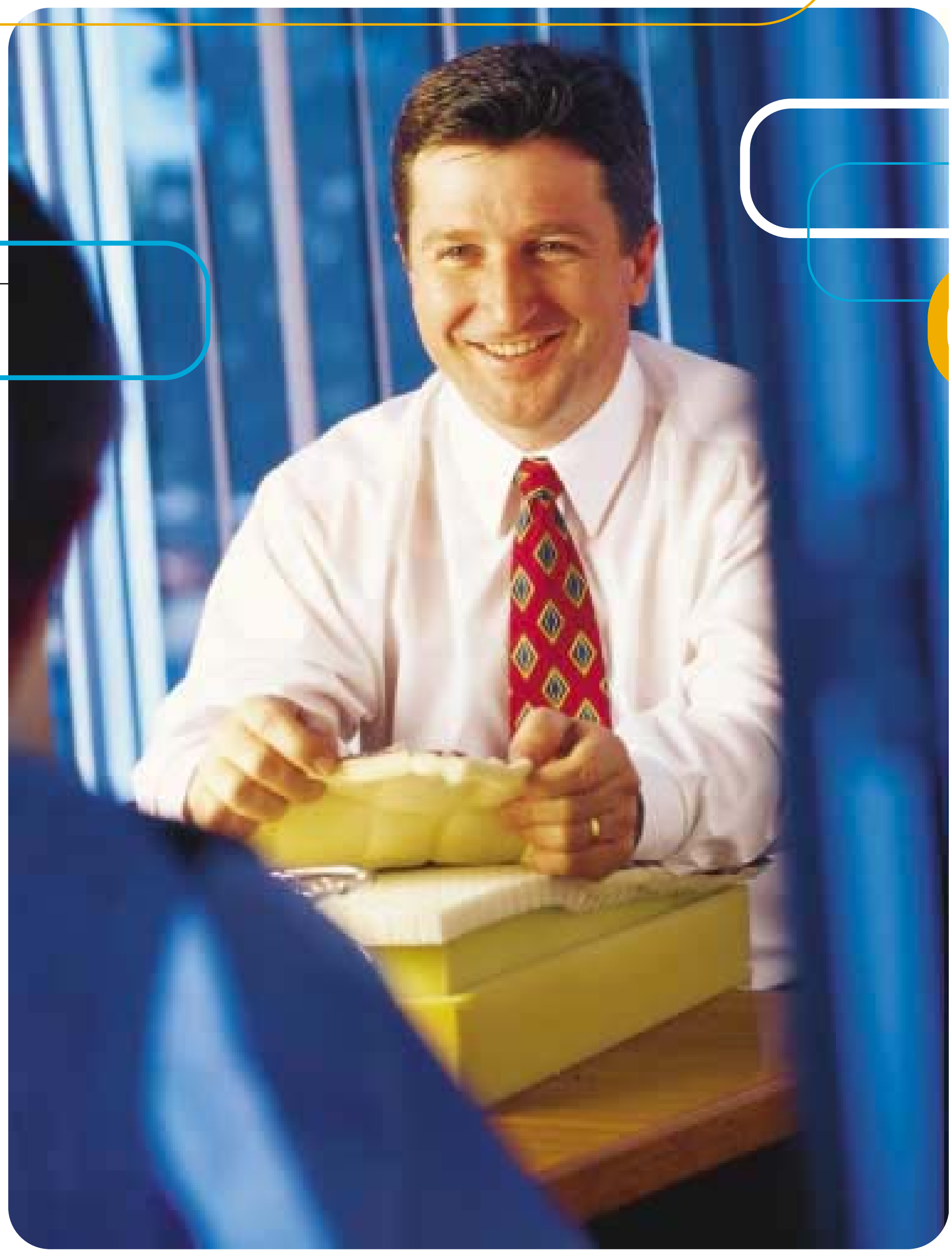
3

The Lowest Cost Factor

The third step is ensuring that the supply of our product to our customers is lowest-cost *and* best quality for that cost.

This is the objective of all Pacific Dunlop manufacturing and distribution operations.



Product Development Manager, David Chaplin shows components of the mattress surface which he and his team designed for the award-winning Indulgence model in Dunlop Bedding's Luxuriance range. It was named Most Innovative Design for 1999 at Australia's largest bedding and furniture show.

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going to market 4

cost & quality

MARGINS

Pacific Dunlop's supply chain philosophy is aimed at improving margins and service through each step on the way to market.

Production is being made more cost-efficient. For example, consolidation of Pacific Brands' Australian clothing manufacturing is now more than 75 per cent complete after further factory rationalisation during the year. Another example was the consolidation of all pillow production, including the Tontine brand, under one roof in Melbourne.

A major reason for Ansell Healthcare's confidence in a better result in the coming year is the improvement to flow from a newly established, low-cost condom manufacturing base in Asia together with the expansion of the low cost existing glove factories in Thailand and Sri Lanka.

The rationalisation and consolidation of our distribution infrastructure is also leading to a more cost efficient and superior supply chain. The work being done across Pacific Automotive and Pacific Brands in consolidating and integrating their systems and infrastructure is vital. Pacific Automotive's joint venture with Atkins Carlyle, called CarParts, will reduce warehousing costs and provide other benefits. The consolidation and centralisation of Ansell's European condom packaging and warehousing will lead to a more efficient distribution platform for its European market.

eBusiness initiatives are important in delivering on our cost and quality targets. The new Novare shared services joint venture is an example of how eBusiness can help us achieve our aims faster and with less investment.

This joint venture with Andersen Consulting, outlined on page 6, began operations on 1 August 2000. Many of Pacific Dunlop's business support people have transferred to Novare, which will have initial revenues of around $100 million a year. Novare will deliver significant cost savings as well as provide business growth opportunities. Once it is firmly established, Novare will be seeking additional clients in the manufacturing, distribution and retail industries in Australia and New Zealand.

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4

Going To Market

The fourth step is taking the product to market.

This is the distribution end of the supply chain. With markets in over 100 countries, good systems are vital. Maintaining a competitive edge means harnessing the latest information and logistics technologies available. Pacific Dunlop is doing this.

going to mark

Going to market is increasingly being undertaken through our eBusiness capability as described on page 6. This applies to all Pacific Dunlop products.

It has become an integral part of the marketing and sale of automotive products to retail and trade customers around Australia and New Zealand.

The growth of a sophisticated call centre operation, PacCom, at Mulgrave, Melbourne, in partnership with Optus provides added customer service depth. Ashdown outlets now service the automotive electrical market through electronic catalogues and pricing and email ordering. Ashdown's customer services system, 'Sparky', which is illustrated opposite, is gaining strong industry support.

Ansell Healthcare and Pacific Brands both have the expansion of their eBusiness capabilities as key priorities in the coming year.

The power of eBusiness is that it has virtually unlimited capacity to grow new business, open new doors to regional and global markets, and raise the level of customer service.

Its potential to transform other areas of our operations is equally great. As an example of what it can mean, one of the world's most successful corporations, GE, says in its current annual report: 'eBusiness came along and changed the DNA of GE forever by energising and revitalising every corner of the Company.' This, too, is our challenge.

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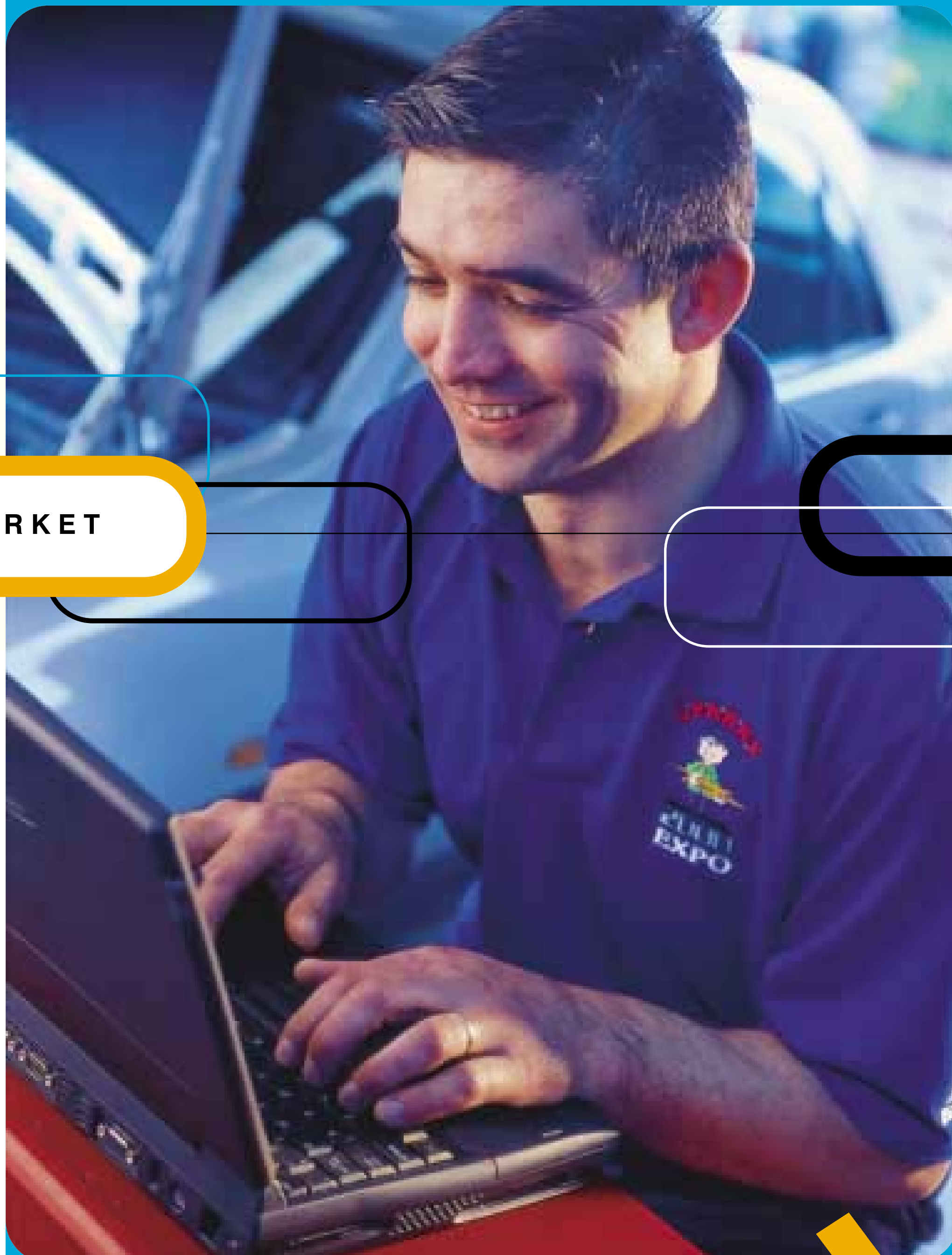
MARKET



Identifying, pricing and ordering the correct parts has become easy the "Sparky" way for auto electrician customers of Pacific Dunlop's Ashdown division. Martin Sanchez shows how quickly it speeds supply with a few simple clicks on a computer screen at his Melbourne automotive workshop. Sparky is a program specially developed by Ashdown for its customers.

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Business Groups

Ansell Healthcare

Barrier protection products for healthcare, consumer and industrial markets

Sales of $1.2 billion

Core Competencies

Innovation – through use of advanced technology in thin barrier protection in natural and synthetic latex and speciality fibres

Low-cost manufacture with unique automation equipment and formulation/processes

Global branded marketing and distribution

Brands

Ansell, Perry, Edmont, Checkmate, Xtra Pleasure, Kamasutra, Tuxedo, Lifestyles, Mates, Manix, Gammex, NuTex, Allergard, Ultralon, Nitrilite, Golden Needles, Hyflex, Solvex, Encore, Elite, Ovation

Scale

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

Market Share

US	
Medical gloves	17-20%
Industrial gloves	25-30%
Condoms	20-25%
Europe	
Medical gloves	25-30%
Industrial gloves	25-30%
Condoms	10%
Australia	
Medical gloves	60-70%
Condoms	65-70%

People

Australia	60
Europe	400
Americas	2,500
Asia-Pacific	10,487

Scope

Europe, North America, Japan, Asia-Pacific and Latin America

More than 90% of sales outside Australia

Three Year Summary at 30 June

$ million	**2000**	1999	1998
Sales Revenue	**1,173**	1,185	1,078
Depreciation	**40**	36	30
Operating Profit	**135**	170	162
Assets Employed	**1,099**	876	831
Funds Employed	**849**	666	622
Capital Expenditure	**48**	93	50
Profit Margin (%)	**11.5**	14.3	15.0
People	**13,447**	12,053	9,560
Sales per Person ($'000)	**87**	98	112

Pacific Brands

Clothing, footwear, sporting goods, bedding and foam products

Sales of $1.3 billion

Core Competencies

Brand management, product innovation and design, marketing and distribution

Brands

Amco, Berlei, Bonds, Candy, Dr Scholl, Dunlop, Dunlopillo, Enduro, Everlast, Grosby, Hang Ten, Hestia, Holeproof, Jockey, Jordache, Julius Marlow, Lightning Bolt, Malvern Star, Maxfli, Naturalizer, Niblick, Pierre Fontaine, Red Robin, Repco Sport, Rio, Rosebank, Simmons, Slazenger, Sleepmaker, Springtred, Tontine

Scale

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

Market Share

Australia	
Intimate Apparel	25-30%
Socks	50-55%
Underwear	45-50%
Footwear	20-25%
Bicycles	40-45%
Premium Tennis Balls	80-85%
Golf Balls	30-35%
Beds	35-40%

People

Australia	4,691
Europe	41
Asia-Pacific	1,357
New Zealand	606

Scope

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

More than 15% of sales are outside of Australia

Three Year Summary at 30 June

$ million	**2000**	1999	1998
Sales Revenue	**1,289**	1,191	1,152
Depreciation	**24**	25	27
Operating Profit	**104**	94	91
Assets Employed	**596**	583	592
Funds Employed	**396**	415	409
Capital Expenditure	**14**	16	26
Profit Margin (%)	**8.1**	7.9	7.9
People	**6,695**	8,054	8,252
Sales per Person ($'000)	**193**	148	140

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Pacific Distribution*

Distribution of electrical and automotive products in retail and wholesale channels

Sales of $1.6 billion

Product sourcing and distribution

Repco, Checkpoint, Appco, Auto Pro, Ashdown, Lawrence & Hanson, Auslec, Corys Frasers, Lanson, Express Parts Centres, Pacific Datacom, Click

638 outlets in Australia and New Zealand

Australia

Automotive	15-20%
Electrical	25-30%

New Zealand

Automotive	25-30%
Electrical	15-20%

Australia	4,992
New Zealand	882

Australia and New Zealand

$ million	**2000**	1999	1998
Sales Revenue	**1,598**	1,494	1,468
Depreciation	**19**	21	21
Operating Profit	**75**	77	65
Assets Employed	**682**	579	588
Funds Employed	**481**	453	466
Capital Expenditure	**20**	15	26
Profit Margin (%)	**4.7**	5.2	4.4
People	**5,874**	5,858	5,959
Sales per Person ($'000)	**272**	255	246

**The Electrical Distribution business (with sales revenue of approximately $800 million) was sold, effective 31 July 2000.*

South Pacific Tyres**

Passenger, light truck, truck, agricultural and industrial tyres

Sales of $1.0 billion

Manufacture, marketing and distribution of tyres

Dunlop, Goodyear, Olympic, Kelly Springfield, Beaurepaires for Tyres, McLeod Tyres, Goodyear Auto Service Centres, Dunlop Super Dealers

Five tyre plants, 16 retreading plants and 720 tyre outlets in Australia and New Zealand

Australia	40-45%
New Zealand	35-40%

Australia	4,886
Asia-Pacific	1,067

Australia, New Zealand and Papua New Guinea

More than 20% of sales outside Australia to 44 markets

$ million	**2000**	1999	1998
Sales Revenue	**1,048**	1,070	1,049
Depreciation	**43**	39	36
Operating Profit	**17**	73	80
Assets Employed	**681**	686	658
Funds Employed	**477**	488	459
Capital Expenditure	**30**	45	40
Profit Margin (%)	**1.6**	6.8	7.6
People	**5,953**	6,005	5,977
Sales per Person ($'000)	**176**	178	176

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

GNB Technologies***

Lead acid automotive and industrial batteries

Sales of $1.6 billion

Customer support and development

Sealed lead acid battery design and manufacturing technology

Lead alloy development

Champion®*, Marshall®, Exide® (Australia and New Zealand only), Stowaway®, Absolyte®, Dunlop®, Marathon™, Sprinter®

**Champion is a registered trademark of Federal Mogul Corporation*

17 plants in the US, Australia and New Zealand

US

Automotive	15-20%
Telecom/Power Control	25-30%
Motive Power	20-25%

Australia

Automotive	40-45%
Telecom/Power Control	30-35%
Motive Power	45-50%

Australia	606
Europe	88
Americas	4,197
Asia-Pacific	214

North America, Latin America, Australia, New Zealand, Asia-Pacific, China, Europe/Middle East and India.

More than 85% of sales outside Australia

$ million	**2000**	1999	1998
Sales Revenue	**1,557**	1,386	1,236
Depreciation	**56**	45	49
Operating Profit	**65**	51	55
Assets Employed	**582†**	945	1,084
Funds Employed	**582†**	534	715
Capital Expenditure	**69**	77	58
Profit Margin (%)	**4.2**	3.7	4.5
People	**5,105**	5,068	5,200
Sales per Person ($'000)	**305**	273	238

****A contract of sale for this business was signed on 9 May 2000 and US Federal Trade Commission approval was granted on 9 June 2000. The sale is scheduled for completion during September 2000.*

†After write-down of assets.

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Ansell Healthcare

Strategic Aims

- Offer a broad range of high quality, value-added branded products.
- Dedicate significant resources to developing eBusiness opportunities worldwide.
- Develop market opportunities in South-East Asia, eastern Europe and Latin America as their economies return to growth.
- Accelerate the move of medical gloves to powder-free.
- Maintain the rate of product and process innovation through world-class R&D.

Achievements

- Launched the ergonomic Hyflex glove, which became Ansell's all-time fastest-growing new product. The Hyflex glove combines the knitting and fibre know-how of Golden Needles with the dipping and polymer technology of Ansell.
- Became the undisputed number two in US condom market share. This was helped by the success of two new products, Xtra Pleasure and Discs. Won awards for innovative packaging (Discs), advertising (US and Europe), web design and retail excellence in the US family planning sector.
- Acquired the worldwide medical glove business of Johnson & Johnson for US$86 million, including a modern glove facility in Malaysia (pictured on page 11) which was integrated into the Ansell network.
- Increased Ansell's presence in Asia and India with the expansion of the Suretex condom facility and the Kemwell surgical glove facility. Ansell now has modern, low cost condom and medical examination glove manufacturing facilities in southern Thailand and Bangalore, India, to supplement existing facilities throughout the region. Ansell also produces low-cost surgical gloves and high quality Nitrile gloves in India to world standards.
- Consolidated all European condom packaging and warehousing to provide a more efficient platform for European distribution.

Market Factors

- The fall in the value of the Euro had a major adverse affect on results in a major market where Ansell has 40 per cent of its sales.
- More competitive medical examination glove market (representing 19 per cent of Ansell's total sales) led to reduced margins.
- Increasing demand for more comfortable, high quality powder-free gloves.

Looking Ahead

- Based on the current outlook and world currency positions as at 30th June 2000, Ansell anticipates improved sales and earnings this year. Key drivers of this will include the reorganised low-cost manufacturing base in Asia, a full year's contribution from the Johnson & Johnson acquisition, further conversion of medical glove markets to powder-free product, and continuing market success with new products, including the global rollout of Hyflex.

Pacific Brands

Strategic Aims

- Maintain the focus on customer service through integrated supply chain efficiency, including exploitation of eBusiness opportunities.
- Improve brand development and values across the product range.
- Grow through product innovation and quick response to new market trends.
- Further reduce exposure to low value-added manufacturing.

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Achievements

- Good performances across most product categories. The branded outerwear business and Household Products, which includes pillows, bedding, foam and fibre, had an excellent year. The Pierre Fontaine, Grosby and re-launched Julius Marlow footwear brands performed strongly. Socks, underwear and bras made market share gains, with Berlei bras increasing exports to the US. Dunlop and Everlast sporting footwear and clothing brands did well.
- Further consolidation of production facilities to achieve economies of scale, including the concentration of all pillow-making into one Melbourne plant, the automation of the three east coast bedding manufacturing facilities and further rationalisation of Australian underwear and sock manufacture.
- Three factories in China at Shanghai, Beijing and Taiping producing socks, underwear and bras were sold. Product will now be sourced more efficiently, while maintaining design, quality and service controls.
- The successful introduction of new branded products; the relaunching of the Julius Marlow footwear brand; and the acquisition of the Amco and Lightning Bolt clothing brands for the growing surf and streetwear apparel market, were all initiatives undertaken and implemented during the year.
- Production and delivery of outfits for 70,000 Sydney 2000 Olympics volunteers, with approximately 750,000 garments, and the provision of 23,000 beds for the Olympic Village were part of our contribution to the Games.
- The acquisition in February of the Jockey business in New Zealand, with $30 million annual sales, giving Pacific Dunlop a strong position in the world thermal underwear market. The purchase complements our licence for Jockey underwear in Australia.

Market Factors

- Australian retail demand was generally solid, notwithstanding softness in some categories. Demand in the housing and related sectors, however, was strong throughout the year.

Looking Ahead

- Further gains are expected in most product areas through new product launches, bolt-on acquisitions and further supply chain opportunities with Pacific Distribution.
- After the domestic market settles following the GST implementation, we expect further growth in Pacific Brands in the year ahead.

Pacific Distribution

Strategic Aims

- Position and grow the automotive business as the leading solutions provider to the Australian and New Zealand automotive industry.
- Be involved in the consolidation of the automotive after-market distribution industry.
- Build a scalable retail platform.
- Integrate the Company's supply chain capabilities, enabled by eBusiness.
- Use eBusiness as a development tool for new business.

Achievements

- Increased sales, including Electrical (since sold), by 7 per cent.
- Integrated the 50-50 automotive wholesaling joint venture with Atkins Carlyle, resulting in significant rationalisation benefits and improved sales.
- Completed a number of strategic acquisitions and established a world-class call centre, named PacCom. Also expanded the product range with an exclusive agreement for the distribution of Federal-Mogul brands in Australia, New Zealand and Pacific Island territories.

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- Upgraded a further 14 retail outlets. The rollout of the newly designed retail stores is continuing. The opening of new Express Parts Centres for trade customers continued, with Melbourne now having seven and five under construction in Sydney.
- Ashdown's leadership of the automotive electrical market was strengthened with the introduction of a new B2B marketing initiative called 'Sparky'. Developed in-house, this enables customers to view and order parts through the use of the Internet.
- A new regional Supply Chain Division was formed, and began implementing a program of warehouse rationalisation. It also began reviewing the Company's transport requirements through an alliance established with the Linfox Group.
- Implementation of sophisticated Advanced Planning and Scheduling systems is well advanced. A new warehouse management system is being installed.

Market Factors

- Trade demand for automotive products was flat for most of the year. Demand from retail customers, however, increased with the help of the new format stores and a more targeted marketing effort.
- Demand for Electrical was strong in most markets except New Zealand.

Looking Ahead

- The focus is on growing the higher margin automotive business.
- Priorities will be building a world-class supply chain system, including further warehouse rationalisation and systems development. Broadening the eBusiness capability is another priority.

South Pacific Tyres

Strategic Aims

- Change from a manufacturing to a customer focus.
- Consolidate manufacturing to achieve lower cost.
- Reposition product as part of an overall margin and marketing improvement program

Achievements

- The Beaurepaires, Goodyear Auto Service Centres and McLeods retail stores retained their share of the total retail market.
- During the year, SPT won sole supplier status from Ford Australia for its current model range.
- Export sales approached $90 million for the year.

Market Factors

- Increased competition in both the Australian and New Zealand markets impacted margins.
- The business lost significant wholesale market share in the key replacement segment of passenger tyres because of low-cost Asian imports.
- These lost sales had a significant impact on profit as lower volumes led to increased cost of manufacture.

Looking Ahead

- The restructuring of the business will review the value proposition for the major market segments, while also working to optimise the business' sourcing strategy. Manufacturing will be reconfigured to make it more responsive and cost competitive. The business' product range will be consolidated as part of an overall margin and marketing improvement program.
- The implementation of these improvement measures under the new management is expected to yield an improved result in the coming year.

GNB Technologies

- A contract of sale for this business was signed on 9 May 2000 and US Federal Trade Commission approval was granted on 9 June 2000. The sale is on schedule for completion in September 2000.
- The business was well maintained during the sale process in a difficult automotive battery market, but a strong market for industrial batteries.

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Five Year Summary

of Pacific Dunlop Limited and Controlled Entities for the year ended 30 June 2000

$ million	**2000**	1999	1998	1997	1996
Profit and Loss					
Sales (excluding South Pacific Tyres)	**5,726**	5,680	5,473	5,304	5,980
Depreciation	**149**	156	155	149	170
Operating EBIT	**333**	401	366	373	386
Goodwill amortisation	**41**	41	40	36	37
EBIT	**292**	360	326	337	349
Net interest expense	**100**	103	100	71	85
Income tax expense – operating	**47**	51	46	83	94
Profit attributable	**141**	200	181	176	162
for six months to 30 June	**75**	97	91	92	44
for six months to 31 December	**66**	103	90	84	118
Abnormal items	**(227)**	(94)	(156)	2	(294)
Net profit/(loss) after abnormals	**(87)**	106	25	178	(133)
Dividends	**103**	145	144	144	143
Balance Sheet[e]					
Current assets[a]	**2,266**	1,999	2,059	1,975	2,278
Property, plant and equipment	**658**	1,066	1,258	1,242	1,238
Investments	**128**	148	167	189	184
Goodwill	**408**	403	465	469	410
Brand names	**220**	205	219	171	167
Other non-current assets	**328**	326	434	355	344
Total assets	**4,008**	4,147	4,602	4,401	4,621
Current accounts payable	**566**	726	796	778	859
Current net borrowings	**812**	268	422	191	134
Other current liabilities	**407**	515	565	470	508
Non-current accounts payable	**6**	14	14	6	59
Non-current net borrowings	**628**	781	848	825	993
Other non-current liabilities	**89**	209	265	284	275
Total liabilities	**2,508**	2,513	2,910	2,554	2,828
Net assets	**1,500**	1,634	1,692	1,847	1,793
Paid up capital	**1,617**	1,776	515	514	511
Reserves	**(31)**	(102)	1,189	1,182	1,501
Retained profits/(accumulated losses)	**(104)**	(65)	(38)	116	(257)
Pacific Dunlop shareholders' equity	**1,482**	1,609	1,666	1,812	1,755
Outside equity interests	**18**	25	26	35	38
Total shareholders' equity	**1,500**	1,634	1,692	1,847	1,793
Total funds employed[b]	**2,941**	2,688	2,968	2,877	3,010
Share Information					
Earnings per share before abnormal items (cents)	**13.6**	19.4	17.6	17.2	15.7
Earnings per share excluding goodwill amortisation (cents)	**17.5**	23.2	21.1	20.6	19.3
Dividends per share (cents)	**10.0**	14.0	14.0	14.0	14.0
Dividend payout ratio before abnormal items (%)	**73.3**	72.5	79.7	81.8	88.5
Dividend payout ratio before abnormal items and excluding goodwill amortisation (%)	**57.1**	60.3	65.7	68.2	72.2
Net assets per share ($)	**1.43**	1.57	1.62	1.76	1.72
General					
Cash received from divestments	**3**	245	36	303	1,331
Net cash from operating activities	**190**	379	281	378	354
Capital expenditure	**157**	223	192	198	226
Shareholders (No.)	**99,194**	85,116	89,918	94,218	111,426
Employees (No.)[c]	**37,836**	38,438	37,424	38,148	40,671
Ratios					
Return on shareholders' equity (%)	**9.4**	12.2	10.7	9.7	9.2
Operating EBIT return on funds employed (%)	**11.3**	14.9	12.3	13.0	12.8
Operating EBIT margin (%)	**5.8**	7.1	6.7	7.0	6.5
Average working capital to sales (%)	**22.5**	23.6	22.9	24.3	24.7
Interest cover (times)	**3.3**	3.9	3.7	4.3	3.3
Net liabilities to shareholders' equity (%)[d]	**167**	154	172	138	158
Number of shares at 30 June (million)	**1,033**	1,032	1,030	1,027	1,022

[a] *Excludes cash at bank and short-term deposits.*
[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] *Net liabilities equals total liabilities less cash at bank and short-term deposits.*
[e] *Certain assets and liabilities in 1998 have been reclassified to reverse the 30 June 1998 entries to record the sale of GNB Technologies.*

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Pacific Dunlop Board

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

Mr John T. Ralph AC, Hon LLD (Melb & Qld), FCPA

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 a Director of The Broken Hill Proprietary Co. Ltd., 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 67.

Mr Rodney L. Chadwick FCPA

Managing Director and Chief Executive since July 1996; and an Executive Director since 1990; prior to which he was Managing Director of South Pacific Tyres from 1987 to 1995. He is National Vice President of the Australian Industry Group and is the chair of the Business Council of Australia's Population Policy Steering Committee.

Resident Melbourne. Age 54.

Mr Anthony B. Daniels OAM

Non-Executive Director since 1997. A Director of the Australian Gaslight Company, the Commonwealth Bank of Australia, Orica Limited and Pasminco Limited; he was formerly Managing Director of Tubemakers of Australia.

Resident Sydney. Age 65.

Ms S Carolyn H Kay BA, LLB

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

Resident Melbourne. Age 39.

Mr Robert J. McLean BEc(Hons)(EconStats), MBA

Non-Executive Director since 1997, he was previously Managing Director of the Australian and New Zealand practice of McKinsey & Co. A Director of CSR Limited and of The Centre for Independent Studies, he is Chairman of the Australian Landscape Trust, a member of the Business Advisory Group of the National Council for the Centenary of Federation and President of the Benevolent Society.

Resident Sydney. Age 54.

Professor David G. Penington AC, MA, DM, BCh, FRCP, FRACP, FRCPA

Non-Executive Director since 1991 and Vice Chancellor of Melbourne University from 1988 to 1995. He is Chairman of Cochlear Limited and of the Co-operative Research Centre for Cell Growth Factors; President of the Museum of Victoria; a Director of the Murdoch Institute for Medical Research and a principal of Foursight Pty. Ltd. He was Chairman of the Premier's Drug Advisory Council in Victoria from 1995 to 1996 and has been the chair of the Victorian Government's Drug Policy Expert Committee since November 1999.

Resident Melbourne. Age 70.

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 and of the Australian Advisory Board of Asea Brown Boveri Pty. Ltd. Formerly Chairman of Mayne Nickless Limited, he was an Associate Commissioner to the Post 2000 Automotive Industry Review.

Resident Adelaide. Age 65.

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(Descending left to right):
John Ralph,
Rod Chadwick,
Anthony Daniels,
Carolyn Kay,
Robert McLean,
David Penington,
Ian Webber.

Corporate Governance

Introduction

The Board works under a set of well-established corporate governance policies designed to protect the interests of shareholders.

The policies reinforce the responsibilities of all Directors in accordance with the requirements of the Corporations Law 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 the 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 nine 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, and any resulting advice received to be generally circulated to all Directors.

Election Process

The Pacific Dunlop Board currently has seven Directors. Of these, six are non-Executive Directors (including the Chairman) and one is an Executive Director (the Managing Director).

New Directors are nominated by the Board after a careful process referred to 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

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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 a schedule previously approved by shareholders and the Corporations Law.

As members of management, Executive Directors 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.

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 six Committees which are designed to add to the quality and depth of advice. 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.

Audit Committee Membership at 30 June 2000:

Mr Robert McLean (Chairman)	Mr Tony Daniels
Ms Carolyn Kay	

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.

Safety, Health & Environment Committee and Corporate Conduct & Compliance Committee

These Committees, which currently have common membership, deal 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.

Safety, Health & Environment Committee and Corporate Conduct & Compliance Committee Membership at 30 June 2000:

Professor David Penington (Chairman)	Mr Tony Daniels
Mr Rod Chadwick (Managing Director)	Mr Ian Webber

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.

Donations Committee Membership at 30 June 2000:

Professor David Penington (Chairman)
Mr Rod Chadwick (Managing Director)

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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.

Nominations Committee Membership at 30 June 2000:

Mr John Ralph (Chairman)	Mr Tony Daniels
Mr Ian Webber	

Remuneration and Evaluation Committee

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

Remuneration and Evaluation Committee Membership at 30 June 2000:

Mr John Ralph (Chairman)	Mr Tony Daniels
Ms Carolyn Kay	Mr Robert McLean
Professor David Penington	Mr Ian Webber

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

The Board approved donations at the Federal and State levels totalling $80,000.

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Board and Committee Meetings

The number of Board and Committee meetings held during the year ended 30 June 2000 and the number of meetings attended by each Director during that period are set out below:

	Board		Audit		Corporate Conduct & Compliance		Safety, Health & Environment		Remuneration		Nominations		Donations	
	Held	Attd	Held	Attd	Held	Attd	Held	Attd	Held	Attd	Held	Attd	Held	Attd
J T Ralph	12	12							3	3	3	3		
R L Chadwick	12	12			3	3	3	3					1	1
A B Daniels	12	12	5	5	3	3	3	3	3	3	3	3		
R B Hershan(1)	8	8												
M A Jackson(2)	11	10	4	4					3	3			1	1
S C H Kay(3)	1	1	1	1										
R J McLean	12	12	5	5					3	3				
D G Penington	12	12			3	3	3	3	3	3			1	1
I E Webber	12	12			3	2	3	2	3	3	3	3		

(1) Retired 29 February 2000. *(2) Retired 1 May 2000.* *(3) Appointed 19 May 2000.*
Attd – Indicates the number of meetings attended during the period.

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 205G of the Corporations Law, were:

	1	2	3	4
J T Ralph	60,100			
R L Chadwick	451,400	170,000	1,200,000	
A B Daniels	5,000			
S C H Kay	5,035			
R J McLean	10,000			
D G Penington	22,700	40,000		
I E Webber	67,265			

1 *Beneficially held in own name, or in the name of a trust, nominee company or private company.*
2 *Beneficial, paid to 1 cent.*
3 *Beneficial, Executive Share Options. Further details of Options over shares appear in Note 4 on page 43.*
4 *Non-Beneficial.*
No interests were held in the shares of any related body corporate.

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Report of the Directors

This Report by the Directors of Pacific Dunlop Limited ('the Company') is made for the year ended 30 June 2000 pursuant to Division 1 of Part 2M.3 of the Corporations Law.

Directors

The names of each person who has been a Director of the Company during or since the end of the financial year, 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 Law, and particulars of the qualifications, experience and special responsibilities of each Director as at the date of this Report, and of their other Directorships are as set out on pages 24 and 29.

Details of meetings of the Company's Directors (including Meetings of Committees of Directors) and Directors' attendance are set out on page 29.

At the date of this Report there is an Audit Committee of the Board comprising Mr R J McLean (Chair), Mr A B Daniels and Ms S C H Kay.

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, automotive and industrial batteries, metals recovery, household products, sporting goods, clothing and footwear, automotive and electrical products and tyres.

While there were no significant changes in the nature of the principal activities of the Group, during the year:

- On 10 May 2000, the Company announced that it had entered into an agreement for 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). As at the date of this report, the due diligence process has been completed, FTC approval in the US has been granted and Exide is in the course of arranging finance for the transaction.
- On 10 May 2000, the Company also announced that it proposed to sell its Electrical Distribution business. This sale has since been completed – refer to Events after balance date on page 31.
- On 24 May 2000, the Company announced that it had formed a shared services joint venture with Andersen Consulting for the provision of multi client services. With the Company as its anchor client, the joint venture, which will offer a combination of business support services and information technology solutions to companies across the manufacturing, distribution and retail industries in Australia and New Zealand under the name Novare, formally commenced on 1 August 2000.

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 1999, paid on 1 July 1999, totalling $72,219,187;
- as shown in last year's Report, a final ordinary dividend at the rate of 7.0 cents per share (unfranked) in respect of the year ended 30 June 1999, paid on 3 November 1999, totalling $72,307,945;
- 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.

In addition, a final ordinary dividend of 3 cents per share (unfranked) in respect of the year ended 30 June 2000 has been declared, payable on 31 October 2000 to shareholders registered on 5 October 2000.

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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 and Compliance Committee of the Board.

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

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 20 to 22. The consolidated operating profit/(loss) of the Group for the year after providing for income tax was $140.9 million before abnormal items, and was ($86.5) million after abnormal items.

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 19 July 2000, the United States Court of Appeals for the Sixth Circuit reversed the decision of the US District Court for the Southern District of Ohio, Western Division referred to in last year's annual report, which had approved a settlement intended to resolve all current and future litigation in the United States arising out of the Accufix Pacing Leads. The Court of Appeals ordered that the settlement class be decertified, that the settlement be disapproved and that the matter be remanded to the District Court for further proceedings. Refer also Note 6 on page 45.
- Effective 31 July 2000, the Company sold its Electrical Distribution business in Australia and New Zealand to Hagemeyer Group for $343 million. The sale price represents a profit on sale of $145 million.

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 2000, 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

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provided by, those Directors in discharging their duties. Regard is also had to the level of fees payable to non-Executive Directors of comparable companies and to the company's position.

Shareholders will be asked to consider a proposal at the Annual General Meeting on 13 October 2000 that all non-Executive Directors be required to reinvest 20 per cent of their directors' fees in acquiring shares in the Company pursuant to a non-Executive Directors' Share Plan to allow their interests to be more closely aligned with those of shareholders.

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 incorporate both short and long-term performance based components. Short-term performance based components include bonus payments, while long-term performance based components are in the form of equity participation through the Pacific Dunlop Executive Share Option Plan. Options issued under the Plan are linked to the longer-term performance of the Company and are only exercisable following the satisfaction of performance hurdles that are designed to maximise shareholder wealth.

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. Details of Options previously granted by the Company are set out in Note 4 on page 43.

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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$	Incentives[(c)] A$	Superannuation Contributions[(d)] A$	Total A$	Options Granted[(e)]
Executive Directors						
R L Chadwick	809,389	–	–	148,158	957,547	–
R B Hershan[(f)]	1,918,416[(g)]	–	–	77,764	1,996,180	–
Non-Executive Directors						
J T Ralph	–	207,676[(h)]	–	7,067	214,743	–
A B Daniels	–	71,000	–	4,970	75,970	–
M A Jackson[(i)]	–	81,406	–	5,698	87,104	–
S C H Kay[(j)]	–	3,918	–	274	4,192	–
R J McLean	–	65,000	–	4,550	69,550	–
D G Penington	–	98,000	–	6,860	104,860	–
I E Webber	–	66,000	–	4,620	70,620	–
Officers of the Company and the Group						
H Boon[(k)]	904,117	–	–	332,395[(l)]	1,236,512	–
J A Eady	445,736	–	20,000	75,847	541,583	–
J P Farnik	548,058	–	40,000	–	588,058	–
P R Gay	478,497	–	50,000	82,600	611,097	–
J M Gurrieri	1,307,712[(g)]	–	–	49,700	1,357,412	–
T O Minner[(k)]	734,088	–	1,858,310[(m)]	32,136[(l)]	2,624,534	–
P R Moore	420,809	–	175,000	75,121	670,930	–

(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 incentives.*

(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 2000 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 full Financial Statements.*

(e) *No options were granted during the year under the Executive Share Option Plan. Details of previously granted Options, of which 4,050,000 have lapsed to date, including 1,200,000 issued to present or past Executive Directors of the Company, and of the Exercise Conditions that must be satisfied before the Options vest and the Exercise Periods, are set out in Note 4. The value of each Option using a Monte Carlo simulation model, as referred to in Note 4, is approximately 45 cents, but they will have no value if the performance hurdles are not met.*

(f) *Retired 29 February 2000.*

(g) *Includes statutory and other amounts paid on termination of employment.*

(h) *Includes provision of vehicle and office facilities.*

(i) *Retired 1 May 2000.*

(j) *Appointed 19 May 2000.*

(k) *US-based Officers.*

(l) *Includes contributions to US non-qualified pension or benefit plan.*

(m) *Includes performance-based incentive and retention incentive relating to sale of business.*

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Indemnity

On 8 June 2000, Ms S C H Kay entered into a Deed of Indemnity in the form previously executed by each other non-Executive Director.

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.

Share Buy-Back

The Company did not buy back any shares during the year, and there is no current on-market buy-back program. However, the Company announced on 2 August 2000 that the proceeds of the sales of its Electrical Distribution business, together with those from GNB, when its sale is successfully completed, will form the basis of a restructure of the Company's capital base. This planned restructure will involve a reduction of both debt and equity capital, the form of which will be finalised at a later date.

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 2000) 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

R L Chadwick
Director

Dated in Melbourne this 1st day of September 2000.

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

Consolidated Operations

Sales revenue (excluding South Pacific Tyres) for 1999/2000 was $5,726 million, a 0.8 per cent increase over 1998/99.

Operating EBIT in 1999/2000 was $333 million, compared with $401 million in 1998/99. The 1998/99 result included 11 months of the Cables Group, which was sold effective 2 June 1999.

Operating income tax expense, as a percentage of operating profit before goodwill amortisation and abnormal items, was 20.3 per cent, compared with 17.2 per cent in the previous year. This increase is a result of a shift in the Group's profit mix to higher tax jurisdictions.

Profit after tax attributable to shareholders, before abnormal items, declined by 29.5 per cent to $140.9 million.

An abnormal loss after tax of $227.4 million was recorded. An analysis of abnormal items is contained in Note 2 to the Financial Statements on page 42.

As detailed in the Business Segments Report, international operations in 1999/2000 contributed sales of $2,972 million, or 48 per cent of total sales, compared with $2,851 million, or 46 per cent of total sales, in the previous year. In addition, international operating results were $218 million, or 58 per cent of total operating results, compared with last year's $234 million, or 51 per cent. Whilst profits in Australia declined by $70 million, the 1998/99 results included $36 million profit of the Cables Group.

Balance Sheet

The significant movements in the Balance Sheet from June 1999 primarily relate to the removal of the assets and liabilities of the GNB Technologies business. Such assets and liabilities have been replaced by $591.2 million being the GNB assets held for sale disclosed within Current Assets. This amount is after taking into account the $160 million writedown of the GNB Technologies business assets.

Share Capital Transfer to Retained Profits

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.

Liquidity and Capital Reserves

Net cash provided by Operating Activities was $190.3 million in 1999/2000, compared with $379.3 million in 1998/1999, which included the Cables Group. Currency movements adversely impacted operating profits and working capital in 1999/2000.

Net cash used in Investing Activities was $288.8 million. This included an outflow of $155.9 million for the acquisition of businesses, primarily related to the acquisition of the worldwide medical glove business of Johnson & Johnson.

Capital expenditure for the year (excluding South Pacific Tyres) was $157 million, compared with $223 million in 1998/99.

Debt increased from $2,121 million to $2,517 million over the year. Significant items contributing to this movement were acquisitions of $155.9 million (previous year $58.1 million) and a weaker Australian dollar, which increased borrowings by $175 million (the previous year was a benefit of $156 million).

This movement caused the deterioration in the Group's debt ratios, with Net Debt to Shareholders' Equity deteriorating from 64.5 per cent to 96.1 per cent and net liabilities to shareholders' equity, which moved from 154.7 per cent last year to 167.3 per cent in the current year.

As in previous years, the Group continues to maintain significant cash reserves, the 30 June 2000 balance being $1,077.9 million, compared with the previous year's $1,072.3 million. A significant amount of the cash reserves

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results from the Group's overseas investment hedge policy, whereby foreign currency is borrowed on a dollar for dollar basis equal to the net assets of foreign investments. By far the largest component currency is US dollars, and the proceeds of the borrowings are converted to Australian dollars and deposited in the local money market. This policy reduces the impact of the volatile Australian dollar on Group shareholders' funds. This policy means it is more appropriate to base assessment of the Group's debt position on a net rather than a gross debt basis.

The Company has declared a final unfranked dividend of 3 cents, 4 cents lower than the previous year, making a full year dividend of 10 cents unfranked, compared to the previous year's 14 cents unfranked.

The Parent Company had Retained Earnings of $337 million, inclusive of a $160 million transfer from share capital at 30 June 2000. At 30 June 1999, the Retained Earnings were $284 million.

Ratings

During the year, the following movement in ratings occurred. On 4 November 1999, after the announcement of the 20 per cent Ansell float, Standard and Poor's moved the A- long-term rating, with a negative outlook, to A- with a 'CreditWatch' negative outlook. Subsequently, on the announcement of the Group half year results, the rating was downgraded to BBB+, with a 'CreditWatch' negative outlook.

On 16 March, on the announcement of the abandonment of the plans to float 20 per cent of Ansell, Standard and Poor's upgraded the outlook from 'CreditWatch' negative to negative.

The current ratings are as follows:

	Long Term	Outlook	Short Term
Moody's	Baa1	Stable	P2
Standard & Poor's	BBB+	Negative	A2

The current ratings remain strong investment grade.

Interest Cost

Pacific Dunlop issues its debt instruments in the form of commercial paper and medium term notes in a number of international markets and locally. These programs supply the majority of the Group's actual borrowings.

Significant backup facilities are available to support these programs and total US$350 million and NZ$60 million, unchanged from the previous year. These backup facilities, plus the significant cash on deposit held by the Group, cover a significant proportion of the Group's current borrowings at 30 June 2000 and will be in excess of short-term borrowings after the debt repayment program.

At 30 June 2000, a significant portion of the borrowing portfolio had a short maturity profile, based on the anticipated funds to flow from the sale of the Electrical Group and GNB. Proceeds from these sales will be applied to reducing borrowings following the proposed share buy-back. The average maturity of the borrowings' portfolio at 30 June was 393 days, down from 470 days the previous year. It is anticipated this will rise significantly after the debt repayment program.

Net interest cost for the year fell slightly from $103 million at 30 June 1999 to $100 million at 30 June 2000. Although borrowings increased during the year and there were rate rises in all major currencies, the average rate was held at 6.55 per cent for the year, compared with the previous year's 6.16 per cent. Interest cover before goodwill amortisation was 3.3 times down from the previous year's 3.9 times.

Working Capital

The Company's average working capital to sales ratio in 1999/2000 was 22.5 per cent, compared with 23.6 per cent in 1998/99. This comprised the following:

	2000	1999
Average Inventory to Sales (%)	**18.3**	18.5
Average Debtors to Sales (%)	**15.6**	16.1
Average Creditors to Sales (%)	**11.4**	11.0

The Company continues to actively pursue strategies to reduce investment in working capital and increase stockturns.

Capital Expenditure

During 1999/2000, the Company's capital expenditure totalled $157 million (excluding South Pacific Tyres), compared with the depreciation for the year of $149 million and the previous year's capital expenditure of $223 million.

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Capital Expenditure

(including finance leases)	2000 $ million	1999 $ million
GNB Technologies	**69**	77
Ansell	**48**	93
South Pacific Tyres (100%)	**30**	45
Pacific Distribution	**20**	15
Pacific Brands	**14**	16
Other	**6**	22

Depreciation

(including amortisation of leased assets)	2000 $ million	1999 $ million
GNB Technologies	**56**	45
Ansell	**40**	36
South Pacific Tyres (100%)	**43**	39
Pacific Distribution	**19**	21
Pacific Brands	**24**	25
Other	**10**	29

Sales Revenue

	$ billion
1998	5.5
1999	5.7
2000	**5.7**

Capital Expenditure

	$ million
1998	192
1999	223
2000	**157**

Factories by Region

	2000	1999
Australia	**49**	53
SE Asia and New Zealand	**21**	34
Americas	**21**	24
Europe	**1**	1
Total	**92**	112

Average Working Capital to Sales

	%
1998	22.9
1999	23.6
2000	**22.5**

Net Liabilities to Shareholders' Equity Ratio

	%
1998	172
1999	154
2000	**167**

Assets Employed by Region

	%	Excluding GNB & Electrical %
Australia	47	50
SE Asia and New Zealand	15	19
Americas	32	23
Europe	6	8

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Profit and Loss Statement

Concise Financial Report of Pacific Dunlop Limited and Controlled Entities for the year ended 30 June 2000

		Consolidated	
		2000	1999
	Notes	**$ million**	$ million
Revenue			
Sales revenue		**5,725.8**	5,680.0
Other revenue		**88.4**	333.8
Total revenue		**5,814.2**	6,013.8
Costs and expenses			
Cost of goods sold		**4,080.2**	3,951.8
Selling, general and administrative		**1,395.3**	1,662.4
Total costs and expenses		**5,475.5**	5,614.2
Interest expense		**146.4**	142.9
Operating profit before abnormal items and income tax		**192.3**	256.7
Abnormal items before income tax	2	**(244.9)**	(94.0)
Operating profit/(loss) before income tax		**(52.6)**	162.7
Income tax attributable to operating profit/(loss)		**29.8**	51.2
Operating profit/(loss) after income tax		**(82.4)**	111.5
Outside equity interests in operating profit after income tax		**4.1**	5.7
Operating profit/(loss) after income tax attributable to Pacific Dunlop Limited shareholders		**(86.5)**	105.8
Accumulated losses at the beginning of the financial year		**(65.4)**	(38.2)
Amount transferred from share capital		**160.0**	–
Aggregate of amounts transferred from reserves		**(8.4)**	12.1
Total available for appropriation		**(0.3)**	79.7
Dividends provided for or paid			
Redemption of Bonds Preference Shares		**–**	0.6
Interim and final dividends	3	**103.3**	144.4
Under provision for prior year interim and final dividends		**–**	0.1
Accumulated losses at end of financial year		**(103.6)**	(65.4)
Summary of operating profit for the year			
Operating profit/(loss) after income tax attributable to Pacific Dunlop Limited shareholders		**(86.5)**	105.8
Abnormal items after income tax attributable to Pacific Dunlop Limited shareholders	2	**(227.4)**	(94.0)
Operating profit after income tax before abnormal items attributable to Pacific Dunlop Limited shareholders		**140.9**	199.8
Earnings per share based on operating profit after income tax attributable to Pacific Dunlop Limited shareholders			
		cents	cents
Basic earnings per share before goodwill amortisation and abnormal items		**17.5**	23.2
Basic earnings per share before abnormal items		**13.6**	19.4
Basic earnings per share inclusive of abnormal items		**(8.4)**	10.3

The above profit and loss statement should be read in conjunction with the discussion and analysis on pages 35 to 37 and the notes to the financial statements set out on pages 42 to 46.

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Balance Sheet

Concise Financial Report of Pacific Dunlop Limited and Controlled Entities for the year ended 30 June 2000

	Notes	Consolidated 2000 $ million	1999 $ million
Current Assets			
Cash		**1,077.9**	1,072.3
Receivables		**784.7**	987.5
GNB assets held for sale		**591.2**	–
Inventories		**848.7**	952.2
Prepayments		**41.5**	58.9
Total Current Assets		**3,344.0**	3,070.9
Non-Current Assets			
Receivables		**39.2**	45.8
Investments		**127.6**	148.4
Property, plant and equipment		**658.2**	1,065.8
Intangibles		**627.8**	607.8
Future income tax benefit		**272.0**	280.2
Other		**16.9**	–
Total Non-Current Assets		**1,741.7**	2,148.0
Total Assets		**5,085.7**	5,218.9
Current Liabilities			
Accounts payable		**566.4**	725.7
Borrowings		**1,889.4**	1,340.3
Provisions		**403.9**	508.3
Other		**3.3**	7.1
Total Current Liabilities		**2,863.0**	2,581.4
Non-Current Liabilities			
Accounts payable		**5.7**	14.0
Borrowings		**627.7**	781.0
Provisions		**71.8**	174.9
Other		**17.6**	33.3
Total Non-Current Liabilities		**722.8**	1,003.2
Total Liabilities		**3,585.8**	3,584.6
Net Assets		**1,499.9**	1,634.3
Shareholders' Equity			
Share capital	4	**1,617.2**	1,776.0
Reserves		**(31.2)**	(102.1)
Accumulated losses		**(103.6)**	(65.4)
Shareholders' equity attributable to Pacific Dunlop Limited shareholders		**1,482.4**	1,608.5
Outside equity interests in controlled entities		**17.5**	25.8
Total Shareholders' Equity		**1,499.9**	1,634.3

The above balance sheet should be read in conjunction with the discussion and analysis on pages 35 to 37 and the notes to the financial statements set out on pages 42 to 46.

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Statement of Cash Flows

Concise Financial Report of Pacific Dunlop Limited and Controlled Entities for the year ended 30 June 2000

	Consolidated 2000 $ million	1999 $ million
Cash Flows from Operating Activities		
Receipts from customers (excluding medical)	**5,711.3**	5,773.3
Payments to suppliers and employees (excluding medical)	**(5,481.2)**	(5,213.2)
Net receipts from customers (excluding medical)	**230.1**	560.1
Payments to suppliers and employees net of customer receipts (medical)	**(11.7)**	(22.5)
	218.4	537.6
Income taxes paid	**(28.2)**	(42.8)
Dividends received	**0.1**	0.5
Net Cash Provided by Operating Activities Before Settlement Funds Payments	**190.3**	495.3
Amounts paid into Accufix Settlement Funds (United States) by ARI and Pacific Dunlop Ltd	**–**	(116.0)
Net Cash Provided by Operating Activities	**190.3**	379.3
Cash Flows from Investing Activities		
Payments for businesses, net of cash acquired	**(155.9)**	(58.1)
Payments for property, plant and equipment	**(156.8)**	(222.6)
Payments for brand names	**(5.0)**	(1.3)
Payment for redemption of preference shares	**–**	(0.6)
Proceeds from sale of businesses, net of cash disposed	**3.4**	245.2
Proceeds from sale of plant and equipment in the ordinary course of business	**26.7**	28.1
Loans (made)/repaid	**(7.1)**	4.5
Proceeds from sale of other investments	**6.4**	3.4
Payments for other investments	**(0.5)**	(1.8)
Net Cash Used in Investing Activities	**(288.8)**	(3.2)
Cash Flows from Financing Activities		
Proceeds from borrowings	**5,541.4**	9,746.3
Repayments of borrowings	**(5,211.5)**	(9,754.2)
Net proceeds from/(repayments of) borrowings	**329.9**	(7.9)
Proceeds from issues of shares	**1.3**	3.4
Lease payments	**(2.3)**	(1.3)
Dividends paid	**(150.1)**	(148.7)
Interest received	**47.4**	39.3
Interest and borrowing costs paid	**(150.3)**	(149.5)
Net Cash Provided by/(Used in) Financing Activities	**75.9**	(264.7)
Net Increase/(Decrease) in Cash Held	**(22.6)**	111.4
Cash at the beginning of the financial year	**1,021.3**	944.5
Effects of exchange rate changes on the balances of cash held in foreign currencies at the beginning of the financial year	**21.1**	(34.6)
Cash at the End of the Financial Year	**1,019.8**	1,021.3

The above statement of cash flows should be read in conjunction with the discussion and analysis on pages 35 to 37 and the notes to the financial statements set out on pages 42 to 46.

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Business Segments

Concise Financial Report of Pacific Dunlop Limited and Controlled Entities for the year ended 30 June 2000

	Operating Revenue		Assets Employed		Operating Result	
	2000	1999	**2000**	1999	**2000**	1999
	$ million	$ million	**$ million**	$ million	**$ million**	$ million
Industries						
Protective and Healthcare Products						
Ansell	**1,172.7**	1,184.8	**1,099.3**	876.1	**134.5**	169.5
Tyres						
South Pacific Tyres	**1,048.3**	1,070.3	**680.8**	686.4	**16.6**	72.6
Less: Goodyear Share (50%)	**524.1**	535.2	**340.4**	343.2	**8.3**	36.3
	524.2	535.1	**340.4**	343.2	**8.3**	36.3
Consumer Goods						
Pacific Brands	**1,288.7**	1,190.6	**596.4**	583.4	**104.4**	93.7
Automotive and Electrical Distribution						
Pacific Distribution	**1,598.4**	1,494.2	**681.7**	578.7	**75.0**	77.0
	4,584.0	4,404.7	**2,717.8**	2,381.4	**322.2**	376.5
Non-Core/Discontinued Businesses						
GNB	**1,557.0**	1,386.2	**581.6**	945.5	**64.8**	50.9
Other	**109.0**	424.2	**150.5**	271.5	**(11.8)**	34.2
	1,666.0	1,810.4	**732.1**	1,217.0	**53.0**	85.1
	6,250.0	6,215.1	**3,449.9**	3,598.4	**375.2**	461.6
Tyre Partnership Adjustment	**(524.2)**	(535.1)	**(224.8)**	(211.5)	**(10.4)**	(11.4)
Y2K Compliance Costs					**(3.5)**	(6.3)
Unallocated Items	**88.4**	87.4	**154.9**	151.9	**(28.6)**	(43.4)
Operating EBIT					**332.7**	400.5
Goodwill and Brand names			**627.8**	607.8	**(40.9)**	(40.6)
Earnings before Net Interest and Tax (EBIT)					**291.8**	359.9
Net Consolidated Interest Expense					**(99.5)**	(103.2)
Tax					**(47.3)**	(51.2)
Outside Equity Interests					**(4.1)**	(5.7)
Operating Results	**5,814.2**	5,767.4	**4,007.8**	4,146.6	**140.9**	199.8
Abnormals after tax and outside equity interests		246.4			**(227.4)**	(94.0)
Cash			**1,077.9**	1,072.3		
Total Consolidated	**5,814.2**	6,013.8	**5,085.7**	5,218.9	**(86.5)**	105.8
Regions						
Australia	**3,278.5**	3,364.2	**1,619.0**	1,615.3	**157.7**	227.5
Asia and New Zealand	**507.6**	613.6	**528.7**	508.7	**88.3**	88.4
America	**2,083.6**	1,870.6	**1,101.3**	1,284.2	**117.1**	145.8
Europe	**380.3**	366.7	**200.9**	190.2	**12.1**	(0.1)
	6,250.0	6,215.1	**3,449.9**	3,598.4	**375.2**	461.6

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 Non-Core/Discontinued.

The above business segments report should be read in conjunction with the discussion and analysis on pages 35 to 37 and the notes to the financial statements set out on pages 42 to 46.

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1. Basis of Preparation of Concise Financial Report

The concise financial report has been prepared in accordance with the Corporations Law, 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 full financial report for the financial year. Other information included in the concise financial report is consistent with the consolidated entity's full 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 full 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 complete description of the accounting policies adopted by the consolidated entity may be found in the consolidated entity's full financial report.

Change in Accounting Policy

The consolidated entity applied AASB 1006 'Interests in Joint Ventures' for the first time from 1 July 1999 in respect of its interest in the South Pacific Tyres partnership. In accordance with the Standard the equity method of accounting has been applied in accounting for the interest in the partnership.

In prior years, the revenue and expenses of the partnership were proportionately consolidated in the financial report. This year, as a result of applying AASB 1006, the proportionate consolidation of the partnership's revenue and expenses has been discontinued.

The adoption of AASB 1006 has had no impact on the consolidated entity's result or on the carrying value of the interest in the partnership. Prior year's Sales Revenue and Total Costs and Expenses have been adjusted to reflect this change.

GNB assets held for sale

On 10 May 2000, the Company announced that it had entered into an agreement for the sale of its GNB Technologies business to Exide Corporation of the USA. The due diligence process has been completed, FTC approval in the US has been granted and Exide is in the course of arranging finance for the transaction.

The 2000 Annual Report accounts for GNB Technologies as a business held for sale. After providing for write downs in the carrying value of assets and other costs, the Profit and Loss Statement for the 2000 year includes a loss of $160 million.

The amount receivable under the proposed contract of sale is equal to the carrying value of the net assets subject to sale. Accordingly the net assets of GNB were reclassified under one caption "GNB assets held for sale" and included within current assets.

2. Abnormal Items

	Consolidated	
	2000 **$ million**	1999 $ million
Write down of assets of GNB	**(160.0)**	(94.0)
Net loss on sale of controlled entities and businesses	**(4.6)**	
Income tax benefit	**11.1**	
Provision for rationalisation, restructuring and relocation	**(64.0)**	
Income tax benefit	**23.1**	
Implementation of Goods and Services Tax	**(5.9)**	
Income tax benefit	**2.1**	
Costs associated with withdrawn Ansell Initial Public Offer	**(10.4)**	
Restatement of deferred tax balances resulting from change in income tax rate	**(18.8)**	
Abnormal Items after Income Tax attributable to Pacific Dunlop Limited shareholders	**(227.4)**	(94.0)
Analysis of Abnormal Items		
Abnormal items before income tax	**(244.9)**	(94.0)
Income tax benefit on abnormal items	**17.5**	
Abnormal Items after Income Tax attributable to Pacific Dunlop Limited shareholders	**(227.4)**	(94.0)

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3. Dividends Paid and Proposed

	The Company	
	2000 $ million	1999 $ million
Dividends paid or declared by the Company are:		
(a) an interim dividend of 7 cents, unfranked (1999 – 7 cents, unfranked) was paid on 3 July 2000	**72.3**	72.2
(b) a final dividend of 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 2000 was Nil (1999 – Nil).

The final dividend is unfranked.

4. Share Capital

	Consolidated	
	2000 $ million	1999 $ million
Issued and Paid up Capital		
1,033,072,171 (1999 – 1,031,757,171) ordinary shares, fully paid*	**1,617.1**	1,775.9
10,118,400 (1999 – 11,433,400) ordinary plan shares, paid to 1 cent	**0.1**	0.1
Total Issued and Paid up Capital	**1,617.2**	1,776.0

**Includes 4,101,943 (1999 – 4,975,187) shares issued in accordance with the Employee Share Plan.*

Share Capital Transfer to Retained Profits

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.

Options

On 25 November 1996, the Company granted to Mr R. L. Chadwick, the Managing Director, options to subscribe for up to 1,800,000 unissued Ordinary Shares in the Company, at an exercise price of $2.80 per share. The options expire on 14 November 2001, and were or are exercisable in three separate tranches of 600,000 options between 1 and 14 November 1999, 2000 and 2001, only where, in relation to each separate tranche of options, two separate performance conditions are satisfied. The first condition requires a 10 per cent compound growth in the share price, and the second condition requires that the gross yield on the Company's shares must exceed the simple average growth yield of a basket of 29 listed companies (since reduced to 25 following takeovers). The conditions for exercise of the initial 600,000 options not having been satisfied at their exercise date, those options have now lapsed. Mr Chadwick has no other right to participate in a share issue of any other company in the Group.

On 11 December 1997, the Company granted to twenty executives options to subscribe for up to an aggregate of 7,290,000 unissued Ordinary Shares in the Company in accordance with approvals received from shareholders at the Annual General Meeting on 14 November 1997 at an exercise price of $3.30 per share. This price 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. 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 expiration 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 the Company shares exceeds the total return to shareholders in a selected group of major listed companies over comparable periods in respect of each tranche of options.

On 22 July 1998, options in respect of 1,545,000 further unissued Ordinary Shares in the Company were granted to four executives on the same terms and conditions (including exercise price) as the grant on 11 December 1997.

Subsequently, options in respect of 4,050,000 unissued Ordinary Shares in the Company have lapsed, including 2,250,000 in the year to 30 June 2000, as a result of five executives, including Mr R B Hershan, an Executive Director, having ceased to be employed by the Company.

No determinable value has been ascribed to these options, nor included within the disclosed executive remuneration details set out in Note 28 to the full 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 $3.7 million. The fair value of the options granted was estimated on the dates of the grant using a Monte Carlo simulation model with the following assumptions for 1999, 2000 and 2001 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.

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4. Share Capital (continued)

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 1,315,000 existing Executive Plan Shares were fully paid. Since the end of the financial year, the amounts outstanding on a further 329,500 Executive Plan Shares have been fully paid.

Employee Share Plan

During the financial year, the loan liability of members in respect of 873,244 fully paid ordinary shares of 50 cents each was discharged. Since the end of the financial year, the loan liability in respect of a further 15,448 fully paid shares has been discharged. 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.

5. 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 19 July 2000, the United States Court of Appeals for the Sixth Circuit reversed the decision of the US District Court for the Southern District of Ohio, Western Division referred to in last year's annual report, which had approved a settlement intended to resolve all current and future litigation in the United States arising out of the Accufix Pacing Leads. The Court of Appeals ordered that the settlement class be decertified, that the settlement be disapproved and that the matter be remanded to the District Court for further proceedings. Refer also Note 6.
- Effective 31 July 2000, the Company sold its Electrical Distribution business in Australia and New Zealand to Hagemeyer Group for $343 million. The sale price represents a profit on sale of $145 million.

6. Contingent Liabilities

	Consolidated	
	2000 $ million	1999 $ million
Secured		
Other amounts arising in the ordinary course of business	**–**	0.8
Unsecured		
Other amounts arising in the ordinary course of business	**2.2**	1.2
	2.2	2.0

Indemnities and Guarantees

Pacific Dunlop Limited has guaranteed 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 2000 was $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.

As previously disclosed, a wholly owned controlled entity provided indemnities in favour of Directors of entities involved in the float of Cochlear Limited during 1996 against civil liabilities that may be incurred through participation in the float and signing of the prospectus and, in one case, from continuing to act as a Director of a controlled entity. The Company provided a guarantee in support of certain of these indemnities.

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').

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6. Contingent Liabilities (continued)

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.

Aside from the litigation in the United States and six cases in other countries, all these lawsuits had been resolved by 30 June 2000.

Australia

On 16 June 1998, the Defendants' insurers reached preliminary agreement to resolve all the claims of persons in Australia whose Accufix Pacing Leads have been, or will be, removed. This settlement was granted formal approval by the Federal Court of Australia sitting in Sydney, on 11 August 1998. It is expected that this settlement will be covered by insurance, some of which may be borne by Pacific Dunlop Insurances Pte Ltd.

The above settlement did not resolve the claims of persons with working leads ('the Australian Monitoring Class'), however on 19 May 2000 the Federal Court of Australia, sitting in Sydney, approved a settlement reached by the Defendants' insurer pursuant to which each participating monitoring class member will be entitled to a payment of $3,000. Those monitoring class members who do not elect, before 31 August 2000 to participate in the settlement will surrender forever their claims against the Defendants.

United States

On 5 March 1999, the United States District Court for the Southern District of Ohio, Western Division, granted approval to a settlement intended to resolve all current and future litigation in the United States arising out of the Accufix Pacing Leads. As part of this approval process, the Court issued an order preliminarily enjoining all 495 pending lawsuits in the United States. On 19 July 2000 the United States Court of Appeals for the Sixth Circuit reversed the District Court's approval of the settlement, ordering that the settlement class be decertified and the matter be remanded back to the District Court for further proceedings.

Rest of World

As of 30 June 2000, six suits by individual plaintiffs are pending; three of these suits are in France, and one each in the United Kingdom, Japan and Turkey.

Impact

The settlement in the United States had it proceeded, would have required payments totalling US$88.5 million ($144.6 million) to be made. (US$78.5 million from ARI (applying all its available cash resources) and US$10 million from Pacific Dunlop Limited.) It is expected that the exposure (if any) of Pacific Dunlop Insurances Pte Ltd to the Australian explant settlement will not exceed $4 million. These sums were fully provided for by provisions made in the financial statements for the year ended 30 June 1998.

With the uncertainty generated by the Appellate Court's rejection of the proposed United States settlement, and recognising the complexity of the underlying product liability litigation now faced by the Defendants, it is not possible to quantify further the exposure of the Defendants (if any), to the present claims.

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 filed a petition for permission to appeal with the United States Court of Appeals for the Ninth Circuit. Permission has been granted. No date has yet been set for oral argument of the appeal and it is therefore not possible to estimate when any decision on the appeal will be handed down.

With the uncertainty surrounding the class certification matter in California, 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 30 July 2000, there were approximately 332 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, 220 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 112 cases are spread through State Courts in 19 States, with the greatest concentration in New York (18 cases). Two law suits have also been filed in Australia.

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6. Contingent Liabilities (continued)

Pacific Dunlop Limited, which had been named, as at 30 June 2000, in 33 cases, has been dismissed from all but two of those cases (and applications for dismissal in those two cases are under consideration). Further, since the inception of this litigation in 1993, for a variety of reasons, Ansell has been dismissed from 47 cases, 15 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.

7. 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, automotive and industrial batteries, polyurethane foam and tyres, as an operator of secondary lead and recycling smelters and plastic moulding facilities, environmental protection has been and will continue to be an important factor affecting the consolidated entity's operations.

The consolidated entity provides for identified environmental costs when the amounts of such are reasonably determinable. GNB Technologies incurred expenditure for environmental remediation and compliance activities of approximately $14 million during 1999/2000 and $13 million during 1998/99. A provision of $41.2 million was made in the 1995/96 financial statements in respect of GNB Technologies' expenses associated with the environmental remediation of previously closed sites in the US, some of them closed many years ago. The provision was increased by a further $47.4 million in 1997/98.

The balance of the provision at 30 June 2000 was US$45 million.

The consolidated entity has closely followed the development of US Environmental Protection Agency ('EPA') initiatives related to lead batteries. Management believes that the US regulations regarding lead and smelter operations will not have a materially adverse effect on the competitive position of GNB Technologies because the principal competitors of GNB Technologies in the areas of battery production and lead smelting are subject to similar regulatory requirements and because certain regulations encourage the recycling of lead.

GNB Technologies has developed several recycling programs. Recycling helps overcome the threat to the environment posed by discarded batteries and reduces the amount of virgin (i.e. newly-mined) lead that is introduced into the environment by making secondary (i.e. recycled) lead available to manufacturers of batteries (including GNB Technologies) and other products incorporating lead. In the United States, GNB Technologies' 'Total Battery Management' recycling program collects used batteries and converts them into lead and plastic components for new battery manufacturing. During the year, GNB Technologies' three US recycling plants had capacity for recycling approximately 250,000 tons of lead per year. The Columbus smelter, with a capacity of 90,000 tons, was idled effective October 1999. GNB Technologies also provides recycling programs for major customers, which encourage consumers to return used batteries for collection and reclamation of lead, plastic and acid by GNB Technologies. The Total Battery Management System is also being implemented in Australia and New Zealand.

In addition, 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.

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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 2000, set out on pages 35 to 46:

(a) has been derived from or is consistent with the full 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:

J T Ralph
Director

R L Chadwick
Director

Dated in Melbourne this 1st day of September 2000

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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 2000 as set out on pages 35 to 46, 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 full financial report of Pacific Dunlop Limited and its controlled entities for the year ended 30 June 2000. Our audit report on the full financial report was signed on 1 September 2000, 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 full 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 full 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 2000 complies with AASB 1039 Concise Financial Reports.

KPMG

KPMG

William J. Stevens
Partner

Dated in Melbourne this 1st day of September 2000

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Shareholders

Details of quoted shares held in Pacific Dunlop Limited as at 22 August 2000.

Distribution of Ordinary Shareholders and Shareholdings

Size of Holding	Number of Shareholders		Number of Shares	
1-1,000	33,847*	36.44%	18,500,815	1.80%
1,001-5,000	43,905	47.26%	110,781,286	10.76%
5,001-10,000	9,318	10.03%	69,598,320	6.76%
10,001-100,000	5,548	5.97%	123,568,691	12.00%
100,001 and over	275	0.30%	706,866,064	68.68%
	92,893	100%	1,029,315,176	100%

**Including 10,771 shareholders holding a parcel of shares of less than $500 in value (318 shares), based on a market price of $1.57.*

Percentage of the total holding of the 20 largest shareholders – 47.85 per cent.

In addition to the foregoing, there were 3,535 members of the Employee Share Plan, holding 4,086,495 shares, and 1,523 members of the Executive Share Plan, whose shares are paid to one cent each, holding 9,788,900 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
BT Custodial Services Pty Limited (Equity Account)	75,120,250	7.30
Chase Manhattan Nominees Limited	66,030,888	6.42
National Nominees Limited	58,877,493	5.72
Westpac Custodian Nominees Limited	45,510,023	4.42
MLC Limited	24,557,638	2.39
Bowyang Nominees Pty Limited	23,589,265	2.29
ANZ Nominees Limited	23,432,658	2.28
Perpetual Trustees Nominees Limited	21,808,786	2.12
BT Custodial Services Pty Limited	20,841,443	2.02
Queensland Investment Corporation	17,102,938	1.66
Perpetual Trustees Nominees Limited	16,917,725	1.64
AMP Nominees Pty Limited (SL Non Cash Collateral Account)	16,126,000	1.57
Perpetual Nominees Limited (PMISF Account)	11,700,438	1.14
AMP Nominees Pty Limited	11,069,951	1.08
AMP Life Limited	10,986,928	1.07
BT Custodial Services Pty Limited (Growth Account)	10,541,545	1.02
BT Custodians Limited	10,352,342	1.01
BT Custodial Services Pty Limited (MFTP Account)	10,064,724	0.98
Perpetual Trustees Australia Limited	9,224,454	0.90
National Australia Financial Management Limited	8,409,800	0.82
	492,265,289	47.85

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:

3 September 1999	Bankers Trust Australia Limited and its related companies	144,625,379	13.80%
13 April 2000	Maple-Brown Abbott Ltd.	84,621,400	8.23%
11 August 2000	CP Ventures Ltd. & its associates and Shamrock Holdings of California, Inc.	91,937,007	8.93%

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Investor Information

Annual Report

Pacific Dunlop's annual report consists of two documents – the 2000 Annual Review (incorporating the concise financial report to shareholders) and the 2000 Financial Report. 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 2000 full financial report. A more complete understanding of the Group's financial performance, financial position and financing and investing activities can be obtained from the full 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 full 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 2000 Financial Report and other information on the Company and its activities on the internet, 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

A final dividend of 3.0 cents per share will be paid on 31 October 2000 to shareholders registered on 5 October 2000, bringing the full year dividend to 10.0 cents per share. The dividend will be unfranked.

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 is the main source 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:

Australia
Att: Company Secretary
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

United States
Att: Steve Geerling
Pacific Dunlop Holdings Inc.
6121 Lakeside Drive
Suite No 200
Reno, Nevada 89511, USA
Telephone (1 775) 824 4600
Facsimile (1 775) 824 4626
Email: sgeerling@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

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

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Enquiries

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

Computershare Registry Services Pty Ltd
GPO Box 2975EE
Melbourne, VIC 3001
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

2000

5 October
Record date for final dividend

13 October
Annual General Meeting

31 October
Payment of final dividend

2001

8 February
Announcement of result for half-year ending 31 December 2000

9 August
Announcement of result for year ending 30 June 2001

12 October
Annual General Meeting

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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
200 Schultz Drive
Red Bank NJ 07701
USA
Telephone (1 732) 345 5400
Facsimile (1 732) 345 9695

GNB Technologies
13000 Deerfield Parkway
Building 200
Alpharetta GA 30004 USA
Telephone (1 678) 566 9000
Toll free (1 800) 523 4622
Facsimile (1 678) 566 9188

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

Pacific Brands
Level 3, 678 Victoria Street
Richmond VIC 3121
Australia
Telephone (61 3) 9252 2600
Facsimile (61 3) 9252 2622

Pacific Distribution
Level 3, 678 Victoria Street
Richmond VIC 3121
Australia
Telephone (61 3) 9252 2600
Facsimile (61 3) 9252 2654

Share Registry

Computershare Registry Services Pty Ltd
Level 12, 565 Bourke Street
Melbourne VIC 3000
Telephone (61 3) 9611 5711
Facsimile (61 3) 9611 6710

Note:

All share correspondence should be directed to the Share Registry.

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Pacific Dunlop website:
www.pacdun.com

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PACIFIC DUNLOP

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Pacific Dunlop Limited Board

The following is a brief biography of each of the Directors and Executive Officers of Pacific Dunlop Limited :

Mr John T. Ralph
AC, Hon LLD (Melb & Qld), FCPA.
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 a Director of The Broken Hill Proprietary Co. Ltd., 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 67.

Mr Rodney L. Chadwick
FCPA
Managing Director and Chief Executive since July 1996; and an Executive Director since 1990; prior to which he was Managing Director of South Pacific Tyres from 1987 to 1995. He is a National Vice President of the Australian Industry Group and is the chair of the Business Council of Australia's Population Policy Steering Committee.
Resident Melbourne. Age 54.

Mr Anthony B. Daniels
OAM
Non-Executive Director since 1997. A Director of the Australian Gaslight Company, the Commonwealth Bank of Australia, Orica Limited and Pasminco Limited; he was formerly Managing Director of Tubemakers of Australia.
Resident Sydney. Age 65.

Ms S. Carolyn H. Kay
BA, LLB
Appointed a Non-Executive Director in May 2000. She is an Advisory Director with Morgan Stanley Dean Witter, a Director of the Treasury Corporation of Victoria and Victoria Funds Management Corporation and Deputy Chairman of the Art Foundation of the National Gallery of Victoria.
Resident Melbourne. Age 39.

Mr Robert J. McLean
BEc(Hons), (EconStats), MBA
Non-Executive Director since 1997, he was previously Managing Director of the Australian and New Zealand practice of McKinsey & Co. A Director of CSR Limited and of The Centre for Independent Studies, he is Chairman of the Australian Landscape Trust, a member of the Business Advisory Group of the National Council for the Centenary of Federation and President of the Benevolent Society.
Resident Sydney. Age 54.

Professor David G. Penington
AC, MA, DM, BCh, FRCP, FRACP, FRCPA
Non-Executive Director since 1991 and Vice Chancellor of Melbourne University from 1988 to 1995. He is Chairman of Cochlear Limited and of the Co-operative Research Centre for Cell Growth Factors; President of the Museum of Victoria; a Director of the Murdoch Institute for Medical Research and a principal of Foursight Pty. Ltd. He was Chairman of the Premier's Drug Advisory Council in Victoria from 1995 to 1996 and has been the chair of the Victorian Government's Drug Policy Expert Committee since November 1999.
Resident Melbourne. Age 70.

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 and of the Australian Advisory Board of Asea Brown Boveri Pty. Ltd. Formerly Chairman of Mayne Nickless Limited, he was an Associate Commissioner to the Post 2000 Automotive Industry Review.
Resident Adelaide. Age 65.

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Corporate Governance

Introduction
The board works under a set of well -established corporate governance policies designed to protect the interests of shareholders.

The policies reinforce the responsibilities of all Directors in accordance with the requirements of the Corporations Law 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 the 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 nine 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 futherance 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 and any resulting advice received to be generally circulated to all Directors.

Election Process
The Pacific Dunlop Board currently has seven Directors. Of these, six are Non-Executive Directors (including the Chairman) and one is an Executive Director (the Managing Director).

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Election Process (continued)
New Directors are nominated by the Board after a careful process referred to 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 a schedule previously approved by shareholders and the Corporations Law.

As members of management, Executive Directors 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.

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 six committees which are designed to add to the quality and depth of advice. 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 controls and financial reporting systems, applicable Company policies, national and international accounting standards, and other regulatory or statutory requirements.

Audit Committee Membership at June 30, 2000 :
Mr Robert McLean (Chairman)
Mr Tony Daniels
Ms Carolyn Kay

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.

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Corporate Governance

Safety, Health & Environment Committee and Corporate Conduct & Compliance Committee
These committees, which currently have common membership, deal 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.

Safety, Health & Environment Committee and Corporate Conduct & Compliance Committee Membership at June 30, 2000 :
Professor David Penington (Chairman)
Mr Rod Chadwick (Managing Director)
Mr Tony Daniels
Mr Ian Webber

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.

Donations Committee Membership at June 30, 2000:
Professor David Penington (Chairman)
Mr Rod Chadwick (Managing Director)

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.

Nominations Committee Membership at June 30, 2000:
Mr John Ralph (Chairman)
Mr Tony Daniels
Mr Ian Webber

Remuneration and Evaluation Committee
This committee comprises only the Non-Executive Directors. Its brief is to consider matters including succession and senior executive compensation policy.

Remuneration and Evaluation Committee Membership at June 30, 2000:
Mr John Ralph (Chairman)
Mr Tony Daniels
Ms Carolyn Kay
Mr Robert McLean
Professor David Penington
Mr Ian Webber

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Corporate Governance

Remuneration and Evaluation Committee (continued)

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

The Board approved donations at the Federal and State levels totalling $80,000.

Board and Committee Meetings

The number of Board and Committee meetings held during the year ended 30 June 2000 and the number of meetings attended by each Director during that period are set out below:

	Board		Audit		Corporate Conduct & Compliance		Safety, Health & Environment		Remuneration		Nominations		Donations	
	Held	Attd	Held	Attd	Held	Attd	Held	Attd	Held	Attd	Held	Attd	Held	Attd
J T Ralph	12	12							3	3	3	3		
R L Chadwick	12	12			3	3	3	3					1	1
A B Daniels	12	12	5	5	3	3	3	3	3	3	3	3		
R B Hershan [(1)]	8	8												
M A Jackson [(2)]	11	10	4	4					3	3			1	1
S C H Kay [(3)]	1	1	1	1										
R J McLean	12	12	5	5					3	3				
D G Penington	12	12			3	3	3	3	3	3			1	1
I E Webber	12	12			3	2	3	2	3	3	3	3		

(1) Retired 29 February 2000.

(2) Retired 1 May 2000.

(3) Appointed 19 May 2000.

Attd - Indicates the number of meetings attended during the period.

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 205G of the Corporations Law, were:

	1	2	3	4
J T Ralph	60,100			
R L Chadwick	451,400	170,000	1,200,000	
A B Daniels	5,000			
S C H Kay	5,035			
R J McLean	10,000			
D G Penington	22,700	40,000		
I E Webber	67,265			

1. Beneficially held in own name, or in the name of a trust, nominee company or private company.
2. Beneficial, paid to 1 cent.
3. Beneficial, Executive Share Options. Further details of options over shares appear in Note 25.
4. Non-Beneficial.

No interests were held in the shares of any related body corporate.

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Report of the Directors

This Report by the Directors of Pacific Dunlop Limited ('the Company') is made for the year ended 30 June 2000 pursuant to Division 1 of Part 2M.3 of the Corporations Law.

Directors

The names of each person who has been a Director of the Company during or since the end of the financial year, 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 Australian Stock Exchange under the provisions of section 205G of the Corporations Law and particulars of the qualifications, experience and special responsibilities of each Director as at the date of this Report, and of their other Directorships are as set out on page 1.

Details of meetings of the Company's Directors (including Meetings of Committees of Directors), and Directors' attendance are set out on page 5.

At the date of this Report there is an Audit Committee of the Board comprising Mr R J McLean (Chair), Mr A B Daniels and Ms S C H Kay.

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, automotive and industrial batteries, metals recovery, household products, sporting goods, clothing and footwear, automotive and electrical products and tyres.

While there were no significant changes in the nature of the principal activities of the Group during the year:

- On 10 May 2000, the Company announced that it had entered into an agreement for 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% of Exide's existing issued capital). As at the date of this report, the due diligence process has been completed, FTC approval in the US has been granted and Exide is in the course of arranging finance for the transaction.

- On 10 May 2000, the Company also announced that it proposed to sell its Electrical Distribution business. This sale has since been completed - refer to Events after balance date on page 82.

- On 24 May 2000, the Company announced that it had formed a shared services joint venture with Andersen Consulting for the provision of multi client services. With the Company as its anchor client, the joint venture, which will offer a combination of business support services and information technology solutions to companies across the manufacturing, distribution and retail industries in Australia and New Zealand under the name Novare, formally commenced on 1 August 2000.

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 1999, paid on 1 July 1999, totalling $72,219,187.
- as shown in last year's Report, a final ordinary dividend at the rate of 7.0 cents per share (unfranked) in respect of the year ended 30 June 1999, paid on 3 November 1999, totalling $72,307,945.
- 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.

In addition, a final ordinary dividend of 3 cents per share (unfranked) in respect of the year ended 30 June 2000 has been declared, payable on 31 October 2000 to shareholders registered on 5 October 2000.

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Report of the Directors

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 and Compliance Committee of the Board.

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

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 11 to 13. The consolidated operating profit/(loss) of the Group for the year after providing for income tax was $140.9 million before abnormal items, and was $(86.5) million after abnormal items.

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 19 July 2000 the United States Court of Appeals for the Sixth Circuit reversed the decision of the US District Court for the Southern District of Ohio, Western Division referred to in last years annual report, which had approved a settlement intended to resolve all current and future litigation in the United States arising out of the Accufix Pacing Leads. The Court of Appeals ordered that the settlement class be decertified, that the settlement be disapproved, and that the matter be remanded to the District Court for further proceedings. Refer also Note 26.

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- Effective 31 July 2000, the Company sold its Electrical Distribution business in Australia and New Zealand to Hagemeyer Group for $343 million. The sale price represents a profit on sale of $145 million.

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 2000, 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. Regard is also had to the level of fees payable to non-Executive Directors of comparable companies and to the company's position.

Shareholders will be asked to consider a proposal at the Annual General Meeting on 13 October 2000 that all non-Executive Directors be required to reinvest 20 per cent of their directors' fees in acquiring shares in the Company pursuant to a non-Executive Directors' Share Plan to allow their interests to be more closely aligned with those of shareholders.

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 incorporate both short and long-term performance based components. Short-term performance based components include bonus payments, while long-term performance based components are in the form of equity participation through the Pacific Dunlop Executive Share Option Plan. Options issued under the Plan are linked to the longer-term performance of the Company and are only exercisable following the satisfaction of performance hurdles that are designed to maximise shareholder wealth.

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. Details of Options previously granted by the Company are set out in Note 25.

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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$	Incentives[(c)] A$	Superannuation Contributions [(d)] A$	Total A$	Options Granted [(e)]
Executive Directors						
R L Chadwick	809,389	-	-	148,158	957,547	
R B Hershan [(f)]	1,918,416[(g)]	-	-	77,764	1,996,180	
Non-Executive Directors						
J T Ralph	-	207,676[(h)]	-	7,067	214,743	
A B Daniels	-	71,000	-	4,970	75,970	
M A Jackson [(i)]	-	81,406	-	5,698	87,104	
S C H Kay [(j)]	-	3,918	-	274	4,192	
R J McLean	-	65,000	-	4,550	69,550	
D G Penington	-	98,000	-	6,860	104,860	
I E Webber	-	66,000	-	4,620	70,620	
Officers of the Company and the Group						
H Boon [(k)]	904,117	-	-	332,395[(l)]	1,236,512	
J A Eady	445,736	-	20,000	75,847	541,583	
J P Farnik	548,058	-	40,000	-	588,058	
P R Gay	478,497	-	50,000	82,600	611,097	
J M Gurrieri	1,307,712[(g)]	-	-	49,700	1,357,412	
T O Minner [(k)]	734,088	-	1,858,310[(m)]	32,136[(l)]	2,624,534	
P R Moore	420,809	-	175,000	75,121	670,930	

[(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 incentive.

[(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 2000 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 full Financial Statements.

[(e)] No options were granted during the year under the Executive Share Option Plan. Details of previously granted Options, of which 4,050,000 have lapsed to date, including 1,200,000 issued to present or past Executive Directors of the Company, and of the Exercise Conditions that must be satisfied before the Options vest and the Exercise Periods are set out in Note 25. The value of each Option using a Monte Carlo simulation model, as referred to in Note 25, is approximately 45 cents, but they will have no value if the performance hurdles are not met.

[(f)] Retired 29 February 2000.

[(g)] Includes statutory and other amounts paid on termination of employment.

[(h)] Includes provision of vehicle and office facilities.

[(i)] Retired 1 May 2000.

[(j)] Appointed 19 May 2000.

[(k)] US-based Officers.

[(l)] Includes contributions to U.S. non qualified pension or benefit plan.

[(m)] Includes performance -based incentive and retention incentive relating to sale of business.

Indemnity

On 8 June 2000, Ms S C H Kay entered into a Deed of Indemnity in the form previously executed by each other Non Executive Director.

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.

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Report of the Directors

Share Buy-Back

The Company did not buy back any shares during the year, and there is no current on-market buy-back program. However, the Company announced on 2 August 2000 that the proceeds of the sales of its Electrical Distribution business, together with those from GNB, when its sale is successfully completed, will form the basis of a restructure of the Company's capital base. This planned restructure will involve a reduction of both debt and equity capital, the form of which will be finalised at a later date.

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 2000) 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

R L Chadwick
Director

Dated in Melbourne this 1st day of September 2000.

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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 (excluding South Pacific Tyres) for 1999/00 was $5,726 million, a 0.8 percent increase over 1998/99.

Operating Earnings Before Net Interest and Tax (EBIT) in 1999/00 was $333 million, compared with $401 million in 1998/99. The 1998/99 result included 11 months of the Cables Group which was sold effective 2 June 1999.

Operating income tax expense, as a percentage of operating profit before goodwill amortisation and abnormal items, was 20.3 percent compared with 17.2 percent in the previous year. This increase is a result of a shift in the Group's profit mix to higher tax jurisdictions.

Profit after tax attributable to shareholders, before abnormal items, declined by 29.5 percent to $140.9 million.

An abnormal loss after tax of $227.4 million was recorded. An analysis of abnormal items is contained within Note 7 to the Financial Statements on page 31.

As detailed in the Business Segments Report, international operations in 1999/00 contributed sales of $2,972 million, or 48 percent of total sales, compared with $2,851 million, or 46 percent of total sales in the previous year. In addition, international operating results were $218 million, or 58 percent of total operating results, compared with last year's $234 million, or 51 percent. Whilst profits in Australia declined by $70 million, the 1998/99 results included $36 million profit of the Cables Group.

Balance Sheet
The significant movements in the Balance Sheet from June 1999, primarily relate to the removal of the assets and liabilities of the GNB Technologies business. Such assets and liabilities have been replaced by $591.2 million being the GNB assets held for sale disclosed within Current Assets. This amount is after taking into account the $160 million writedown of the GNB Technologies business assets.

Share Capital Transfer to Retained Profits
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.

Liquidity and Capital Reserves
Net cash provided by Operating Activities was $190.3 million in 1999/2000 compared with $379.3 million in 1998/1999, which included the Cables Group. Currency movements adversely impacted operating profits and working capital in 1999/2000.

Net cash used in Investing Activities was $288.8 million. This included an outflow of $155.9 million for the acquisition of businesses, primarily related to the acquisition of the worldwide medical glove business of Johnson & Johnson.

Capital expenditure for the year (excluding South Pacific Tyres) was $157 million compared with $223 million in 1998/99.

Debt increased from $2,121 million to $2,517 million over the year. Significant items contributing to this movement were acquisition costs of $155.9 million (previous year $58.1 million) and a weaker Australian dollar, which increased borrowings by $175 million (the previous year was a benefit of $156 million).

This movement caused the deterioration in the Group's debt ratios, with Net Debt to Shareholders' Equity deteriorating from 64.5% to 96.1% and net liabilities to shareholders' equity, which moved from 154.7% last year to 167.3% in the current year.

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Liquidity and Capital Reserves (continued)

As in previous years, the Group continues to maintain significant cash reserves, the 30 June 2000 balance being $1,077.9 million, compared with the previous year's and $1,072.3 million. A significant amount of the cash reserves results from the Group's overseas investment hedge policy, whereby foreign currency is borrowed on a dollar for dollar basis, equal to net assets of foreign investments. By far the largest component currency is U.S. dollars and the proceeds of the borrowings are converted to Australian dollars and deposited in the local money market. This policy reduces the impact of the volatile Australian dollar on Group shareholders' funds. This policy means it is more appropriate to base assessment of the Group's debt position on a net, rather than a gross debt basis.

The Company has declared a final unfranked dividend of 3 cents, 4 cents lower than the previous year, making a full year dividend of 10 cents unfranked, compared to the previous year's 14 cents unfranked.

The Parent Company had Retained Earnings of $337 million, inclusive of a $160 million transfer from share capital at June 30, 2000. At June 30, 1999, the Retained Earnings were $284 million.

Ratings

During the year, the following movement in ratings occurred. On November 4, 1999, after the announcement of the 20% Ansell float, Standard and Poor's moved the A- long term rating, with a negative outlook, to A- with a credit watch negative outlook. Subsequently, on the announcement of the Group half year results, the rating was downgraded to BBB+, with a credit watch negative outlook. On March 16, on the announcement of the abandonment of the plans to float 20% of Ansell, Standard and Poor's upgraded the outlook from credit watch negative to negative.

The current ratings are as follows:-

	Long Term	**Outlook**	**Short Term**
Moody's	Baa1	Stable	P2
Standard & Poor's	BBB+	Negative	A2

The current ratings remain strong investment grade.

Interest Cost

Pacific Dunlop issues its debt instruments in the form of commercial paper and medium term notes in a number of international markets and locally. These programmes supply the majority of the Group's actual borrowings. Significant backup facilities are available to support these programmes and total US$350 million and NZ$60 million, unchanged from the previous year. These backup facilities plus the significant cash on deposit held by the Group, cover a significant proportion of the Group's current borrowings at June 30, 2000 and will be in excess of short term borrowings after the debt repayment programme.

At 30 June 2000 a significant portion of the borrowing portfolio has a short maturity profile, based on the anticipated funds to flow from the sale of the Electrical Group and GNB. Proceeds from these sales will be applied to reducing borrowings following the proposed share buy-back. The average maturity of the borrowings' portfolio at June 30 was 393 days, down from 470 days the previous year. It is anticipated this will rise significantly after the debt repayment programme.

Net interest cost for the year fell slightly from $103 million at June 30, 1999 to $100 million at June 30, 2000. Although borrowings increased during the year and there were rate rises in all major currencies, the average rate was held at 6.55% for the year, compared to the previous year's 6.16%.

Interest cover before goodwill amortisation was 3.3 times down from the previous year's 3.9 times.

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Discussion and analysis of the financial statements

Working Capital

The Company's average working capital to sales ratio in 1999/2000 was 22.5 percent compared with 23.6 percent in 1998/99. This is comprised of the following :

	2000	1999
Average Inventory to Sales (%)	18.3	18.5
Average Debtors to Sales (%)	15.6	16.1
Average Creditors to Sales (%)	11.4	11.0

The Company continues to actively pursue strategies to reduce investment in working capital and increase stockturns.

Capital Expenditure

During 1999/00, the Company's capital expenditure totalled $157 million (excluding South Pacific Tyres), compared with the depreciation for the year of $149 million and the previous year's capital expenditure of $223 million.

Capital Expenditure (including finance leases)	2000 $ million	1999 $ million
GNB Technologies	69	77
Ansell	48	93
South Pacific Tyres (100%)	30	45
Pacific Distribution	20	15
Pacific Brands	14	16
Other	6	22

Depreciation (including amortisation lease assets)	2000 $ million	1999 $ million
GNB Technologies	56	45
Ansell	40	36
South Pacific Tyres (100%)	43	39
Pacific Distribution	19	21
Pacific Brands	24	25
Other	10	29

Sales Revenue	$ billion
1998	5.5
1999	5.7
2000	5.7

Capital Expenditure	$ million
1998	192
1999	223
2000	157

Factories by Region	2000	1999
Australia	49	53
SE Asia and New Zealand	21	34
Americas	21	24
Europe	1	1
Total	**92**	**112**

Average Working Capital to Sales	%
1998	22.9
1999	23.6
2000	22.5

Net Liabilities to Shareholders' Equity Ratio	%
1998	172
1999	154
2000	167

Assets Employed by Region	%Excluding GNB and Electrical	% Total
Australia	50	47
SE Asia and New Zealand	19	15
Americas	23	32
Europe	8	6

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Profit and Loss Statements

of Pacific Dunlop Limited and Controlled Entities for the year ended 30 June 2000

$ in millions	Notes	Consolidated 2000	Consolidated 1999	Consolidated 1998	The Company 2000	The Company 1999	The Company 1998
Revenue							
Sales revenue		5,725.8	5,680.0	5,473.0	1,691.2	1,933.1	2,004.5
Other revenue	4	88.4	333.8	122.9	266.7	466.5	314.5
Total revenue		**5,814.2**	**6,013.8**	**5,595.9**	**1,957.9**	**2,399.6**	**2,319.0**
Costs and expenses							
Cost of goods sold		4,080.2	3,951.8	3,806.5	1,060.0	1,246.1	1,339.6
Selling, general and administrative		1,395.3	1,662.4	1,410.0	530.9	973.2	949.2
Total costs and expenses		**5,475.5**	**5,614.2**	**5,216.5**	**1,590.9**	**2,219.3**	**2,288.8**
Interest expense	3	146.4	142.9	153.6	122.2	110.2	113.4
Operating profit/(loss) before abnormal items and income tax		192.3	256.7	225.8	244.8	70.1	(83.2)
Abnormal items before income tax	7	(244.9)	(94.0)	(157.5)	(235.8)	54.8	(15.4)
Operating profit/(loss) before income tax		**(52.6)**	**162.7**	**68.3**	**9.0**	**124.9**	**(98.6)**
Income tax attributable to operating profit/(loss)	8	29.8	51.2	44.5	13.0	(8.5)	(91.7)
Operating profit/(loss) after income tax		(82.4)	111.5	23.8	(4.0)	133.4	(6.9)
Outside equity interests in operating profit after income tax		4.1	5.7	(1.0)	-	-	-
Operating profit/(loss) after income tax attributable to Pacific Dunlop Limited shareholders		**(86.5)**	**105.8**	**24.8**	**(4.0)**	**133.4**	**(6.9)**
(Accumulated losses)/Retained profits at the beginning of the financial year		(65.4)	(38.2)	116.1	284.0	295.9	449.8
Adjustment to retained profits at the beginning of the financial year on initial adoption of revised AASB1016 Accounting for Investments in Associates	1	-	-	(23.3)	-	-	-
Amount transferred from share capital	6	160.0	-	-	160.0	-	-
Aggregate of amounts transferred from reserves	6	(8.4)	12.1	(11.6)	-	(0.8)	(2.8)
Total available for appropriation		**(0.3)**	**79.7**	**106.0**	**440.0**	**428.5**	**440.1**
Dividends provided for or paid							
Redemption of Bonds Preference Shares		-	0.6	-	-	-	-
Interim and final dividends	9	103.3	144.4	144.1	103.3	144.4	144.1
Under provision for prior year interim and final dividends		-	0.1	0.1	-	0.1	0.1
(Accumulated losses)/retained profits at end of financial year		(103.6)	(65.4)	(38.2)	336.7	284.0	295.9
Summary of operating profit for the year							
Operating profit/(loss) after income tax attributable to Pacific Dunlop Limited shareholders		(86.5)	105.8	24.8	(4.0)	133.4	(6.9)
Abnormal items after income tax attributable to Pacific Dunlop Limited shareholders		(227.4)	(94.0)	(156.0)	(229.1)	54.9	(15.4)
Operating profit after income tax before abnormal items attributable to Pacific Dunlop Limited shareholders		**140.9**	**199.8**	**180.8**	**225.1**	**78.5**	**8.5**

Earnings per share based on operating profit after income tax attributable to Pacific Dunlop Limited shareholders

	2000	1999	1998
Basic earnings per share before goodwill amortisation and abnormal items	**cents** 17.5	**cents** 23.2	**cents** 21.1
Basic earnings per share before abnormal items	13.6	19.4	17.6
Basic earnings per share inclusive of abnormal items	(8.4)	10.3	2.4

The above profit and loss statements should be read in conjunction with the accompanying notes.

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Balance Sheets

of Pacific Dunlop Limited and Controlled Entities for the year ended 30 June 2000

		Consolidated			The Company		
$ in millions	**Notes**	**2000**	**1999**	**1998**	**2000**	**1999**	**1998**
Current Assets							
Cash	11	1,077.9	1,072.3	997.3	28.0	30.7	31.2
Receivables	12	784.7	987.5	978.7	2,798.0	2,404.1	2,243.4
GNB assets held for sale		591.2	-	-	18.8	-	-
Inventories	13	848.7	952.2	1,021.9	162.8	175.8	210.7
Prepayments		41.5	58.9	58.5	21.8	28.1	13.6
Total Current Assets		**3,344.0**	**3,070.9**	**3,056.4**	**3,029.4**	**2,638.7**	**2,498.9**
Non-Current Assets							
Receivables	12	39.2	45.8	69.8	29.7	34.5	48.6
Investments	14	127.6	148.4	166.9	2,853.6	3,034.6	3,065.2
Property, plant and equipment	15	658.2	1,065.8	1,257.7	93.0	120.9	212.1
Intangibles	16	627.8	607.8	683.4	18.5	14.5	46.4
Future income tax benefit	17	272.0	280.2	363.8	145.3	154.5	142.4
Other		16.9	-	-	16.4	-	-
Total Non-Current Assets		**1,741.7**	**2,148.0**	**2,541.6**	**3,156.5**	**3,359.0**	**3,514.7**
Total Assets		**5,085.7**	**5,218.9**	**5,598.0**	**6,185.9**	**5,997.7**	**6,013.6**
Current Liabilities							
Accounts payable	18	566.4	725.7	795.8	1,881.2	1,957.5	1,853.6
Borrowings	19	1,889.4	1,340.3	1,419.4	1,485.7	1,107.1	1,167.0
Provisions	20	403.9	508.3	562.4	203.8	209.3	230.6
Other	21	3.3	7.1	2.4	1.4	2.9	2.6
Total Current Liabilities		**2,863.0**	**2,581.4**	**2,780.0**	**3,572.1**	**3,276.8**	**3,253.8**
Non-Current Liabilities							
Accounts payable	18	5.7	14.0	14.2	0.4	0.4	0.7
Borrowings	19	627.7	781.0	848.1	626.0	627.0	656.1
Provisions	20	71.8	174.9	228.2	5.7	4.6	5.9
Other	21	17.6	33.3	35.8	17.6	18.9	20.3
Total Non-Current Liabilities		**722.8**	**1,003.2**	**1,126.3**	**649.7**	**650.9**	**683.0**
Total Liabilities		**3,585.8**	**3,584.6**	**3,906.3**	**4,221.8**	**3,927.7**	**3,936.8**
Net Assets		**1,499.9**	**1,634.3**	**1,691.7**	**1,964.1**	**2,070.0**	**2,076.8**
Shareholders' Equity							
Share Capital	5	1,617.2	1,776.0	514.9	1,617.2	1,776.0	514.9
Reserves	6	(31.2)	(102.1)	1,188.9	10.2	10.0	1,266.0
(Accumulated losses)/retained profits	6	(103.6)	(65.4)	(38.2)	336.7	284.0	295.9
Shareholders' equity attributable to Pacific Dunlop Limited shareholders		1,482.4	1,608.5	1,665.6	1,964.1	2,070.0	2,076.8
Outside equity interests in controlled entities	10	17.5	25.8	26.1	-	-	-
Total Shareholders' Equity		**1,499.9**	**1,634.3**	**1,691.7**	**1,964.1**	**2,070.0**	**2,076.8**

The above balance sheets should be read in conjunction with the accompanying notes.

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Business Segments

of Pacific Dunlop Limited and Controlled Entities for the year ended 30 June 2000

		Operating Revenue			Assets Employed			Operating Result		
$ in millions	**Notes**	**2000**	**1999**	**1998**	**2000**	**1999**	**1998**	**2000**	**1999**	**1998**
INDUSTRIES										
Protective & Healthcare Products										
Ansell		1,172.7	1,184.8	1,078.1	1,099.3	876.1	830.7	134.5	169.5	162.2
Tyres										
South Pacific Tyres		1,048.3	1,070.3	1,049.2	680.8	686.4	658.2	16.6	72.6	79.6
Less: Goodyear Share (50%)		524.1	535.2	524.6	340.4	343.2	329.1	8.3	36.3	39.8
		524.2	535.1	524.6	340.4	343.2	329.1	8.3	36.3	39.8
Consumer Goods										
Pacific Brands		1,288.7	1,190.6	1,152.2	596.4	583.4	591.7	104.4	93.7	90.7
Automotive & Electrical Distribution										
Pacific Distribution		1,598.4	1,494.2	1,467.8	681.7	578.7	588.3	75.0	77.0	64.5
		4,584.0	4,404.7	4,222.7	2,717.8	2,381.4	2,339.8	322.2	376.5	357.2
Non-Core/Discontinued Businesses										
GNB		1,557.0	1,386.2	1,235.3	581.6	945.5	1,083.5	64.8	50.9	55.4
Other		109.0	424.2	540.0	150.5	271.5	482.2	(11.8)	34.2	23.6
		1,666.0	1,810.4	1,775.3	732.1	1,217.0	1,565.7	53.0	85.1	79.0
		6,250.0	**6,215.1**	**5,998.0**	**3,449.9**	**3,598.4**	**3,905.5**	**375.2**	**461.6**	**436.2**
Tyre Partnership Adjustment	30(a)	(524.2)	(535.1)	(524.6)	(224.8)	(211.5)	(198.6)	(10.4)	(11.4)	(11.3)
Y2K Compliance Costs								(3.5)	(6.3)	(3.3)
Unallocated Items	30(b)	88.4	87.4	122.9	154.9	151.9	210.4	(28.6)	(43.4)	(56.1)
Operating EBIT								**332.7**	**400.5**	**365.5**
Goodwill and Brand names					627.8	607.8	683.4	(40.9)	(40.6)	(39.6)
Earnings before Net Interest and Tax (EBIT)								**291.8**	**359.9**	**325.9**
Net Consolidated Interest Expense								(99.5)	(103.2)	(100.1)
Tax								(47.3)	(51.2)	(46.0)
Outside Equity Interests								(4.1)	(5.7)	1.0
Operating Results		**5,814.2**	**5,767.4**	**5,596.3**	**4,007.8**	**4,146.6**	**4,600.7**	**140.9**	**199.8**	**180.8**
Abnormals after tax and outside equity interests	30(c)		246.4					(227.4)	(94.0)	(156.0)
Cash	30(d)				1,077.9	1,072.3	997.3			
Total Consolidated		**5,814.2**	**6,013.8**	**5,596.3**	**5,085.7**	**5,218.9**	**5,598.0**	**(86.5)**	**105.8**	**24.8**
REGIONS										
Australia		3,278.5	3,364.2	3,431.0	1,619.0	1,615.3	1,790.4	157.7	227.5	183.2
Asia and New Zealand		507.6	613.6	574.2	528.7	508.7	567.5	88.3	88.4	109.0
America		2,083.6	1,870.6	1,695.2	1,101.3	1,284.2	1,375.6	117.1	145.8	135.9
Europe		380.3	366.7	297.6	200.9	190.2	172.0	12.1	(0.1)	8.1
		6,250.0	**6,215.1**	**5,998.0**	**3,449.9**	**3,598.4**	**3,905.5**	**375.2**	**461.6**	**436.2**

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 Non Core / Discontinued.
The above business segments report should be read in conjunction with the accompanying notes.

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Statements of Cash Flows

of Pacific Dunlop Limited and Controlled Entities for the year ended 30 June 2000

		Consolidated			The Company		
$ in millions	**Notes**	**2000**	**1999**	**1998**	**2000**	**1999**	**1998**
Cash Flows from Operating Activities							
Receipts from customers (excluding medical)		5,711.3	5,773.3	6,023.6	1,670.8	1,847.9	2,035.3
Payments to suppliers and employees (excluding medical)		(5,481.2)	(5,213.2)	(5,637.0)	(1,542.5)	(1,779.4)	(2,048.0)
Net receipts from customers (excluding medical)		230.1	560.1	386.6	128.3	68.5	(12.7)
Payments to suppliers and employees net of customer receipts (medical)		(11.7)	(22.5)	(42.9)	(1.2)	(2.1)	(6.5)
		218.4	537.6	343.7	127.1	66.4	(19.2)
Income taxes (paid)/refunded		(28.2)	(42.8)	(62.7)	(2.0)	(2.2)	6.8
Dividends received		0.1	0.5	0.4	169.7	210.7	275.2
Net Cash Provided by Operating Activities Before Settlement Funds Payments		190.3	495.3	281.4	294.8	274.9	262.8
Amounts paid into Accufix Settlement Funds (United States) by ARI and Pacific Dunlop Ltd		-	(116.0)	-	-	(16.0)	-
Net Cash Provided by Operating Activities	31(c)	**190.3**	**379.3**	**281.4**	**294.8**	**258.9**	**262.8**
Cash Flow from Investing Activities							
Payments for businesses, net of cash acquired	31(a)	(155.9)	(58.1)	(23.8)	-	-	-
Payments for property, plant and equipment		(156.8)	(222.6)	(192.3)	(17.0)	(33.7)	(44.0)
Payments for brand names		(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)	3.4	245.2	36.0	-	205.3	24.9
Proceeds from sale of plant and equipment in the ordinary course of business		26.7	28.1	31.9	5.0	6.4	11.9
Loans repaid/(made)		(7.1)	4.5	23.6	(1.4)	7.2	5.2
Net loans to controlled entities	31(e)	-	-	-	(460.8)	(143.3)	(345.5)
Proceeds from sale of other investments		6.4	3.4	0.8	-	4.4	-
Payments for investments in controlled entities		-	-	-	(19.1)	(3.2)	(134.8)
Payments for other investments		(0.5)	(1.8)	(3.1)	-	(0.1)	-
Net Cash (Used in)/Provided by Investing Activities		**(288.8)**	**(3.2)**	**(126.9)**	**(498.3)**	**41.7**	**(482.3)**
Cash Flows from Financing Activities							
Proceeds from borrowings		5,541.4	9,746.3	8,025.5	5,279.5	9,254.4	6,497.5
Repayments of borrowings		(5,211.5)	(9,754.2)	(8,190.7)	(4,904.1)	(9,336.7)	(6,030.8)
Net (repayments of)/ proceeds from borrowings		329.9	(7.9)	(165.2)	375.4	(82.3)	466.7
Proceeds from issues of shares		1.3	3.4	3.6	1.3	3.4	3.6
Lease payments		(2.3)	(1.3)	(1.4)	(0.3)	(0.2)	(0.2)
Dividends paid		(150.1)	(148.7)	(148.7)	(144.4)	(143.4)	(143.8)
Interest received		47.4	39.3	53.4	91.3	40.1	4.5
Interest and borrowing costs paid		(150.3)	(149.5)	(156.5)	(124.5)	(112.4)	(115.5)
Net Cash (Used in)/Provided by Financing Activities		**75.9**	**(264.7)**	**(414.8)**	**198.8**	**(294.8)**	**215.3**
Net Increase/(Decrease) in Cash Held		**(22.6)**	**111.4**	**(260.3)**	**(4.7)**	**5.8**	**(4.2)**
Cash at the beginning of the financial year		1,021.3	944.5	1,171.7	28.8	23.0	27.2
Effects of exchange rate changes on the balances of cash held in foreign currencies at the beginning of the financial year		21.1	(34.6)	33.1	-	-	-
Cash at the End of the Financial Year	**31(d)**	**1,019.8**	**1,021.3**	**944.5**	**24.1**	**28.8**	**23.0**

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

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Notes to the Financial Statements

1. Summary of Significant Accounting Policies

General

Pacific Dunlop Limited is a multinational manufacturing and retailing concern. The Company's principal lines of business, determined and reported on the basis of differing products and services, are automotive and electrical product distribution (Pacific Distribution); manufacture of latex protective products (Ansell); branded clothing,footwear and sporting goods (Pacific Brands); manufacture, marketing and distribution of tyres (South Pacific Tyres); and manufacture of automotive and industrial batteries (GNB).

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 in Europe. Over 95% of sales are outside Australia.

GNB manufactures and markets automotive batteries in North America, Australia and New Zealand and markets its industrial batteries globally achieving sales of 93% outside Australia.

South Pacific Tyres manufactures a range of passenger car, truck, agricultural vehicle and aircraft tyres and uses the major brands of "Dunlop", "Goodyear" and "Olympic". SPT has factories in Australia and New Zealand and achieves more than 14% of sales outside Australia.

Pacific Brands manufactures and markets 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. More than 12% of sales are outside Australia.

Pacific Distribution operates in Australia and New Zealand supplying electrical and automotive products to end user markets. Electrical parts are distributed to industrial and contractor end users while automotive parts are supplied to the repair industry and resellers.

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

Basis of Preparation of Financial Statements

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

The financial report has been prepared in accordance with the conventions of historical cost accounting except, for certain non-current assets which, as noted, are included at valuation.

The carrying amounts of non-current assets have been reviewed to ensure that such assets are not carried at a value in excess of their recoverable amount. In determining recoverable amounts the relevant cash flows have not been discounted to their present value.

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Notes to the Financial Statements

1. Summary of Significant Accounting Policies (continued)

Basis of Preparation of Financial Statements (continued)

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.

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 Profit and Loss Statement and Balance Sheet respectively.

Where control of an entity is obtained during a financial year, its results are included in the consolidated Profit and Loss Statement 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.

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 Balance Sheet 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 Balance Sheet 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.

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Notes to the Financial Statements

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 Profit and Loss Statement when they are declared 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.

Prior to 1 July 1997, the consolidated entity's investment in associated entities were accounted for under the cost method of accounting and dividends were recognised in the profit and loss statement when declared by the associate in a general meeting. The investments were subject to annual review by directors to ensure the book value of such investments did not exceed their recoverable amount. In accordance with the Australian Securities and Investment Commission (ASIC) Class Order 97/0798, the consolidated entity adopted the revised accounting standard AASB 1016: Accounting for Investments in Associates on 1 July 1997. Since that date, the equity method of accounting has been applied in accounting for investments in associated entities in the consolidated financial statements of the consolidated entity. The cost method is still applied in the Company's financial statements.

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Notes to the Financial Statements

1. Summary of Significant Accounting Policies (continued)

Associated Companies (continued)
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 Profit and Loss Statement 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. To recognise the equity accounted amount of the investments on the initial application of the standard, adjustments were made to the opening balance of the consolidated entity's retained profits and reserves at that time.

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.

Interest in Partnerships
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.

Revaluations
Freehold and leasehold land and buildings are independently valued every three years using the bases of valuation set out in Note 15 and included in the financial statements at the revalued amounts.

Consideration of a provision for capital gains tax is not taken into account in determining revaluation amounts unless it is known that the asset is intended for sale.

Any related revaluation increment remaining in the asset revaluation reserve at the time of disposal is transferred to Retained Profits.

Depreciation and Amortisation
Depreciation and amortisation is calculated on a straight line basis so as to write off the net cost or revalued amount 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

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Notes to the Financial Statements

1. Summary of Significant Accounting Policies (continued)

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.

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.

Accounts Payable

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.

Borrowings

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

Other Liabilities

Amounts due under contract

Amounts due under contract are carried at the outstanding consideration payable.

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.

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Notes to the Financial Statements

1. Summary of Significant Accounting Policies (continued)

Contingencies, Rationalisation and Restructure, Patient Monitoring, Explantation and Legal, Environmental Remediation 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.

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 Profit and Loss Statement 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 Profit and Loss Statement.

The bases of valuation of goodwill are detailed in Note 16.

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 Profit and Loss Statement. 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 on a net of tax basis.

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1. Summary of Significant Accounting Policies (continued)

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 its 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.

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 it does in relation to on-balance sheet financial assets and liabilities, where internal controls operate.

Derivative instruments are not recorded on the Balance Sheet.

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 Profit and Loss Statement when the gain or loss arising on the related physical exposures are recognised in the Profit and Loss Statement.

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 Balance Sheet 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 Profit and Loss Statement 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 Profit and Loss Statement.

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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 Profit and Loss Statement for the current period.

Revenue recognition

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 provided.

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.

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.

Change in accounting policy

The consolidated entity applied AASB 1006 "Interests in Joint Ventures" for the first time from 1 July 1999 in respect of its interest in the South Pacific Tyres partnership. In accordance with the Standard the equity method of accounting has been applied in accounting for the interest in the partnership.

In prior years the revenue and expenses of the partnership were proportionately consolidated in the financial report. This year, as a result of applying AASB 1006, the proportionate consolidation of the partnership's revenue and expenses has been discontinued.

The adoption of AASB 1006 has had no impact on the consolidated entity's result or on the carrying value of the interest in the partnership. Prior year's sales revenue and total costs and expenses have been adjusted to reflect this change.

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Notes to the Financial Statements

2. Reinstatement of GNB

The 1998 comparatives set out in these financial statements differ from those published in the Pacific Dunlop 1998 Annual Report. 1998 comparatives for the Company and the consolidated entity have been amended to include the assets and liabilities of the GNB (Batteries) Group ("GNB") following the abandonment of the sale to Quexco Inc. of the USA.

1998 Annual Report

The 1998 Annual Report accounted for GNB as a business sold during that year. This accounting treatment was adopted as the sale process, at 30 June 1998, was substantially complete and the signing of the contract on 6 July 1998 provided further evidence of a condition precedent.

After providing for additional environmental costs attributable to the business and which arose from the various due diligence processes, and after providing for other costs and asset adjustments associated with the transaction, the Profit and Loss for the 1998 year included a loss of $88 million. The amount receivable under the contract of sale was equal to the carrying value of the net assets subject to sale. Accordingly the net assets of GNB were reclassified under one caption "Proceeds Receivable on Sale of GNB" and included within current receivables.

1999 Annual Report

The 1998 comparatives have been restated to allocate the "Proceeds Receivable on Sale of GNB" amount back into the appropriate asset and liability captions. No gain or loss arises from this process, as the environmental and other amounts provided for in 1998 have been expended, or remain as liabilities.

Furthermore the incremental loss reported in the consolidated entity's 31 December 1998 Half Year Financial Report, of $94 million arising from the renegotiation of the sale price has not been reversed following abandonment of the sale. This loss arose from price negotiation in respect of certain GNB assets. The Company considers that the renegotiation was a clear indication of impairment of value of those assets and accordingly those balances have been fully provided for as an Abnormal Loss in the 1999 Profit and Loss.

2000 Annual Report

On 10 May 2000, the Company announced that it had entered into an agreement for the sale of its GNB Technologies business to Exide Corporation of the USA. The due diligence process has been completed, and Exide is in the course of arranging finance for the transaction.

The 2000 Annual Report accounts for GNB Technologies as a business held for sale. After providing for write downs in the carrying value of assets and other costs, the Profit and Loss for the 2000 year includes a loss of $160 million.

The amount receivable under the proposed contract of sale is equal to the carrying value of the net assets subject to sale. Accordingly the net assets of GNB were reclassified under one caption "GNB Assets Held for Sale" and included within current assets.

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Notes to the Financial Statements

3. Operating Profit

$ in millions	Consolidated 2000	Consolidated 1999	Consolidated 1998	The Company 2000	The Company 1999	The Company 1998
Operating Profit inclusive of abnormal items and before income tax is arrived at after charging/(crediting) the following items:						
Share of partnership's operating (profit)/loss	4.9	(19.8)	(22.3)	-	-	-
Profits from the Sale of Property, Plant and Equipment	(6.1)	(4.3)	(7.2)	(1.2)	(0.6)	(2.6)
Borrowing Costs						
Interest Paid or Due and Payable						
To wholly owned controlled entities	-	-	-	-	3.4	8.2
To others	146.2	142.5	153.2	122.2	106.8	105.2
Finance Charges on Finance Leases	0.2	0.4	0.4	-	-	-
Other Borrowing Costs	3.1	3.3	2.9	2.3	2.4	2.1
Total Borrowing Costs	149.5	146.2	156.5	124.5	112.6	115.5
Depreciation						
Buildings	8.6	7.3	5.7	0.3	0.5	0.6
Plant & equipment	134.3	142.3	144.4	31.2	47.2	47.0
Amortisation						
Leasehold land and buildings	6.0	6.1	4.6	1.0	0.6	0.9
Leased plant and equipment	0.1	0.2	0.3	0.1	0.2	0.3
Goodwill	40.9	40.6	39.6	1.0	3.4	4.3
Research and Development Costs Expensed as Incurred	38.8	37.1	32.0	0.5	0.6	1.9
Net Bad Debts Expense	1.3	1.9	5.3	1.2	1.0	3.1
Amounts Set Aside to Provision for						
Doubtful trade debts	7.3	7.2	10.4	1.2	5.2	2.0
Doubtful amounts owing by wholly owned controlled entities	-	-	-	(8.3)	118.8	85.9
Write down in value of investments in wholly owned controlled entities	-	-	-	186.0	-	-
Employee entitlements	102.3	86.9	85.3	36.4	36.1	36.8
Contingencies	(9.7)	1.5	1.4	(0.4)	(5.6)	-
Rationalisation and restructuring costs	62.5	10.5	9.9	57.0	-	(0.9)
Net charge following creation of Accufix Settlement Funds in the United States of America	-	-	69.5	-	-	-
Rebates, allowances and warranty claims	14.4	3.3	1.9	(2.8)	1.2	1.0
Environmental remediation	-	4.8	88.3	-	-	0.4
Net foreign exchange gain/(loss)	(3.6)	6.3	10.4	32.7	(32.2)	(18.5)
Losses Arising from Sale of Property, Plant and Equipment (1)	163.8	101.1	17.8	0.4	13.1	5.5
Operating Lease Rentals	110.4	103.5	96.1	59.2	51.7	49.2

(1) Includes abnormal write down of certain GNB assets and other costs in 1999 and 2000.

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Notes to the Financial Statements

3. Operating Profit (continued)

	Consolidated			The Company		
$ in thousands	**2000**	**1999**	**1998**	**2000**	**1999**	**1998**
Auditors' Remuneration						
Amounts received and receivable for audit services						
Auditors of Pacific Dunlop Limited and Australian entities	2,353	2,710	2,758	1,829	1,894	1,928
Other member firms of KPMG	2,581	2,577	2,497	-	-	1
For other services						
Auditors of Pacific Dunlop Limited and Australian entities	2,866	3,745	2,170	2,282	1,449	1,628
Other member firms of KPMG	3,729	1,603	1,157	-	-	-

No other benefits were received by the auditors of Pacific Dunlop Limited or by the auditors of its controlled entities.

4. Other Operating Revenue

	Consolidated			The Company		
$ in millions	**2000**	**1999**	**1998**	**2000**	**1999**	**1998**
Revenue from Other Operating Activities						
Dividend income						
From shares in wholly owned controlled entities	-	-	-	169.7	210.1	274.2
From shares in associated companies	-	-	-	-	0.6	1.0
From shares in other companies	0.1	0.5	0.4	-	-	-
Share of Associates' Net Profit	3.0	3.6	3.0	-	-	-
Interest Received or Due and Receivable						
From wholly owned controlled entities	-	-	-	88.7	33.9	0.5
From others	47.0	39.7	53.5	2.6	6.2	4.0
Total Revenue from Other Operating Activities	**50.1**	**43.8**	**56.9**	**261.0**	**250.8**	**279.7**
Revenue from Outside Operating Activities						
Proceeds from the Sale of other Non-Current Assets	26.7	28.1	31.9	5.7	6.4	11.9
Proceeds Received and Receivable from the Sale of Businesses and Investments	11.6	261.9	34.1	-	209.3	22.9
Total Revenue from Outside Operating Activities	**38.3**	**290.0**	**66.0**	**5.7**	**215.7**	**34.8**
Total - Other Revenue	**88.4**	**333.8**	**122.9**	**266.7**	**466.5**	**314.5**

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Notes to the Financial Statements

5. Share Capital

$ in millions	Notes	Consolidated 2000	Consolidated 1999	Consolidated 1998	The Company 2000	The Company 1999	The Company 1998
Issued and Paid up Capital							
1,033,072,171 (1999 - 1,031,757,171; 1998 - 1,029,654,171 of 50 cents par value each) ordinary shares, fully paid *		1,617.1	1,775.9	514.8	1,617.1	1,775.9	514.8
10,118,400 (1999 - 11,433,400; 1998 - 13,536,400 of 50 cents par value each) 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		**1,617.2**	**1,776.0**	**514.9**	**1,617.2**	**1,776.0**	**514.9**

* includes 4,101,943 (1999 - 4,975,187; 1998 - 5,582,645 of 50 cents par value each) shares issued in accordance with the Employee Share Plan

Share Capital Transfer to Retained Profits

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 1,315,000 existing Executive Plan Shares were fully paid. Since the end of the financial year, the amounts outstanding on a further 329,500 Executive Plan Shares have been fully paid.

Employee Share Plan

During the financial year, the loan liability of members in respect of 873,244 fully paid ordinary shares of 50 cents each was discharged. Since the end of the financial year, the loan liability in respect of a further 15,448 fully paid shares has been discharged. 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.

Options

On 22 July 1998 the Company granted options to subscribe for up to 1,545,000 unissued ordinary shares to certain executives in accordance with the specific terms of issue approved at the Annual General Meeting held on 4 November 1998. Refer Note 25 for further information.

The Company Law Review Act 1998 ("the Act") came into effect on 1 July 1998. The Act abolished par value shares, and any amount standing to the credit of the share premium reserve and capital redemption reserve became part of the Company's share capital on 1 July 1998. As a result the balance of the share premium reserve and capital redemption reserve amounting to $1,229.6 million and $28.0 million respectively became part of the share capital account on 1 July 1998 increasing the share capital on that date to $1,772.5 million. From 1 July 1998 share capital does not have a nominal (par) value.

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6. Retained Profits and Reserves

$ in millions	Notes	Consolidated 2000	Consolidated 1999	Consolidated 1998	The Company 2000	The Company 1999	The Company 1998
Share premium reserve		-	-	1,229.6	-	-	1,229.6
Capital redemption reserve		-	-	28.0	-	-	28.0
Asset revaluation reserve		20.2	8.6	20.7	10.2	10.0	9.2
General reserve		2.8	4.8	4.8	-	-	-
Foreign currency translation reserve		(54.2)	(115.5)	(94.2)	-	-	(0.8)
		(31.2)	(102.1)	1,188.9	10.2	10.0	1,266.0
(Accumulated losses)/retained profits		(103.6)	(65.4)	(38.2)	336.7	284.0	295.9
Total Reserves		**(134.8)**	**(167.5)**	**1,150.7**	**346.9**	**294.0**	**1,561.9**

Movements during the year

Share Premium Reserve	Notes	Consolidated 2000	Consolidated 1999	Consolidated 1998	The Company 2000	The Company 1999	The Company 1998
Balance at the beginning of the financial year		-	1,229.6	1,227.4	-	1,229.6	1,227.4
Premium on plan shares converted		-	-	2.2	-	-	2.2
Included with share capital	5	-	(1,229.6)	-	-	(1,229.6)	-
Balance at the end of the financial year		**-**	**-**	**1,229.6**	**-**	**-**	**1,229.6**
Capital Redemption Reserve							
Balance at the beginning of the financial year		-	28.0	28.0	-	28.0	28.0
Included with share capital	5	-	(28.0)	-	-	(28.0)	-
Balance at the end of the financial year		**-**	**-**	**28.0**	**-**	**-**	**28.0**
Asset Revaluation Reserve							
Balance at beginning of the financial year		8.6	20.7	32.8	10.0	9.2	7.2
Adjustment to asset revaluation reserve at the beginning of the financial year on initial adoption of revised AASB 1016 Accounting for Investments in Associates	1	-	-	1.5	-	-	-
Net decrement arising from revaluation of properties *		-	-	(25.2)	-	-	(0.8)
Transfer to retained profits		10.4	(12.1)	11.6	-	0.8	2.8
Transfer to GNB assets held for sale		1.2	-	-	0.2	-	-
Balance at the end of the financial year		**20.2**	**8.6**	**20.7**	**10.2**	**10.0**	**9.2**
General Reserve							
Balance at beginning of the financial year		4.8	4.8	4.8	-	-	-
Transfer to retained profits		(2.0)	-	-	-	-	-
Balance at the end of the financial year		**2.8**	**4.8**	**4.8**	**-**	**-**	**-**
Foreign Currency Translation Reserve							
Balance at the beginning of the financial year		(115.5)	(94.2)	(108.8)	-	(0.8)	6.5
Adjustment to foreign currency translation reserve at the beginning of the financial year on initial adoption of revised AASB 1016 Accounting for Investments in Associates	1	-	-	(0.5)	-	-	-
Transfers to profit and loss		-	-	-	-	0.8	-
Exchange fluctuations on assets and liabilities held in foreign currencies							
net gain/(loss) on translation of net assets		154.2	(119.2)	150.7	-	-	-
net (loss)/gain on hedge borrowings		(92.9)	97.9	(135.6)	-	-	(7.3)
Balance at the end of the financial year		**(54.2)**	**(115.5)**	**(94.2)**	**-**	**-**	**(0.8)**

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Notes to the Financial Statements

6. Retained Profits and Reserves (continued)

$ in millions	Notes	Consolidated 2000	1999	1998	The Company 2000	1999	1998
Equity Reserve in Associated Companies							
Balance at the beginning of the financial year		-	-	(2.4)	-	-	-
Adjustment to equity reserve in associated companies at the beginning of the financial year on initial adoption of revised AASB 1016 Accounting for Investments in Associates	1	-	-	2.4	-	-	-
Balance at the end of the financial year		**-**	**-**	**-**	**-**	**-**	**-**
(Accumulated Losses)/Retained Profits							
Balance at the beginning of the financial year		(65.4)	(38.2)	116.1	284.0	295.9	449.8
Adjustment to retained profits at the beginning of the financial year on initial adoption of revised AASB1016 Accounting for Investments in Associates	1	-	-	(23.3)	-	-	-
Transfer from reserves		(8.4)	12.1	(11.6)	-	(0.8)	(2.8)
Trading profits		140.9	199.8	180.8	225.1	78.5	8.5
Abnormal items		(227.4)	(94.0)	(156.0)	(229.1)	54.9	(15.4)
Amount transferred from share capital		160.0	-	-	160.0	-	-
Dividends provided for or paid +		(103.3)	(145.1)	(144.2)	(103.3)	(144.5)	(144.2)
Balance at the end of the financial year		**(103.6)**	**(65.4)**	**(38.2)**	**336.7**	**284.0**	**295.9**

+ The interim dividends and final dividends include under provision for dividends arising from movements in share capital after balance date but prior to books closing date of $10,000 (1999 - $102,000 under provision; 1998 - $92,000 under provision). In addition the 1999 consolidated balance includes $564,775 for the redemption of Bonds Industries preference shares.

* This item has not been brought to account in determining the profit/(loss) for the year.

7. Abnormal Items

$ in millions	Consolidated 2000	1999	1998	The Company 2000	1999	1998
Write down of assets of GNB and write down of investments in subsidiaries	(160.0)	(94.0)	(88.0)	(186.0)	(16.3)	-
Net gain/(loss) on sale of controlled entities and businesses	(4.6)	-	-	22.7	0.1	-
Income tax benefit	11.1	-	-	-	-	-
Provision for rationalisation, restructuring and relocation	(64.0)	-	-	(57.0)	-	-
Income tax benefit	23.1	-	-	20.5	-	-
GST implementation	(5.9)	-	-	(5.1)	-	-
Income tax benefit	2.1	-	-	1.8	-	-
Costs associated with withdrawn Ansell Initial Public Offer	(10.4)	-	-	(10.4)	-	-
Restatement of deferred tax balances resulting from change in income tax rate	(18.8)	-	-	(15.6)	-	-
Gain on disposal of the Cables Group	-	-	-	-	71.1	-
Net charge following creation of Accufix Settlement Funds in the United States of America	-	-	(69.5)	-	-	(15.4)
Income tax benefit	-	-	1.5	-	-	-
Abnormal Items after Income Tax attributable to Pacific Dunlop Limited shareholders	**(227.4)**	**(94.0)**	**(156.0)**	**(229.1)**	**54.9**	**(15.4)**
Analysis of Abnormal Items						
Abnormal items before income tax	(244.9)	(94.0)	(157.5)	(235.8)	54.8	(15.4)
Income tax benefit on abnormal items	17.5	-	1.5	6.7	0.1	-
Abnormal Items after Income Tax attributable to Pacific Dunlop Limited shareholders	**(227.4)**	**(94.0)**	**(156.0)**	**(229.1)**	**54.9**	**(15.4)**

Certain amounts within abnormal items are also included in the Note 3 statutory disclosures

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Notes to the Financial Statements

8. Income Tax

$ in millions	Consolidated 2000	1999	1998	The Company 2000	1999	1998
Tax at Standard Rates on Operating Profit/(Loss)	(19.0)	58.6	24.6	3.2	45.0	(35.5)
Increased taxation arising from:						
Goodwill amortisation	6.8	8.8	8.8	3.2	1.2	1.6
Net charge following creation of Accufix Settlement Funds in the United States of America	-	-	23.5	-	-	5.5
Other non-allowable permanent differences	-	-	-	-	-	9.8
Write down of assets of GNB and write down of investments in subsidiaries	57.6	33.8	31.7	67.0	-	-
Foreign losses and costs not deductible	1.4	2.2	-	-	-	-
Income tax under provided in prior years	-	-	-	1.6	-	0.1
Provision against amounts owing by wholly owned controlled entities	-	-	-	-	42.6	30.9
Reduced taxation arising from:						
Tax rebate on dividends from investments	-	0.1	0.1	33.3	75.8	104.1
Tax exempt dividends from foreign companies	-	0.5	0.1	2.8	-	-
Income tax over provided in previous years	0.7	10.9	6.6	-	7.2	-
Investment and export incentive allowances	9.7	16.8	7.8	-	-	-
Net capital receipts not assessable	-	-	(0.1)	-	11.6	-
Net lower overseas tax rates	5.7	15.1	18.2	-	-	-
Net gain on sale of controlled entities and businesses	11.1	-	-	8.2	-	-
Other allowable permanent differences	7.5	7.5	10.3	33.3	2.7	-
Share of associates' net profit	1.1	1.3	1.1	-	-	-
Attributable to Operating Profit/(Loss) Before Effect of Tax Rate Change	**11.0**	**51.2**	**44.5**	**(2.6)**	**(8.5)**	**(91.7)**
Effect of tax rate change	18.8	-	-	15.6	-	-
Attributable to Operating Profit/(Loss)	**29.8**	**51.2**	**44.5**	**13.0**	**(8.5)**	**(91.7)**
Provision attributable to current year	(24.1)	6.4	83.0	2.3	3.2	(14.1)
(Over)/Under provision in respect of previous years	(0.7)	(10.9)	(6.6)	1.6	(7.2)	0.1
Provision attributable to future years						
Deferred tax liability	49.5	0.3	2.1	(0.1)	-	-
Future income tax benefit	5.1	55.4	(34.0)	9.2	(4.5)	(77.7)
	29.8	**51.2**	**44.5**	**13.0**	**(8.5)**	**(91.7)**

9. Dividends Paid and Proposed

$ in millions	The Company 2000	1999	1998
Dividends paid or declared by the Company are:			
(a) an interim dividend of 7 cents (1999 - 7 cents; 1998 - 7 cents) unfranked (1999 - unfranked; 1998 - franked to 60%) was paid on 3 July 2000	72.3	72.2	72.0
(b) a final dividend of 3 cents (1999 - 7 cents; 1998 - 7 cents) unfranked (1999 - unfranked; 1998 - unfranked) has been declared by the Directors	31.0	72.2	72.1

Dividend Franking Account

The balance of available franking credits in the franking account as at 30 June 2000 was Nil (1999 - Nil; 1998 - $1.3 million). The final dividend is unfranked.

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10. Outside Equity Interests

$ in millions	Consolidated 2000	1999	1998
Outside equity interests comprise:			
Issued capital	11.6	23.7	24.1
Reserves	0.7	(4.8)	(3.9)
Retained profits at the beginning of the financial year	6.9	5.9	12.4
Profits/(losses) for the year	4.1	5.7	(1.0)
Dividends provided for during the year	(5.7)	(5.3)	(4.9)
Outside equity interests (disposed)/acquired during the year	(0.1)	0.6	(0.6)
Retained profits at the end of the financial year	5.2	6.9	5.9
Total Outside Equity Interests	**17.5**	**25.8**	**26.1**

11. Cash

	Consolidated			The Company		
$ in millions	**2000**	**1999**	**1998**	**2000**	**1999**	**1998**
Cash on hand	1.2	1.0	1.6	0.1	0.1	0.1
Cash at bank	190.6	181.0	134.4	23.5	29.5	31.1
Short-term deposits	886.1	890.3	861.3	4.4	1.1	-
Total Cash	**1,077.9**	**1,072.3**	**997.3**	**28.0**	**30.7**	**31.2**

12. Receivables

	Consolidated			The Company		
$ in millions	**2000**	**1999**	**1998**	**2000**	**1999**	**1998**
Current						
Trade debtors	715.8	887.8	951.8	126.4	132.3	169.5
Less provision for doubtful debts	33.5	40.2	38.0	6.0	9.5	7.9
Less provision for rebates, allowances and warranty claims	34.1	41.3	40.8	9.4	12.0	10.1
	648.2	806.3	873.0	111.0	110.8	151.5
Amounts owing by wholly owned controlled entities	-	-	-	2,864.7	2,437.9	2,157.9
Less provision for doubtful debts	-	-	-	196.4	204.7	85.9
Amounts owing by partly owned controlled entities	-	-	-	-	-	4.2
Other amounts receivable	136.5	181.2	105.7	18.7	60.1	15.7
Total Current	**784.7**	**987.5**	**978.7**	**2,798.0**	**2,404.1**	**2,243.4**
Non-Current						
Trade debtors	-	-	16.2	-	-	-
Other amounts receivable	39.2	45.9	71.0	29.7	34.6	66.0
Less provision for doubtful debts	-	0.1	17.4	-	0.1	17.4
Total Non Current	39.2	45.8	69.8	29.7	34.5	48.6
Total Receivables	**823.9**	**1,033.3**	**1,048.5**	**2,827.7**	**2,438.6**	**2,292.0**
Bad Debts Written Off against Provision for Doubtful Debts						
Trade debtors	1.3	1.9	5.3	-	1.0	3.1
Included in other amounts receivable are:						
(i) Loans to employees in relation to the employee share plan						
- current	2.4	0.7	0.8	2.4	0.7	0.8
- non-current	7.5	11.8	14.1	7.5	11.8	14.1
(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	0.6	1.1	1.1	0.6	1.1	1.1
Repayments received	0.5	-	0.8	0.5	-	0.8

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13. Inventories

$ in millions	Consolidated 2000	Consolidated 1999	Consolidated 1998	The Company 2000	The Company 1999	The Company 1998
At Cost						
Raw materials	69.3	107.0	121.0	34.9	38.8	35.5
Work in progress	38.9	96.7	90.7	11.9	18.9	26.1
Finished goods	594.8	723.0	724.9	95.8	114.0	143.2
Other stock	10.0	13.9	67.4	3.4	3.8	0.7
Total Inventory at Cost	**713.0**	**940.6**	**1,004.0**	**146.0**	**175.5**	**205.5**
Net Realisable Value						
Raw materials	2.8	0.3	3.9	0.1	0.3	2.3
Work in progress	0.3	-	0.9	-	-	-
Finished goods	132.4	11.0	12.5	16.7	-	2.9
Other stock	0.2	0.3	0.6	-	-	-
Total Inventory at Net Realisable Value	**135.7**	**11.6**	**17.9**	**16.8**	**0.3**	**5.2**
Total Inventory	**848.7**	**952.2**	**1,021.9**	**162.8**	**175.8**	**210.7**

14. Investments

$ in millions	Notes	Consolidated 2000	Consolidated 1999	Consolidated 1998	The Company 2000	The Company 1999	The Company 1998
Shares in Controlled Entities							
Not quoted on a prescribed stock exchange:							
Pre 01/07/1987 - Directors' valuation 30/06/1987		-	-	-	383.4	393.3	393.5
Post 01/07/1987 - At cost		-	-	-	2,715.1	2,700.2	2,704.4
Less Provision for diminution in value		-	-	-	(245.1)	(59.1)	(59.1)
Total investment in controlled entities		-	-	-	2,853.4	3,034.4	3,038.8
Shares in Other Companies							
Not quoted on a prescribed stock exchange:							
At cost		4.8	16.1	22.5	-	-	-
Shares in Unlisted Associated Companies							
Equity Accounted	39	19.0	17.3	26.5	-	-	-
Directors' valuation		-	-	-	0.2	0.2	26.4
Investment in Partnerships							
South Pacific Tyres (Equity Accounted)	34	103.8	115.0	115.0	-	-	-
Dunlop Skega		-	-	2.9	-	-	-
		127.6	**148.4**	**166.9**	**0.2**	**0.2**	**26.4**
Total Investments		**127.6**	**148.4**	**166.9**	**2,853.6**	**3,034.6**	**3,065.2**

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Notes to the Financial Statements

15. Property, plant and equipment

	Consolidated			The Company		
$ in millions	**2000**	**1999**	**1998**	**2000**	**1999**	**1998**
(a) Freehold Land						
Independent valuation 31/12/1997	35.0	55.3	66.5	4.1	4.2	10.0
Directors' valuation 31/12/1997	0.4	27.7	27.2	0.4	0.4	1.0
At cost	2.3	2.4	1.4	-	-	-
	37.7	**85.4**	**95.1**	**4.5**	**4.6**	**11.0**
(b) Freehold Buildings						
Independent valuation 31/12/1997	60.6	102.1	147.9	10.8	11.8	21.9
Directors' valuation 31/12/1997	5.8	31.4	39.1	-	-	-
	66.4	133.5	187.0	10.8	11.8	21.9
Less provision for depreciation	3.1	13.9	10.8	0.7	0.4	0.5
	63.3	119.6	176.2	10.1	11.4	21.4
At cost	31.4	41.0	35.5	1.0	1.3	0.8
Less provision for depreciation	9.2	9.0	6.3	0.2	0.4	-
	22.2	32.0	29.2	0.8	0.9	0.8
	85.5	**151.6**	**205.4**	**10.9**	**12.3**	**22.2**
(c) Leasehold Land and Buildings						
Independent valuation 31/12/1997	38.4	38.0	49.1	-	-	-
Directors' valuation 31/12/1997	-	9.8	6.7	-	-	-
	38.4	47.8	55.8	-	-	-
Less provision for amortisation	3.3	3.4	1.1	-	-	-
	35.1	44.4	54.7	-	-	-
At cost	63.6	38.0	26.9	7.1	5.8	6.7
Less provision for amortisation	26.6	17.2	14.5	3.0	2.2	2.3
	37.0	20.8	12.4	4.1	3.6	4.4
	72.1	**65.2**	**67.1**	**4.1**	**3.6**	**4.4**
(d) Plant and Equipment						
At cost	992.1	1,526.9	1,758.7	201.4	247.8	404.1
Less provision for depreciation	559.2	880.5	976.7	130.4	153.6	240.8
	432.9	**646.4**	**782.0**	**71.0**	**94.2**	**163.3**
(e) Leased Plant and Equipment						
At cost	0.5	1.3	1.6	-	0.7	0.7
Less provision for amortisation	0.5	1.1	1.3	-	0.5	0.4
	-	**0.2**	**0.3**	**-**	**0.2**	**0.3**
(f) Buildings and Plant under construction						
At cost	30.0	117.0	107.8	2.5	6.0	10.9
	658.2	**1,065.8**	**1,257.7**	**93.0**	**120.9**	**212.1**

The independent valuations of freehold and relevant leasehold land and buildings were undertaken as at 31 December 1997 by Richard Ellis (Victoria) Pty. Ltd., on the basis of Market Value - Existing Use, subject to continued occupation by the operating entity or, where this was not the case, Market Value - Alternative Use. However, certain other freehold and leasehold properties, including both operative and idle sites, were valued at amounts different to these independent valuations. A valuation of freehold and leasehold land and buildings is obtained every three years.

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Notes to the Financial Statements

16. Intangibles

$ in millions	Consolidated 2000	Consolidated 1999	Consolidated 1998	The Company 2000	The Company 1999	The Company 1998
Brand Names						
At cost	219.5	205.3	218.9	8.7	3.7	4.8
Goodwill						
Directors' valuation 30/06/1992	-	47.9	48.3	-	-	-
Directors' valuation 30/06/1996	3.4	2.9	3.0	-	-	-
	3.4	50.8	51.3	-	-	-
Less provision for amortisation	1.4	14.7	11.3	-	-	-
	2.0	36.1	40.0	-	-	-
At cost	622.2	536.5	593.1	20.0	19.9	62.9
Less provision for amortisation	215.9	170.1	168.6	10.2	9.1	21.3
	406.3	366.4	424.5	9.8	10.8	41.6
Total Goodwill	**408.3**	**402.5**	**464.5**	**9.8**	**10.8**	**41.6**
Total Intangibles	**627.8**	**607.8**	**683.4**	**18.5**	**14.5**	**46.4**

Capitalised brand names were subject to an independent valuation by Interbrand U.K. Limited as at 30 June 1997. The bases of the valuation used by the independent valuer were the earnings multiple basis and discounted cash flow basis. Both bases valued the brand names at a value in excess of the book value at 30 June 1997. The increment has not been booked and the brand names remain at cost.

Certain goodwill values were revalued downwards by the Directors at 30 June 1992 and at 30 June 1996. This resulted from the annual review of carrying values of goodwill performed as at those dates. The basis of valuation used to determine recoverable amount was the discounted cash flow basis.

17. Future Income Tax Benefit

$ in millions	Consolidated 2000	Consolidated 1999	Consolidated 1998	The Company 2000	The Company 1999	The Company 1998
Future income tax benefit arising from:						
Accumulated timing differences	147.9	137.5	194.9	145.3	154.6	142.4
Accumulated tax losses	124.1	142.7	168.9	-	(0.1)	-
	272.0	**280.2**	**363.8**	**145.3**	**154.5**	**142.4**

The Group has unrecognised capital tax losses relating to controlled entities of $42.5 million (1999 - $29.1 million: 1998 - $13.9 million). Future income tax benefits of $197.8 million (1999 - $169.5 million; 1998 - $125.2 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 in accordance with Division 170 of the Income Tax Assessment Act 1997;

(b) the relevant company and/or the consolidated entity continues to comply with the conditions for deductibility imposed by the law; and

(c) no changes in tax legislation adversely affect the relevant company and/or consolidated entity in realising the benefit.

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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	**2000**	**1999**	**1998**
Trading stock tax adjustments	44.2	24.0	34.6
Depreciation on plant adjustments	(2.4)	(4.5)	0.1
Provisions	39.4	107.4	96.8
Accruals	-	10.5	(20.0)
Unrealised foreign exchange losses	49.8	37.2	57.0
Income taxed before/after books	21.8	(33.5)	30.1
Costs allowed before/after books	(2.3)	3.0	(5.1)
Accumulated tax losses	124.1	142.7	168.9
Other	(2.6)	(6.6)	1.4
Total temporary differences	**272.0**	**280.2**	**363.8**

18. Accounts Payable

	Consolidated			The Company		
$ in millions	**2000**	**1999**	**1998**	**2000**	**1999**	**1998**
Current						
Amounts owing to wholly owned controlled entities	-	-	-	1,620.8	1,711.5	1,582.2
Trade creditors	476.7	598.3	645.0	78.8	98.5	131.3
Bills payable	1.5	0.1	4.2	-	0.1	-
Other creditors	88.2	125.2	145.1	181.6	147.2	139.9
Lease liabilities	-	2.1	1.5	-	0.2	0.2
Total Current	**566.4**	**725.7**	**795.8**	**1,881.2**	**1,957.5**	**1,853.6**
Non-Current						
Trade creditors	0.2	0.3	0.3	0.1	0.1	0.3
Other creditors	5.5	11.7	11.8	0.3	0.2	0.1
Lease liabilities	-	2.0	2.1	-	0.1	0.3
Total Non Current	**5.7**	**14.0**	**14.2**	**0.4**	**0.4**	**0.7**
Total Accounts Payable	**572.1**	**739.7**	**810.0**	**1,881.6**	**1,957.9**	**1,854.3**

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19. Borrowings

$ in millions	Consolidated 2000	1999	1998	The Company 2000	1999	1998
Current						
Bank overdrafts	58.1	51.0	52.8	3.9	1.9	8.2
Bank loans repayable in:						
Belgian francs	27.5	23.2	-	-	-	-
Canadian dollars	4.5	8.7	8.9	-	-	-
New Zealand dollars	-	5.9	8.5	-	-	-
U.S. dollars	0.5	47.3	22.9	-	25.6	-
Other currencies	7.0	5.3	5.0	-	-	2.0
Other loans repayable in:						
Australian dollars	71.2	21.3	155.0	71.2	21.3	155.0
Belgian francs	-	23.2	-	-	23.2	-
Canadian dollars	16.8	17.4	-	16.8	17.4	-
Euro dollars	15.9	-	-	15.9	-	-
French francs	-	8.7	24.3	-	8.7	24.3
Malaysian ringgits	-	0.2	0.2	-	-	-
New Zealand dollars	87.2	34.2	55.5	59.9	12.5	55.5
Sterling Pounds	43.7	11.9	29.4	43.7	11.9	29.4
U.S. dollars	1,551.6	1,066.9	1,056.4	1,268.9	970.9	892.6
Other currencies	5.4	15.1	0.5	5.4	13.7	-
	1,889.4	**1,340.3**	**1,419.4**	**1,485.7**	**1,107.1**	**1,167.0**
Non-Current						
Bank loans repayable in:						
Other currencies	1.7	1.3	0.9	-	-	-
Other loans repayable in:						
Australian dollars	64.2	-	-	64.2	-	-
Euro dollars	30.9	-	-	30.8	-	-
Malaysian ringgits	-	-	0.2	-	-	-
New Zealand dollars	35.1	79.1	33.2	35.1	79.1	33.2
Sterling Pounds	17.7	45.9	-	17.7	45.9	-
U.S. dollars	478.1	642.1	800.0	478.2	490.9	610.3
Other currencies	-	12.6	13.8	-	11.1	12.6
	627.7	**781.0**	**848.1**	**626.0**	**627.0**	**656.1**
	2,517.1	**2,121.3**	**2,267.5**	**2,111.7**	**1,734.1**	**1,823.1**

The long-term foreign currency monetary liabilities predominantly represent the net asset value of investments in overseas countries and are therefore matched by assets in matching currencies. There are no material monetary assets or liabilities that are not effectively hedged for the next 12 months, except where this is not legally or economically feasible.

The Group borrows funds from time to time for working capital purposes and also borrows funds in foreign currencies principally to hedge the Group's investment in the net assets of foreign controlled entities. The Group does not, as a rule, pledge assets as security for borrowings, however, at June 30, 2000 bank overdrafts and other loans totalling $5.2 million (1999: $ 5.6 million, 1998: $1.8 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.

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19. Borrowings (continued)

The following table sets out detail in respect of the major components of Bank and Other Borrowings at June 30, 2000.

Nature of Borrowing	Amount $ million	Interest Rate % p.a.	Maturity Date
Bank Overdrafts			
Australian dollars	40.3	11.45	At Call
French francs	0.6	6.45	At Call
Indian rupees	2.1	10.00	At Call
Malaysian ringgit	0.6	4.30	At Call
New Zealand dollars	0.5	8.25	At Call
Sterling pounds	0.1	7.00 to 7.50	At Call
Thai baht	1.6	5.50	At Call
United States dollar	5.1	8.00	At Call
Other currencies	7.2	Various	At Call
Total Bank Overdrafts	**58.1**		
Bank Loans			
Current			
Belgian francs	27.5	4.97	2000
Canadian dollars	4.5	6.35	2000
United States dollars	0.5	8.06	2000
Other currencies	7.0	Various	2000
	39.5		
Non-Current			
Indian rupees	1.2	10.00	2005
Other Currencies	0.5	Various	2001
Total Bank Loans	**41.2**		
Other Loans			
Current			
Australian dollars	71.2	6.30	2000
Canadian dollars	16.8	6.43	2001
Euro dollars	15.9	4.65	2000
New Zealand dollars	27.2	6.90	2000
New Zealand dollars	28.8	8.53	2000
New Zealand dollars	12.5	8.51	2000
New Zealand dollars	18.7	6.73	2000
Pounds sterling	31.1	6.49	2000
Pounds sterling	12.6	6.28	2000
United States dollars	166.4	9.75	2000
United States dollars	116.5	6.97	2000
United States dollars	1,268.7	6.68	2000
Other currencies	5.4	4.09	2000
	1,791.8		
Non-Current			
Australian dollars	64.2	7.18	2007
Euro dollars	15.0	4.64	2002
Euro dollars	15.9	5.57	2005
New Zealand dollars	35.1	6.27 to 6.81	2002
Pounds sterling	17.7	6.61	2001
United States dollars	88.1	7.13	2001
United States dollars	64.6	6.97	2002
United States dollars	32.0	6.40	2003
United States dollars	149.7	7.37	2004
United States dollars	98.6	7.00	2005
United States dollars	30.1	6.62	2006
United States dollars	15.0	7.64	2009
Total Other Loans	**626.0**		
Total Bank and Other Borrowings	**2,517.1**		

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19. Borrowings (continued)

$ in millions	Consolidated 2000	1999	1998	The Company 2000	1999	1998
Net Interest Bearing Debt						
Cash at bank and short-term deposits	1,076.7	1,071.3	995.7	27.9	30.6	31.1
Current borrowings	1,889.4	1,340.3	1,419.4	1,485.7	1,107.1	1,167.0
Current bills payable	1.5	0.1	4.2	-	0.1	-
Current finance lease liabilities	-	2.1	1.5	-	0.2	0.2
Non-current borrowings	627.7	781.0	848.1	626.0	627.0	656.1
Non-current finance lease liabilities	-	2.0	2.1	-	0.1	0.3
Net interest bearing debt	**1,441.9**	**1,054.2**	**1,279.6**	**2,083.8**	**1,703.9**	**1,792.5**

20. Provisions

$ in millions	Consolidated 2000	1999	1998	The Company 2000	1999	1998
Current						
Provision for employee entitlements	88.3	121.8	132.0	33.5	32.8	37.4
Provision for contingencies	63.4	49.0	47.4	14.0	27.8	32.5
Provision for rationalisation and restructuring costs	108.4	109.1	48.9	52.2	1.9	4.1
Provision with respect to creation of Accufix Settlement Funds in the United States of America	12.9	12.3	106.6	-	-	-
Provision for non-reimbursable patient monitoring costs, (where appropriate) non-reimbursable explantation costs, legal defence and other former Telectronics costs	4.7	5.0	4.1	0.6	0.2	16.4
Provision for environmental remediation	-	49.0	57.0	-	-	0.1
Provision for claims	14.0	17.9	9.7	0.1	0.1	1.6
Provision for dividend	103.3	144.4	144.1	103.3	144.4	144.1
Provision for income tax	8.9	(0.2)	12.6	0.1	2.1	(5.6)
Total Current	**403.9**	**508.3**	**562.4**	**203.8**	**209.3**	**230.6**
Non-Current						
Provision for employee entitlements	46.4	61.3	61.5	5.7	4.5	5.9
Provision with respect to creation of Accufix Settlement Funds in the United States of America	2.1	8.7	38.1	-	-	-
Provision for non-reimbursable patient monitoring costs, (where appropriate) non-reimbursable explantation costs, legal defence and other former Telectronics costs	2.2	8.0	19.3	-	-	-
Provision for environmental remediation	-	28.2	30.6	-	-	-
Provision for deferred income tax	21.1	68.7	78.7	-	0.1	-
Total Non Current	**71.8**	**174.9**	**228.2**	**5.7**	**4.6**	**5.9**
Total Provisions	**475.7**	**683.2**	**790.6**	**209.5**	**213.9**	**236.5**

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

$ in millions	Consolidated 2000	1999	1998
Trading Stock tax adjustments	(0.6)	(0.4)	(0.1)
Depreciation on plant adjustments	(2.1)	(45.9)	(48.2)
Provisions	2.9	4.1	4.4
Accruals	0.5	0.5	0.4
Unrealised foreign exchange gains	-	(0.1)	(0.1)
Income taxed before/after books	(0.4)	(0.8)	(13.5)
Costs allowed before/after books	(21.3)	(27.0)	(21.0)
Other	(0.1)	0.9	(0.6)
Total	**(21.1)**	**(68.7)**	**(78.7)**

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21. Other Liabilities

	Consolidated			The Company		
$ in millions	**2000**	**1999**	**1998**	**2000**	**1999**	**1998**
Current						
Deferred income	1.8	5.6	1.0	-	1.4	1.2
Amounts due under contractual arrangements	1.5	1.5	1.4	1.4	1.5	1.4
	3.3	**7.1**	**2.4**	**1.4**	**2.9**	**2.6**
Non-Current						
Amounts due under contractual arrangements	17.6	33.3	35.8	17.6	18.9	20.3
	17.6	**33.3**	**35.8**	**17.6**	**18.9**	**20.3**
Total Other Liabilities	**20.9**	**40.4**	**38.2**	**19.0**	**21.8**	**22.9**

22. Dissection of Liabilities

	Consolidated			The Company		
$ in millions	**2000**	**1999**	**1998**	**2000**	**1999**	**1998**
Secured						
Bank overdrafts and other loans	2.2	5.6	1.8	-	-	-
Bank loans	3.0	-	-	-	-	-
Unsecured						
Amounts owing to wholly owned controlled entities	-	-	-	1,620.8	1,711.5	1,582.2
Bank overdrafts	55.9	50.2	52.8	3.9	1.9	8.2
Bank loans	38.0	89.9	46.2	-	-	2.0
Other loans	2,418.0	1,975.6	2,166.7	2,107.8	1,732.2	1,812.9
Lease liabilities	-	4.1	3.6	-	0.3	0.5
Trade creditors	476.9	598.6	645.3	78.9	98.6	131.6
Bills payable	1.5	0.1	4.2	-	0.1	-
Other creditors	93.7	136.9	156.9	181.9	147.4	140.0
Provisions (as per Note 20)	475.7	683.2	790.6	209.5	213.9	236.5
Other liabilities (as per Note 21)	20.9	40.4	38.2	19.0	21.8	22.9
Total Unsecured Liabilities	3,580.6	3,579.0	3,904.5	4,221.8	3,927.7	3,936.8
Total Liabilities	**3,585.8**	**3,584.6**	**3,906.3**	**4,221.8**	**3,927.7**	**3,936.8**

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23. Expenditure Commitments

	Consolidated			The Company		
$ in millions	**2000**	**1999**	**1998**	**2000**	**1999**	**1998**
(a) Contracts for Capital Expenditure for which no amounts have been provided						
Land and buildings	0.5	2.9	1.1	-	0.7	0.1
Plant	4.7	17.8	12.8	1.1	0.6	0.9
	5.2	20.7	13.9	1.1	1.3	1.0
Not later than one year	3.2	20.7	12.1	1.1	1.3	1.0
Later than one year but not later than two years	0.9	-	1.8	-	-	-
Later than two years but not later than five years	1.1	-	1.8	-	-	-
	5.2	**20.7**	**13.9**	**1.1**	**1.3**	**1.0**
(b) Lease Commitments						
Finance Leases:						
Expenditure contracted and provided for						
Not later than one year	-	1.9	2.1	-	0.2	0.2
Later than one but not later than five years	-	2.4	1.7	-	0.1	0.3
Minimum lease payments	-	4.3	3.8	-	0.3	0.5
Less future lease finance charges	-	0.2	0.2	-	-	-
Lease Liability	**-**	**4.1**	**3.6**	**-**	**0.3**	**0.5**
Current portion (as per Note 18)	-	2.1	1.5	-	0.2	0.2
Non-Current portion (as per Note 18)	-	2.0	2.1	-	0.1	0.3
	-	**4.1**	**3.6**	**-**	**0.3**	**0.5**
Operating leases:						
Expenditure contracted but not provided for						
Not later than one year	61.5	49.9	56.2	16.3	14.5	16.6
Later than one but not later than five years	135.0	108.9	113.5	37.8	35.2	36.7
Later than five years	55.8	46.8	64.9	19.8	21.2	25.8
	252.3	**205.6**	**234.6**	**73.9**	**70.9**	**79.1**

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.

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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 19 Superannuation Funds have been established worldwide. The major defined benefit funds are listed below. Where applicable, amounts shown have been proportionately determined and are based on values extracted from the most recent financial reports of the respective funds.

	Pacific Dunlop Superannuation Fund			Pacific Dunlop Executive Superannuation Fund			GNB Incorporated Pension Plan		
$ in millions	**2000 (1)**	**1999 (2)**	**1998 (2)**	**2000 (1)**	**1999 (2)**	**1998 (2)**	**2000 (3)**	**1999 (4)**	**1998 (5)**
Consolidated									
Net assets	186.2	167.3	167.3	162.1	163.8	163.8	227.6	204.9	231.5
Accrued benefits	171.2	163.4	163.4	124.1	124.7	124.7	207.9	203.3	199.5
Excess	15.0	3.9	3.9	38.0	39.1	39.1	19.7	1.6	32.0
Net assets	186.2	204.2 (6)	192.8 (7)	162.1	193.7 (6)	195.8 (7)	227.6	204.9	231.5
Vested benefits	171.2	182.1 (6)	175.8 (7)	124.1	133.0 (6)	135.8 (7)	180.0	172.7	175.6
The Company									
Net assets	67.2	66.9	66.9	107.0	121.1	121.1	-	-	-
Accrued benefits	56.0	63.0	63.0	69.1	82.0	82.0	-	-	-
Excess	11.2	3.9	3.9	37.9	39.1	39.1	-	-	-
Net assets	67.2	90.3 (6)	84.9 (7)	107.0	143.5 (6)	145.7 (7)	-	-	-
Vested benefits	56.0	68.6 (6)	68.4 (7)	69.1	82.7 (6)	85.7 (7)	-	-	-

	Pacific Dunlop Superannuation Fund	Pacific Dunlop Executive Superannuation Fund	GNB Incorporated Pension Plan
Country	Australia	Australia	USA
Benefit type	Defined benefit/ Accumulation	Defined Benefit	Defined Benefit
Basis of contribution	Balance of cost/ Defined Contribution	Balance of Cost	Balance of Cost
Date of last actuarial valuation	1/07/99	1/07/99	1/07/99
Actuary	William M. Mercer Pty. Ltd	William M. Mercer Pty. Ltd	Towers Perrin

(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 31 March 2000
(4) Amounts shown are values as at 31 March 1999
(5) Amounts shown are values as at 31 March 1998
(6) Amounts shown are values as at 30 June 1998
(7) Amounts shown are values as at 30 June 1997

In addition to the defined benefit plans described above, the GNB Incorporated Retirement Saving and Profit Sharing Plan operates in the U.S. and provides Accumulation type benefits on a defined contribution basis. 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.

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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	**2000**	**1999**	**1998**	**2000**	**1999**	**1998**
Contributions made to defined benefit funds during the year	22.6	21.7	22.2	10.4	10.8	9.2
Contributions made to accumulation funds during the year	5.9	6.5	5.6	0.6	0.6	0.3

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

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25. Ownership-Based Remuneration Schemes (continued)

Exchange Limited. The aggregate number of Executive Plan Shares on issue could not exceed 5% of the total issued capital of the Company.

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 $219,712 after tax in respect of the Employee Share Plan was recognised in the Company and the consolidated financial statements for 2000 (1999 - $186,585 loss after tax, 1998 $90,000 loss after tax).

The market price of the Company's shares as at 30 June 2000 was $1.49.

Options - Generally
At the date of this report 6,585,000 unissued ordinary shares in the Company remain under option.

Options to Managing Director
Options to subscribe for up to 1,200,000 unissued ordinary shares in the Company remain on issue to the Managing Director, in accordance with an approval received from shareholders at the Annual General Meeting on 15 November 1996, at an exercise price of $2.80 per share. The options expire on 14 November 2001 and are exercisable in three separate tranches of 600,000 options between 1 and 14 November 1999, 2000 and 2001, only where, in relation to each separate tranche of options, two separate performance conditions are satisfied, details of which were set out in the 1998 Report. The conditions of the initial 600,000 options not having been exercised at their exercise date, those options have now lapsed.

Executive Share Option Plan
5,385,000 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.

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Notes to the Financial Statements

25. Ownership-Based Remuneration Schemes (continued)

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 $3.7 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

	Consolidated			The Company		
$ in millions	**2000**	**1999**	**1998**	**2000**	**1999**	**1998**
Secured						
Other amounts arising in the ordinary course of business	-	0.8	4.8	-	-	-
Unsecured						
Other amounts arising in the ordinary course of business	2.2	1.2	31.2	-	-	22.3
	2.2	**2.0**	**36.0**	-	-	**22.3**

Pacific Dunlop Limited has guaranteed 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 2000 was $310.1 million (1999 - $268.9 million, 1998 $355.6 million).

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

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26. Contingent Liabilities (continued)

Indemnities and Guarantees

As previously disclosed, a wholly owned controlled entity provided indemnities in favour of Directors of entities involved in the float of Cochlear Limited during 1996 against civil liabilities that may be incurred through participation in the float and signing of the prospectus and, in one case, from continuing to act as a Director of a controlled entity. The Company provided a guarantee in support of certain of these indemnities.

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.
Aside from the litigation in the United States and six cases in other countries, all these lawsuits had been resolved by June 30, 2000.

Australia

On June 16, 1998, the Defendants’ insurers reached preliminary agreement to resolve all the claims of persons in Australia whose Accufix Pacing Leads have been, or will be, removed. This settlement was granted formal approval by the Federal Court of Australia sitting in Sydney, on August 11, 1998. It is expected that this settlement will be covered by insurance, some of which may be borne by Pacific Dunlop Insurances Pte Ltd.

The above settlement did not resolve the claims of persons with working leads (“the Australian Monitoring Class”), however on May 19, 2000 The Federal Court of Australia, sitting in Sydney, approved a settlement reached by the Defendants’ insurer pursuant to which each participating monitoring class member will be entitled to a payment of A$3,000. Those monitoring class members who do not elect, before 31 August 2000 to participate in the settlement will surrender forever their claims against the Defendants.

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26. Contingent Liabilities (continued)

United States
On March 5, 1999, the United States District Court for the Southern District of Ohio, Western Division, granted approval to a settlement intended to resolve all current and future litigation in the United States arising out of the Accufix Pacing Leads. As part of this approval process, the Court issued an order preliminarily enjoining all 495 pending lawsuits in the United States. On July 19, 2000 the United States Court of Appeals for the Sixth Circuit reversed the District Court's approval of the settlement, ordering that the settlement class be decertified and the matter be remanded back to the District Court for further proceedings.

Rest of World
As of June 30, 2000, 6 suits by individual plaintiffs are pending; three of these suits are in France, and one each in the United Kingdom, Japan, and Turkey.

Impact
The settlement in the United States had it proceeded, would have required payments totalling US$88.5 million (A$144.6 million) to be made. (US$78.5 million from ARI (applying all its available cash resources) and US$10 million from Pacific Dunlop Limited.) It is expected that the exposure (if any) of Pacific Dunlop Insurances Pte Ltd to the Australian explant settlement will not exceed A$4 million. These sums were fully provided for by provisions made in the financial statements for the year ended 30 June 1998.

With the uncertainty generated by the Appellate Court's rejection of the proposed United States settlement, and recognising the complexity of the underlying product liability litigation now faced by the Defendants, it is not possible to quantify further the exposure of the Defendants (if any), to the present claims.

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, 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 filed a petition for permission to appeal with the United States Court of Appeals for the Ninth Circuit.
Permission has been granted. No date has yet been set for oral argument of the appeal and it is therefore not possible to estimate when any decision on the appeal will be handed down.

With the uncertainty surrounding the class certification matter in California, the liability (if any) of the Defendants in relation to the claims in the United States relating to Encor Pacing Leads, cannot be quantified.

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26. Contingent Liabilities (continued)

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 30, 2000, there were approximately 332 such cases pending against one or more of the Ansell Defendants, representing some 50 percent of cases filed against all defendants. Of these cases 220 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 112 cases are spread through State Courts in 19 States, with the greatest concentration in New York (18 cases). Two law suits have also been filed in Australia.

Pacific Dunlop Limited, which had been named, as at 30 June 2000, 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 47 cases, 15 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.

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Notes to the Financial Statements

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	2 to 5 years	Over 5 years	Non Interest Bearing	Total
Net Financial Assets/(Liabilities) 2000	**%**						
Financial Assets							
On-Balance Sheet							
Cash on hand and at bank	5.4%	190.6	-	-	-	1.2	191.8
Short-term deposits	5.7%	111.5	774.6	-	-	-	886.1
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		**304.3**	**774.6**	**-**	**-**	**931.5**	**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
Lease liabilities	n/a	-	-	-	-	-	-
Bank overdraft	6.7%	58.0	-	-	-	-	58.0
Bank and other loans	6.9%	822.6	1,504.1	132.4	-	-	2,459.1
Provisions	n/a	-	-	-	-	361.1	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**	**536.1**	**-**	**950.8**	**3,469.4**
Net Financial Assets/(Liabilities) 2000		**(515.6)**	**(388.0)**	**(536.1)**	**-**	**(19.3)**	**(1,459.0)**
Net Financial Assets/(Liabilities) 1999	**%**						
Financial Assets							
On-Balance Sheet							
Cash on hand and at bank	4.3%	174.1	6.9	-	-	1.0	182.0
Short-term deposits	4.8%	156.6	733.7	-	-	-	890.3
Receivables - trade	n/a	-	-	-	-	806.3	806.3
Receivables - other	0.1%	1.0	-	1.0	0.4	224.6	227.0
Investments (excl. associated companies)	0.6%	12.2	-	-	-	118.9	131.1
Total Financial Assets 1999		**343.9**	**740.6**	**1.0**	**0.4**	**1,150.8**	**2,236.7**
Financial Liabilities							
On-Balance Sheet							
Payables - trade	n/a	-	-	-	-	598.6	598.6
Payables - other	n/a	-	-	-	-	136.9	136.9
Payables - bills	n/a	-	-	-	-	0.1	0.1
Lease liabilities	6.0%	-	1.0	3.1	-	-	4.1
Bank overdraft	7.0%	51.0	-	-	-	-	51.0
Bank and other loans	6.4%	1,096.7	820.4	152.8	-	0.4	2,070.3
Provisions	n/a	-	-	-	-	392.0	392.0
Amounts due under contractual arrangements	n/a	-	-	-	-	34.8	34.8
Off-Balance Sheet							
Net forward rate agreements	4.6%	30.0	(30.0)	-	-	-	-
Net interest rate swaps	5.5%	201.6	(24.2)	(235.0)	57.6	-	-
Total Financial Liabilities 1999		**1,379.3**	**767.2**	**(79.1)**	**57.6**	**1,162.8**	**3,287.8**
Net Financial Assets/(Liabilities) 1999		**(1,035.4)**	**(26.6)**	**80.1**	**(57.2)**	**(12.0)**	**(1,051.1)**

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27. Financial Instruments (continued)

Interest Rate Risk

Provisions, including amounts contained within income tax, deferred income tax, contingencies, rationalisation and restructure, patient monitoring, explantation and legal, environmental remediation, insurance claims and certain employee entitlements amounting to $114.6 million (1999 - $291.2 million, 1998 - $270.0 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 - Borrowings.

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 balance sheet, 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 assets and financial liabilities approximates their net fair value.

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 $47.3 million (1999 - ($26.0) million, 1998 - ($21.9) million) if all contracts were closed out on 30 June 2000.

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27. Financial Instruments (continued)

	Face Value			Credit Risk			Net Fair Value		
$ in millions	**2000**	**1999**	**1998**	**2000**	**1999**	**1998**	**2000**	**1999**	**1998**
Foreign Exchange Contracts									
Purchase/Sale Contracts:									
- U.S. dollars	496.7	821.5	1,278.0	4.9	0.1	95.7	1.6	(26.0)	10.3
- Australian dollars	637.2	823.7	746.5	-	-	-	-	-	-
- Malaysian ringgits	-	-	119.3	-	-	2.9	-	-	(2.9)
- Other currencies	141.1	247.3	204.2	0.9	1.0	17.5	(3.3)	(7.7)	(0.1)
Cross Currency Swaps:									
- U.S. dollars	137.3	207.2	145.3	16.5	14.2	18.3	16.5	12.8	(14.0)
- New Zealand dollars	95.0	90.4	107.9	-	-	-	-	(4.5)	(3.2)
- Other currencies	98.6	132.5	66.2	25.3	3.9	-	24.4	3.9	(8.8)
Interest Rate Contracts									
Interest Rate Swaps:									
- U.S. dollars	1,113.8	862.4	514.9	11.7	1.0	0.6	6.4	(6.2)	(3.3)
- Australian dollars	450.0	550.0	500.0	0.3	1.1	1.2	0.2	1.1	1.2
- New Zealand dollars	119.9	123.6	83.8	1.1	1.9	0.3	1.0	1.0	-
- Other currencies	47.6	-	-	0.4	-	-	0.4	-	-
Forward Rate Agreements:									
- Australian dollars	-	260.0	75.0	-	-	0.1	-	-	0.1
- U.S. dollars	83.2	-	-	-	-	-	-	-	-
Commodity Contracts									
Commodity Futures:									
- U.S. dollars	15.9	38.8	43.0	0.1	1.2	0.9	0.1	(0.4)	(1.2)
- Other currencies	-	-	-	-	-	-	-	-	-
Total	**3,436.3**	**4,157.4**	**3,884.1**	**61.2**	**24.4**	**137.5**	**47.3**	**(26.0)**	**(21.9)**

(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.

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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	**2000**	**1999**	**1998**	**2000**	**1999**	**1998**	**2000**	**1999**	**1998**	**2000**	**1999**	**1998**
Term												
0 to 6 mths	31.8	5.2	106.8	0.7	0.6	1.0	0.1	0.9	0.9	32.6	6.7	108.7
6 to 12 mths	2.5	1.1	14.9	0.2	0.1	0.4	-	0.3	-	2.7	1.5	15.3
1 to 2 yrs	3.1	9.6	3.6	1.3	2.1	-	-	-	-	4.4	11.7	3.6
2 to 5 yrs	5.0	0.1	9.1	11.3	1.2	0.5	-	-	-	16.3	1.3	9.6
5 to 10 yrs	5.2	3.2	-	-	-	0.3	-	-	-	5.2	3.2	0.3
Total	**47.6**	**19.2**	**134.4**	**13.5**	**4.0**	**2.2**	**0.1**	**1.2**	**0.9**	**61.2**	**24.4**	**137.5**

(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 Balance Sheet and the expected timing of recognition as revenue or expense:

	Interest Rate			Foreign Exchange			Commodity		
$ in millions	**2000**	**1999**	**1998**	**2000**	**1999**	**1998**	**2000**	**1999**	**1998**
Anticipated Exposures									
Less than 1 year	-	-	-	(1.7)	3.5	0.3	-	(0.4)	0.9
1 to 2 years	-	-	-	-	-	-	-	-	-
Realised Swaps Deferred									
Less than 1 year	0.5	-	-						
1 to 2 years	(0.2)	4.2	-						
2 to 5 years	(1.0)	0.1	7.2						
Greater than 5 years	2.0	-	(0.9)						

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28. Directors' and Executives' remuneration

$ in thousands	2000	1999	1998
Directors			
Aggregate remuneration paid or payable to Directors: (a)(c)(d)			
Directors' fees and salaries of Pacific Dunlop Limited Executive Directors	1,715	1,944	2,333
Performance-based bonuses	-	89	129
Other benefits (d)	1,606	75	620
Total remuneration of Directors of Pacific Dunlop Limited	**3,321**	**2,108**	**3,082**

Consolidated remuneration of directors of all Group Companies

2000	$34,534,000
1999	$32,206,000
1998	$27,495,000

	Consolidated			The Company		
$ in thousands	**2000**	**1999**	**1998**	**2000**	**1999**	**1998**
Executives						
Aggregate remuneration of the twelve Senior Executives: (a)(b)(c)(d)(e)						
Salaries	5,417	5,272	5,141	4,043	3,915	3,825
Performance-based bonuses	1,420	389	632	285	133	129
Other benefits (d)	4,202	1,260	2,473	2,951	1,017	2,205
Total remuneration of Executives	**11,039**	**6,921**	**8,246**	**7,279**	**5,065**	**6,159**

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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		2000	1999	1998	2000	1999	1998	2000	1999	1998
0	10,000							1		1
20,001	30,000									1
40,001	50,000									1
50,001	60,000									1
60,001	70,000							2	4	4
70,001	80,000							1		
80,001	90,000							1		
90,001	100,000							1	1	1
140,001	150,000								1	
160,001	170,000									1
190,001	200,000	1			1					
200,001	210,000							1	1	
310,001	320,000			1			1			
340,001	350,000			1			1			
350,001	360,000		1			1				
380,001	390,000			2			2			
390,001	400,000			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				
460,001	470,000	1			1					
520,001	530,000	1			1					
550,001	560,000		1			1				
570,001	580,000		1	1		1	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(d)		1	1		1	1		1	
870,001	880,000		1							
880,001	890,000			1			1			1
950,001	960,000(d)			1			1			1
980,001	990,000		1							
1,030,001	1,040,000			1						
1,040,001	1,050,000			1						
1,050,001	1,060,000		1			1				
1,070,001	1,080,000(d)			1			1			
1,130,001	1,140,000	1								
1,300,001	1,310,000(d)	1			1					
1,910,000	1,920,000(d)	1			1			1		
2,620,001	2,630,000	1								
Total no. of Dir & Execs		**12**	**11**	**12**	**10**	**9**	**10**	**9**	**9**	**13**

(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 reconstituted Executive Committee which determines the operational management and strategic direction of the consolidated entity. These executives numbered up to twelve at any one time in 2000, eleven in 1999, and twelve in 1998. The disclosure includes two permanently overseas-based Executives whose total remuneration in 2000 was \$3.8 million (1999 - \$1.9 million, 1998 - \$2.1 million).

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29. Service Agreements

Provided for in the Financial Statements

The Company at 30 June 2000 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) Tyre Partnership Adjustment

Represents, in accordance with the requirements of Accounting Standards:

- the elimination of the consolidated entity's 50% partnership share of the underlying revenue of such businesses;
- the elimination of the consolidated entity's 50% partnership share of the underlying total assets employed in such businesses;
- the recognition of the consolidated entity's 50% partnership share of the underlying interest costs of such businesses;
- the elimination of the consolidated entity's interest in the underlying assets of the New Zealand operation;

and the recognition of the consolidated entity's investment in the Partnership and the New Zealand operation.

(b) Unallocated Revenue and Costs

Represents corporate costs and other costs not allocated to operating groups and non-sales revenue.

(c) Abnormal items

The amount reported as operating revenue in respect of abnormal items represents the proceeds received/receivable from the sale of businesses.

(d) Cash

Includes cash of operating groups.

(e) Industry Segments

The major products/services from which the above segments derive revenue are:

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

(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 - $237.2 million (1999 - $308.1 million, 1998 -$300.3 million) and America $128.3 million (1999 - $61.7 million, 1998 -$58.7 million). Inter-segment sales are predominantly made at the same prices as sales to major customers.

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Notes to the Financial Statements

30. Notes to the Business Segments Report (continued)

(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.

$ in millions	2000	1999	1998
(h) Segment Capital Expenditure			
GNB	68.6	76.9	58.0
Ansell	47.8	92.9	50.0
South Pacific Tyres	30.4	45.0	40.0
Pacific Brands	13.6	16.0	26.0
Pacific Distribution	20.3	15.1	26.0
Non-Core/Discontinued Businesses	4.0	19.6	28.7
(i) Segment Depreciation			
GNB	55.9	45.3	49.0
Ansell	39.7	35.9	30.0
South Pacific Tyres	42.9	39.1	36.0
Pacific Brands	23.5	24.6	27.0
Pacific Distribution	19.4	21.0	21.0
Non-Core/Discontinued Businesses	7.7	20.3	22.2

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Notes to the Financial Statements

31. Notes to the Statements of Cash Flows

$ in millions		Consolidated Acquisitions	Consolidated Disposals	The Company Acquisitions	The Company 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	44.2	(31.4)	-	-
	Investments	-	(4.5)	-	-
	Future income tax benefit	0.2	-	-	-
	Trade debtors and other amounts receivable	12.0	(9.3)	-	-
	Inventories	34.3	(8.6)	-	-
	Cash (net of bank overdraft)	2.6	(5.1)	-	-
	Goodwill	6.3	-	-	-
	Brand names	31.4	-		
	Other assets	0.2	(0.2)	-	-
	Bank and other loans	-	1.6	-	-
	Creditors and other liabilities	(13.7)	41.4	-	-
		117.5	(16.1)	-	-
	Goodwill	41.1	-	-	-
	Net loss	-	4.5	-	-
		158.6	(11.6)	-	-
Consideration					
	Cash paid/(received)	158.5	(8.5)	-	-
	Cash payable/(receivable)	0.1	(3.1)	-	-
		158.6	(11.6)	-	-
Outflow/(inflow) of cash					
	Cash consideration	158.5	(8.5)	-	-
	Less: Balances (acquired)/disposed				
	Cash (net of overdrafts)	(2.6)	5.1	-	-
		155.9	**(3.4)**	-	-

(b) Financing Facilities

The consolidated entity and the Company have fully committed long-term finance facilities of U.S.$350 million - A$583 million (1999 - U.S.$350 million - A$529 million, 1998 - US$350 million - A$572 million) and N.Z.$60 million - A$47 million (1999 - N.Z.$60 million - A$49 million,1998 - NZ$60 million - A$50 million). At the end of the financial year, these facilities were unused.

The U.S. dollar long-term facilities are all available as swingline or Euro Notes. They are underwritten by 15 banks and are all available to the Company and partially available to three wholly owned controlled entities. The N.Z. dollar facilities are available in the form of bank bill borrowings.

In addition, the consolidated entity has cash reserves (net of bank overdrafts) of $1,019.8 million (1999 - $1,021.3 million, 1998 - $944.5 million) available to support borrowings. The Company has cash reserves of $24.1 million (1999 - $28.8 million, 1998 - $23.0 million). See Note 31(d) for more details.

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

$ in millions	Notes	Consolidated 2000	Consolidated 1999	Consolidated 1998	The Company 2000	The Company 1999	The Company 1998
(c) Reconciliation of net cash provided by Operating Activities to Operating Profit/(Loss) after Income Tax and Abnormal Items							
Operating profit/(loss) after income tax and abnormal items		(82.4)	111.5	23.8	(4.0)	133.4	(6.9)
Depreciation		142.9	149.6	150.1	31.5	47.7	47.6
Amortisation		47.0	46.9	44.5	2.1	4.2	5.5
Provision for doubtful debts - trade		7.3	7.2	12.3	1.2	5.2	3.0
Provision for doubtful debts - wholly owned controlled entities					(8.3)	118.8	85.9
Write down of GNB assets held for sale and investments in wholly owned controlled entities		160.0	-	-	186.0	-	-
Items classified as financing activities							
Interest received		(47.4)	(39.7)	(53.5)	(91.3)	(40.1)	(4.5)
Interest and borrowing costs paid		149.5	146.2	156.5	124.5	112.6	115.5
Change in assets and liabilities net of effect from acquisitions and disposals of controlled entities and businesses:							
(Increase)/Decrease in trade debtors		215.7	39.8	(92.0)	47.0	(9.4)	17.9
(Increase)/Decrease in inventories		129.2	21.3	(76.3)	13.0	(13.8)	(1.5)
Decrease/(Increase) in prepaid expenses		17.3	(0.4)	9.5	6.5	(7.3)	2.1
(Increase) in deferred expenses		(16.8)	-	-	(16.3)	-	-
Increase/(Decrease) in creditors and bills payable		(118.6)	(19.4)	40.4	(29.0)	(4.6)	(6.9)
(Decrease)/Increase in provisions and other liabilities		(167.5)	(218.6)	62.9	70.6	(57.1)	91.9
(Decrease) in provision for deferred income tax		(47.6)	(10.0)	(16.2)	-	-	-
(Increase)/Decrease in future income tax benefit		8.4	80.1	(57.8)	9.4	(15.4)	(76.4)
(Decrease)/Increase in provision for income tax		8.0	(61.7)	55.8	(2.2)	4.7	(8.5)
(Increase) in GNB net operating assets held for sale		(182.3)	-	-	(20.7)	-	-
Other non-cash items							
Investing Activities:							
Loss/(Gain) on sale of investments, properties, plant and equipment		(2.3)	105.6	10.6	(23.5)	12.5	2.9
Loss/(Gain) on sale of controlled entities and businesses		4.5	8.3	(6.1)	-	(67.1)	(4.5)
Other		(34.6)	12.6	16.9	(1.7)	34.6	(0.3)
Net cash provided by operating activities		**190.3**	**379.3**	**281.4**	**294.8**	**258.9**	**262.8**

(d) Components of Cash

For the purposes of the Statements of Cash Flows, cash includes cash on hand and in 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 2000	Consolidated 1999	Consolidated 1998	The Company 2000	The Company 1999	The Company 1998
Cash on hand	11	1.2	1.0	1.6	0.1	0.1	0.1
Cash at bank	11	190.6	181.0	134.4	23.5	29.5	31.1
Short-term deposits	11	886.1	890.3	861.3	4.4	1.1	-
Bank overdrafts	19	(58.1)	(51.0)	(52.8)	(3.9)	(1.9)	(8.2)
		1,019.8	**1,021.3**	**944.5**	**24.1**	**28.8**	**23.0**

(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.

(f) Cash Held Not Available for Use

Details of cash held not available for use are as follows:

	Consolidated 2000	Consolidated 1999	Consolidated 1998
Nature of restriction			
Proceeds from the sale of Telectronics under control of Court	-	-	136.6

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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
The Medical Glove Business of Johnson & Johnson	27 February 2000	n/a	141.4	68.8	Cash

In respect of the Johnson & Johnson business acquired and accounted for since 27 February 2000 under the purchase method, goodwill and intangible assets are amortised in accordance with Note 1.

33. Disposal of Controlled Entities and Material Businesses

During the year there were no material disposals of controlled entities or businesses.

34. Interest in Partnership

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. The Group's 50% interest in the South Pacific Tyres unincorporated partnership is accounted for using equity accounting principles.

	Consolidated		
$ in millions	**2000**	**1999**	**1998**
Profit and Loss			
The consolidated entity's share of the partnership's results consist of:			
Revenues	460.1	469.1	510.2
Expenses	465.0	449.3	487.9
Operating profit before Tax	(4.9)	19.8	22.3
Income Tax Expense	(1.7)	7.3	8.2
Net Profit	**(3.2)**	**12.5**	**14.1**
Balance Sheet			
The consolidated entity's share of the partnership's assets and liabilities consist of:			
Current Assets	164.3	161.7	214.9
Non-Current Assets	152.1	157.4	156.3
Total Assets	316.4	319.1	371.2
Current Liabilities	209.0	185.7	252.7
Non-Current Liabilities	5.9	20.7	5.8
Total Liabilities	214.9	206.4	258.5
Share of Net Assets as reported by partnership	101.5	112.7	112.7
Other equity adjustments	2.3	2.3	2.3
Net assets equity adjusted	103.8	115.0	115.0
Share of post-acquisition retained profits attributable to the partnership			
Share of partnership's retained profits at the beginning of the financial year	8.3	7.9	17.8
Share of partnership's profit	(7.8)	13.5	13.7
Drawings from the partnership	(3.6)	(13.1)	(23.2)
Share of transfers to other reserves	(1.1)	-	(0.4)
Share of partnership's retained profits at the end of the financial year	(4.2)	8.3	7.9
Movements in carrying amount of partnership			
Carrying amount at the beginning of the financial year	115.0	115.0	123.0
Share of partnership's profit	(7.8)	13.5	13.7
Drawings from the partnership	(3.6)	(13.1)	(23.2)
Share of movements in partnership's other reserves	0.2	(0.4)	1.5
Carrying amount at the end of the financial year	103.8	115.0	115.0

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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	Margaret A. Jackson	Robert B. Hershan
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 paid to controlled entities.
Note 4 as to interest and dividends received from 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	**2000**	**1999**	**1998**	**2000**	**1999**	**1998**
Sale of goods and services						
South Pacific Tyres N.Z. Ltd.	1.6	2.0	7.6	-	-	-
Royalty revenue						
South Pacific Tyres N.Z. Ltd.	1.8	2.0	2.1	-	-	-
Dividend revenue						
Pacific Marine Batteries Pty. Ltd.	-	0.6	1.0	-	0.6	1.0
South Pacific Tyres N.Z. Ltd.	1.8	1.6	1.4	-	-	-
	1.8	2.2	2.4	-	0.6	1.0
Aggregate current amounts receivable [a]						
South Pacific Tyres N.Z. Ltd.	0.2	0.2	0.5	-	-	-
	0.2	0.2	0.5	-	-	-
Aggregate non-current amounts receivable [a]						
Meadow Gold Investment Co. Ltd.	-	-	17.2	-	-	17.2

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

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35. Related Party Disclosures (continued)

(b) Transactions with Partnerships

As detailed in Note 34, the consolidated entity carries on a partnership with Goodyear in Australia and Papua New Guinea under the name of South Pacific Tyres. 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	**2000**	**1999**	**1998**	**2000**	**1999**	**1998**
Sales of goods and services						
South Pacific Tyres	18.8	29.2	70.2	8.4	0.1	4.8
Purchases of goods and services						
South Pacific Tyres	1.4	1.6	1.8	1.4	-	1.7
Other revenue						
South Pacific Tyres	0.3	-	-	0.1	-	-
Dunlop Skega	-	-	0.3	-	-	0.3
	0.3	-	0.3	0.1	-	0.3
Other expenses						
South Pacific Tyres	0.1	0.4	0.7	0.1	0.1	0.6
Aggregate current amounts receivable (a)						
South Pacific Tyres	0.9	1.6	5.3	0.6	0.1	4.4
Dunlop Skega	-	-	0.1	-	-	0.1
	0.9	1.6	5.4	0.6	0.1	4.5
Aggregate current amounts payable (b)						
South Pacific Tyres	0.1	0.3	0.2	0.1	-	0.2

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

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

Aggregate amounts less than $70,000 were received from the South Pacific Tyres partnership in respect of interest in the period.

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 $0.3 million (1999 - $0.3 million, 1998 - $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.

(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 2000 was:

The Company - Nil fully paid ordinary shares (1999 - Nil, 1998 - 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 (1999 - Nil, 1998 - 203,575).

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:

616,465 fully paid ordinary shares (1999 - 931,331, 1998 - 881,331)
210,000 ordinary plan shares paid to one cent (1999 - 630,000, 1998 - 680,000)
1,200,000(2) share options (1999 - 2,400,000, 1998 - 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.
(2) Refer Note 25 for details on 1,200,000 options granted to Mr R.L. Chadwick, the Managing Director, under the Executive Share Options Plan.

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35. Related Party Disclosures

(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:

- 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 is 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;
- G. Boyd is a Director of Boydex International Pty. Ltd. A director-related entity of G. Boyd, Frank Boyd Nominees Pty. Ltd. leased premises to Boydex International Pty. Ltd.
- W. Morrissey is 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.

	Consolidated			The Company		
$ in millions	**2000**	**1999**	**1998**	**2000**	**1999**	**1998**
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	0.2	0.4	0.2	-	0.1	0.2
Rent of premises received by Directors and their director-related entities	0.4	0.9	1.4	-	-	-
Sales of goods to Directors and their director-related entities	1.0	-	-	-	-	-
Provision of legal services	11.9	14.8	12.8	1.7	0.8	4.5
Aggregate amounts payable to Directors and their director-related entities [(a)]						
Current	1.9	0.4	9.8	0.1	-	0.5

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

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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	**2000**	**1999**	**1998**
Earnings used in the calculation of basic earnings per share:			
Before Goodwill Amortisation and Abnormal items	181.1	239.4	216.4
Before Abnormal Items	140.9	199.8	180.8
After Abnormal Items	(86.5)	105.8	24.8
Weighted average number of ordinary shares used in the calculation of basic earnings per share	1,032.3	1,030.4	1,028.0

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 2000

Since the end of the financial year and pursuant to the Company's Executive Share Plan 329,500 ordinary plan shares have been converted to fully paid ordinary shares.

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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, automotive and industrial batteries, polyurethane foam and tyres, as an operator of secondary lead and recycling smelters and plastic moulding facilities, environmental protection has been and will continue to be an important factor affecting the consolidated entity's operations.

The consolidated entity provides for identified environmental costs when the amounts of such are reasonably determinable. GNB Technologies incurred expenditure for environmental remediation and compliance activities of approximately A$14 million during 1999/2000 and A$13 million during 1998/99. A provision of A$41.2 million was made in the 1995/96 financial statements in respect of GNB Technologies' expenses associated with the environmental remediation of previously closed sites in the US, some of them closed many years ago. The provision was increased by a further A$47.4 million in 1997/98. The balance of the provision at 30 June 2000 was US$45 million.

The consolidated entity has closely followed the development of U.S. Environmental Protection Agency ("EPA") initiatives related to lead batteries. Management believes that the US regulations regarding lead and smelter operations will not have a materially adverse effect on the competitive position of GNB Technologies, because the principal competitors of GNB Technologies in the areas of battery production and lead smelting are subject to similar regulatory requirements and because certain regulations encourage the recycling of lead.

GNB Technologies has developed several recycling programmes. Recycling helps overcome the threat to the environment posed by discarded batteries and reduces the amount of virgin (ie. newly-mined) lead that is introduced into the environment by making secondary (ie. recycled) lead available to manufacturers of batteries (including GNB Technologies) and other products incorporating lead. In the United States, GNB Technologies' "Total Battery Management" recycling programme collects used batteries and converts them into lead and plastic components for new battery manufacturing. During the year GNB Technologies' three US recycling plants had capacity for recycling approximately 250,000 tons of lead per year. The Columbus smelter, with a capacity of 90,000 tons, was idled effective October 1999. GNB Technologies also provides recycling programmes for major customers, which encourage consumers to return used batteries for collection and reclamation of lead, plastic and acid by GNB Technologies. The Total Battery Management System is also being implemented in Australia and New Zealand.

In addition, 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.

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38. Particulars Relating to Controlled Entities

Particulars Relating to Controlled Entities	Country of Incorporation	Beneficial Interest 2000 %	1999 %	1998 %
Pacific Dunlop Ltd.	Australia			
Ansell GmbH	*Germany	**100**	100	100
Ateb Pty. Ltd.	Australia	**100**	100	100
Australian Battery Co. (Aust.) Pty. Ltd.	Australia	**100**	100	100
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
Click Pty. Ltd.	Australia	**100**	100	100
Corrvas Insurance Pty. Ltd.	Australia	**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
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 Ltd.	Australia	**100**	100	100
GNB Battery Technologies Ltd.	Australia	**100**	100	100
International Better Brands Pty Ltd	Australia	**100**	100	100
Niblick 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 Ltd.	Australia	**100**	100	100
Pacific Dunlop Belting Pty. Ltd.	Australia	**100**	100	100
Pacific Dunlop Finance Pty. Ltd.	Australia	**100**	100	100
Pacific Dunlop Holdings (China) Co. Ltd.	*China	**100**	100	100
Pacific Dunlop Holdings (N.Z.) Ltd.	*New Zealand	**d 100**	100	100
Pacific Dunlop Japan K.K.	*Japan	**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

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38. Particulars Relating to Controlled Entities (continued)

Particulars Relating to Controlled Entities	Country of Incorporation	Beneficial Interest 2000 %	1999 %	1998 %
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
Ansell Kemwell Ltd.	*India	**74.9**	75	-
Ansell Lanka (Pvt.) Ltd.	*Sri Lanka	**100**	100	100
Ansell S.A.	*France	**100**	c 100	100
Ansell (Thailand) Ltd.	*Thailand	**100**	100	100
Ansell Protective Products Europe N.V.	*Belgium	**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
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**	-	-
GNB Technologies (China) Ltd.	*Hong Kong	**100**	-	-
Grosby (China) Ltd.	*Hong Kong	**100**	100	100
Pacific Dunlop Insurances Pte. Ltd.	*Singapore	**100**	100	100
Shenzhen Olex Cables Ltd.	*China	**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 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	-
Golden Needles de Mexico S.A de C.V	*Mexico	**100**	100	-
Pacific Dunlop Capital Inc	*USA	**100**	100	100
Pacific Dunlop Holdings (USA) Inc.	*USA	**100**	100	100
Ansell Healthcare Products Inc. (formerly Ansell Incorporated)	*USA	**100**	100	100
Ansell Protective Products Inc. (formerly Ansell Edmont Industrial Inc.)	*USA	**100**	b 100	100
Ansell Services Inc. (formerly Olex Cables USA Inc.)	*USA	**100**	100	100
New Enpak Inc.	*USA	**100**	100	100
PACBRANDS USA Inc.	*USA	**100**	100	
Pacific Chloride Inc.	*USA	**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
Pacific Dunlop Holdings Inc.	*USA	**100**	100	100
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
GNB Technologies Ltd.	*U.K.	**100**	100	100

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38. Particulars Relating to Controlled Entities (continued)

Particulars Relating to Controlled Entities	Country of Incorporation	Beneficial Interest 2000 %	1999 %	1998 %
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
GNB Technologies (India) Private Limited	*India	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	-	-
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	-
STX Prophylactics SA (Pty.) Ltd.	*Sth Africa	100	100	-
Latex Investments Ltd.	Mauritius	100	100	-
Suretex Prophylactics (India) Ltd.	*India	100	100	-
TPLC Ltd.	*UK	100	100	100
TPLC Medizinprodukte GmbH.	*Germany	100	100	100
TPLC Pty. (Canada) Ltd.	*Canada	100	100	100
Pacific Dunlop Finance (Aust.) Pty. Ltd.	Australia	100	100	100
PD Licensing Ltd.	Australia	100	100	100
PD Shared Services Pty. Ltd.	Australia	100	-	-
Siteprints Pty. Ltd.	Australia	100	100	100
S.T.P. (Hong Kong) Ltd.	*Hong Kong	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
Sport Australia (Export) Pty. Ltd.	Australia	100	100	100
Textile Industrial Design & Engineering Ltd.	Australia	100	100	100
The Distribution Group Holdings Ltd.	Australia	100	100	100
Repco Auto Parts Pty. Ltd.	Australia	100	100	100
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	-	-
TDG Warehousing Pty. Ltd.	Australia	100	-	-
The Distribution Trust	Australia	100	100	100
Union Knitting Mills Pty. Ltd	Australia	100	100	100
Vision Cables Pty. Ltd.	Australia	51	51	51
Vita Pacific Ltd.	Australia	100	100	100
Sleepmaker Europe S.A.R.L.	*France	100	100	100
Wattmaster Alco Pty. Ltd.	Australia	100	100	100
Xdds Pty. Ltd.	Australia	100	100	100
Xelo Pty. Ltd. (formerly Olex Pty. Ltd.)	Australia	100	100	100
Olex Focas Pty. Ltd.	Australia	100	100	100

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38. Particulars Relating to Controlled Entities (continued)

	Country of Incorporation	Beneficial Interest 2000 %	1999 %	1998 %
Controlled Entities Sold in Year Ended 30th June 2000				
Beijing Pacific Dunlop Textiles Ltd.	*China	71	71	71
Dongguan Pacific Dunlop Garments Co. Ltd.	*China	80	80	80
Kelani Cables Ltd.	*Sri Lanka	64	64	64
Kelani Electrical Accessories (Pvt.) Ltd.	*Sri Lanka	64	64	64
Kelani Olex Telecommunications Cables (Pvt.) Ltd.	*Sri Lanka	64	64	64
Lanka Olex Cables (Pvt.) Ltd.	*Sri Lanka	85	85	85
Optix Australia Ltd.	Australia	51	51	51
P.T. Olex Cables Indonesia	*Indonesia	60	60	60
Pacific Dunlop (Asia) Ltd.	*Hong Kong	100	100	100
Pacific Dunlop Garments Ltd.	*Hong Kong	100	100	100
Pacific Dunlop Shanghai Ltd.	*China	100	100	100
Shanghai Holeproof Garments Ltd.	*China	100	100	100
Tianjin Olex Cables Ltd.	*China	70	70	70
Controlled Entities in Voluntary Liquidation at 30th June 2000				
ACN 000 757 924 Pty. Ltd. (formerly Domedica)	Australia	100	100	100
Dunlop Shelter Hong Kong Ltd.	*Hong Kong	100	100	100
N. Harvesters Pty. Ltd.	Australia	100	100	100
Super Cycle Pty. Ltd.	Australia	100	100	100
Controlled Entities Voluntarily Liquidated During the Year				
Big Sister Foods Pty. Ltd.	Australia	-	100	100
Der Nibor Pty. Ltd.	Australia	-	100	100
Driburn Pty. Ltd.	Australia	-	100	100
Fair King Properties Ltd.	*Hong Kong	-	100	100
Four 'N Twenty Pies (Vic.) Pty. Ltd.	Australia	-	100	100
International Canners Pty. Ltd.	Australia	-	100	100
International Sea Products Pty. Ltd.	Australia	-	100	100
J. Hargreaves & Sons Pty. Ltd.	Australia	-	100	100
Pacific Dunlop Finance (No 2) Pty. Ltd. (formerly Pacific Dunlop Finance Pty. Ltd.)	Australia	-	100	100
Pacific Dunlop Investments Pty. Ltd.	Australia	-	100	100
Patron Trading Ltd	*Hong Kong	-	100	100
Project Defib Pty. Ltd.	Australia	-	100	100
Project Sub Pectoral Pty. Ltd.	Australia	-	100	100
Raynfine Pty. Ltd.	Australia	-	100	100
Winigarap Pty. Ltd.	Australia	-	100	100

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

(a) The trustee of The Distribution Trust is The Distribution Group 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.
(b) Ansell Balloon Company and Ansell Perry Inc. were merged into this renamed entity.
(c) Laboratories Degan S.A was merged into this entity.
(d) Holeproof Corporation Ltd. has been merged into this entity.

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Notes to the Financial Statements

39. Investments in Associates

$ in millions	Consolidated 2000	1999	1998
Results of associates			
Share of associates' operating profit before income tax	4.7	5.6	5.2
Share of associates' income tax expense attributable to operating profit	(1.7)	(2.0)	(2.2)
Share of associates' net profit - as disclosed by associates	3.0	3.6	3.0
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	5.0	12.7	12.6
Share of associates' net profit	3.0	3.6	3.0
Dividends from associates	(1.8)	(3.9)	(2.9)
Retained profits of Associates disposed of during the financial year	-	(7.4)	-
Share of associates' retained profits at the end of the financial year	6.2	5.0	12.7
Asset revaluation reserve			
Share of associates' asset revaluation reserve at the beginning of the financial year	0.9	0.9	1.5
Share of decrement in asset revaluation reserves of associates	-	-	(0.6)
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	1.6	0.8	1.9
Share of exchange fluctuations on assets and liabilities held in foreign currencies	0.5	0.8	(1.1)
Share of associates' foreign currency translation reserve at the end of the financial year	2.1	1.6	0.8
Movements in carrying value of investments			
Carrying amount of investments in associates at beginning of the financial year	17.3	26.5	46.4
Adjustment on initial adoption of equity accounting	-	-	(18.2)
	17.3	26.5	28.2
Share of associates' net profit	3.0	3.6	3.0
Dividends received from associates	(1.8)	(3.9)	(2.9)
	18.5	26.2	28.3
Share of decrement in associates' asset revaluation reserve	-	-	(0.6)
Share of movement in associates' foreign currency translation reserve	0.5	0.8	(1.2)
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	19.0	17.3	26.5
Commitments			
Share of associates' capital expenditure commitments contracted but not provided for and payable:			
Payable within one year	-	1.1	0.8
Later than one but within two years	-	-	0.3
Later than two but within five years	-	-	0.6
Later than five years	-	-	-
	-	1.1	1.7
Share of associates' operating lease commitments payable:			
Payable within one year	1.4	1.8	2.1
Later than one but within two years	1.3	1.4	1.4
Later than two but within five years	1.9	2.5	2.2
Later than five years	-	0.6	0.7
	4.6	6.3	6.4

Contingent liabilities

There are no material contingent liabilities in respect of associates at 30 June 2000

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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 2000 %	1999 %	1998 %	Consolidated Investment Carrying Amount 2000 $ million	1999 $ million	1998 $ million
South Pacific Tyres N.Z. Ltd.	Manufacturing	30 June	50	50	50	16.7	16.7	15.6
Meadow Gold Investment Co. Ltd.	Manufacturing	31 December	-	-	50	-	-	10.5
Pacific Marine Batteries Pty. Ltd.	Manufacturing	30 June	50	50	50	1.5	0.6	0.4
Car Parts Distribution Pty Ltd	Manufacturing	30 June	50	-	-	0.8	-	-
						19.0	**17.3**	**26.5**

Dividends received from associates for the year ended 30 June 2000 by the consolidated entity amounted to $1.8 million (1999 - $3.9 million, 1998 - $2.9 million), and by the Company ; nil (1999 - $0.6 million, 1998 - $1.0 million).

Summary performance and financial position of associates **$ in millions**	Consolidated **2000**	**1999**	**1998**
The consolidated entity's share of aggregate assets, liabilities and profits of associates are as follows:			
Net profit - as reported by associates	3.0	3.6	3.0
Adjustments necessary to ensure consistency with PDL accounting policies	-	-	-
Net profit - equity adjusted	3.0	3.6	3.0
Current assets	45.5	24.3	29.8
Non-current assets	21.8	22.5	34.0
Total assets	67.3	46.8	63.8
Current liabilities	34.5	18.8	24.0
Non-current liabilities	15.8	12.7	15.3
Total liabilities	50.3	31.5	39.3
Net assets - as reported by associates	17.0	15.3	24.5
Adjustments arising from equity accounting			
Preference Share adjustment	2.0	2.0	2.0
Net assets - equity adjusted	**19.0**	**17.3**	**26.5**

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Notes to the Financial Statements

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 2000, 1999, and 1998 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 2000, 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 and June 30, 2000.

(b) Minority Interests
Minority interests are frequently 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.

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Notes to the Financial Statements

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.

As a manufacturer of among other products, automotive and industrial batteries, environmental protection has been and will continue to be an important factor affecting the consolidated entity. The Group has closely followed the development of Environmental Protection Authority ("EPA") initiatives related to lead batteries. The activity by the EPA in this area combined with the cost expended on environmental remediation in recent periods has identified the need for environmental remediation at a number of locations.

The Group has provided for identified environmental costs where such amounts are reasonably determinable. The Group has identified all previously closed manufacturing sites where it has a potential exposure and reasonably determined the cost of environmental remediation. The Group is presently committed to meeting these costs and therefore the amounts provided for in the financial statements are considered to satisfy the US GAAP criteria for recognition in all material respects.

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, 2000.

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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 19 pension plans worldwide, principally established by trust deed, covering substantially all of their employees. Of the pension plans within the Group, three plans have been considered material for the year ended June 30, 2000. 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.

The major plans within the Group have been determined as follows:
USA Funds - GNB Incorporated and subsidiaries
Australian Funds - Pacific Dunlop Superannuation Fund and Pacific Dunlop Executive Superannuation Fund

Actuarial calculations have been carried out for the above funds and 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 \$197.8 million (1999: \$169.5 million, 1998: \$125.2 million) in respect of trading and abnormal losses and \$42.5 million of capital losses (1999: \$29.1 million; 1998: \$13.9 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.

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

(i) Income Taxes (continued)

At June 30, 2000 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
2001	2.6
2006	43.5
2007	58.2
2008	2.4
2009	1.7
2010	2.0

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 Profit and Loss Statement. Goodwill attributable to sold businesses is brought to account in determining the gain or loss on sale (Refer Note 40(m)).

(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. This was a change in policy to previous years when such assets were written off as an Extraordinary Item in the year of acquisition.

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 $1.4 million (1999 $3.4 million increase, 1998 $0.9 million decrease), 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.

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(m) Discontinued Operation
Certain retained liabilities relating to patient care and monitoring and legal defence provisions are reported in Note 20 to the financial statements as provisions of $4.7 million (current) and $2.2 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) Recent Changes in US GAAP
The Financial Accounting Standards Board have released Financial Accounting Standard 133 (FAS 133), titled "Accounting for Derivative Instruments and Hedging Activities". The Standard, which requires adoption by all U.S. reporting Companies is effective from the first quarter of the financial year commencing after June 15, 2000.

The Standard defines that a derivative instrument is an asset or liability and should be reported in the financial statements. Fair value is the most relevant measure for financial instruments and the only relevant measure for derivative instruments. Only items that are assets or liabilities should be reported on the balance sheet as it is no longer meaningful to defer gains and losses as assets and liabilities, and only certain qualifying transactions can be regarded as being hedges and be granted hedge accounting. The Standard broadens the definition of derivatives to rely on three key characteristics, the underlying and notional amounts, little or no initial investment and terms permitting net settlement. As well as Freestanding derivatives, the Standard adds the concept of Embedded derivatives. Embedded derivatives are not stand alone, but are contained in another contract and do affect the cash flows or other exchange under the contract in certain circumstances.

Under the Standard, all derivatives must be recorded at fair value. Changes in the fair value of derivative financial instruments are either recognised periodically in earnings or shareholders' equity, depending on whether the derivative is being used to hedge changes in fair value or cash flow. Where it is a cash flow hedge and deemed effective under the Standard, the gain or loss on the derivative may be taken to other comprehensive income in the shareholders equity section of the balance sheet. Gains and losses would be reclassified to earnings when the hedged item affects earnings. Where it is a fair value hedge and effective, the change in fair value of both the derivative and hedged item attributable to the hedged risk are taken to earnings. All hedge ineffectiveness must be taken to earnings immediately.

The Company has adopted the Standard at 1 July 2000. Upon adoption, the Standard will increase earnings by $105,000 and will increase Other Comprehensive Income by $9.4 million. Further, adoption of the Standard will result in the Company recognizing in the balance sheet, the fair value of derivative instrument assets and liabilities of approximately $47 million, and the fair value of firm commitment assets and liabilities.

This Note should be read in conjunction with Note 27 on Financial Instruments, to obtain a full background on the Company's approach to managing Derivative Financial Instruments.

It should be recognised that the full adoption into the accounts in the year ending June 30, 2001 will likely increase the volatility of both reported Earnings and Other Comprehensive Income during future accounting periods.

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41. Reconciliation to United States Generally Accepted Accounting Principles (U.S. GAAP)

$ in millions			Consolidated 2000	1999	1998
Profit and Loss Statement (for years ended 30th June)					
Net profit of the consolidated entity before abnormal items per Australian GAAP			145.0	205.5	179.8
Less interest of outside equity holders			4.1	5.7	(1.0)
Operating profit after income tax before abnormal items attributable to Pacific Dunlop Limited shareholders as reported in the consolidated profit and loss statement			140.9	199.8	180.8
Abnormal items after tax attributable to Pacific Dunlop Limited shareholders as reported in the consolidated profit and loss statement			(227.4)	(94.0)	(156.0)
Net profit (loss)			(86.5)	105.8	24.8
Adjustments required to accord with US GAAP:					
	add/(deduct);		44.7	12.9	(119.5)
(Loss)/profit after abnormal items before cumulative effect of accounting changes			(41.8)	118.7	(94.7)
Adoption of Australian Accounting Standard AASB1016 "Accounting for Investments in Associates"			-	-	(23.3)
(Loss)/profit according to U.S. GAAP			**(41.8)**	**118.7**	**(118.0)**
Weighted average number of shares per basic EPS calculations (millions)			1,032.3	1,030.4	1,028.0
Weighted average number of Executive shares (millions)			2.6	12.5	12.4
Weighted average number of shares per diluted EPS calculations (millions)			1,034.9	1,042.9	1,040.4
Continuing Operations					
	Income from continuing operations				
	Before income tax		119.4	194.4	35.4
	Income tax expense		(54.6)	(36.8)	(29.4)
Discontinued Operations					
	Loss from discontinued operations		(96.1)	(22.6)	(84.5)
	Income tax expense		(10.5)	(16.3)	(16.2)
	Cumulative effect of accounting changes		-	-	(23.3)
	Net (loss)/profit per US GAAP		(41.8)	118.7	(118.0)
Earnings per share - basic and diluted (Australian Cents)					
	Continuing operations	- basic	6 ¢	15 ¢	1 ¢
		- diluted	6 ¢	15 ¢	1 ¢
	Discontinued operations	- basic	(10)¢	(4)¢	(10)¢
		- diluted	(10)¢	(4)¢	(10)¢
	Cumulative effect of accounting changes	- basic	-	-	(2)¢
		- diluted	-	-	(2)¢
Condensed US GAAP Consolidated Statement of Income Data excluding Discontinued Operations					
	Revenues		4,246.6	4,357.3	4,010.9
	Total costs and expenses		3,981.0	4,021.1	3,823.6
	Interest expense		146.2	141.8	151.9
	Tax expense		54.6	36.8	29.4
Income from continuing operations before cumulative effect of accounting changes			**64.8**	**157.6**	**6.0**

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Notes to the Financial Statements

41. Reconciliation to United States Generally Accepted Accounting Principles (U.S. GAAP)(continued)

$ in millions			Consolidated 2000	1999	1998
Adjustments to reflect U.S. GAAP					
Add:	Amortisation of goodwill capitalized	40 (j)	10.0	15.5	13.5
(Deduct):	Amortisation of brand names capitalized	40 (k)	(5.3)	(5.6)	(5.6)
(Deduct):	Amortisation of compensation component of executive share plan and options	40 (d)	(0.8)	(1.0)	(0.6)
Add:	Pension Plans	40 (g)	7.1	4.7	4.2
Add:	Depreciation of asset increment included in depreciation charge	40 (a)	0.4	0.2	0.3
Add/(Deduct):	Revaluation of asset increment realized	40 (a)	1.9	15.7	(0.6)
Add/(Deduct):	Net hedge gains (brought to account)/ deferred for Australian GAAP - after tax	40 (l)	(1.4)	3.4	(0.9)
Add/(Deduct):	Rationalisation and restructuring provision	40 (c)	32.8	(20.0)	-
(Deduct):	Reduction in the carrying value of certain properties below depreciated historical costs	40 (a)	-	-	(11.5)
(Deduct):	Goodwill written off - GNB (Batteries) Group	40 (j)	-	-	(118.3)
			44.7	12.9	(119.5)
Shareholders' Equity of the Group					
As at 30th June			1,499.9	1,634.3	1,691.7
(Deduct):	Outside equity interests	40 (b)	(17.5)	(25.8)	(26.1)
Shareholders' equity attributable to Pacific Dunlop Limited			1,482.4	1,608.5	1,665.6
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)	175.1	161.9	149.5
	Amortisation of brand names - cumulative	40 (k)	(39.5)	(32.6)	(28.1)
	Pension Plans	40 (g)	13.2	6.1	1.4
	Dividends provided	40 (c)	31.0	72.2	72.1
	Hedging adjustments - after tax	40 (l)	2.0	3.4	-
	Reserves attributable to Asset Revaluation	40 (a)	(43.4)	(32.2)	(47.8)
	Rationalisation and Restructuring provisions	40 (c)	32.8	-	20.0
	Depreciation charged on Revaluation increments	40 (a)	12.1	11.7	11.5
Total Adjustments			183.3	190.5	178.6
Pacific Dunlop Limited Shareholders' Equity according to U.S. GAAP			1,665.7	1,799.0	1,844.2
Statement of Comprehensive Income:					
Net profit per U.S. GAAP			(41.8)	118.7	(118.0)
Foreign Currency Translation Reserve:					
	Movement per A GAAP		61.3	(21.3)	14.6
	Movement per U.S. GAAP		1.6	(1.7)	3.8
Comprehensive Income			**21.1**	**95.7**	**(99.6)**

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Notes to the Financial Statements

41. Reconciliation to United States Generally Accepted Accounting Principles (U.S. GAAP)(continued)

		Consolidated	
$ in millions	**2000**	**1999**	**1998**
Information for United States Investors			
Goodwill:			
Australian GAAP goodwill - June 30	408.2	402.5	464.5
Add: Goodwill recognized for US GAAP only	105.2	109.4	113.5
Add: Adjustment for different amortisation basis	69.9	52.5	36.0
	175.1	161.9	149.5
US GAAP goodwill - June 30	583.3	564.4	614.0
Brand names			
Australian GAAP brand names - June 30	219.7	205.3	218.9
(Deduct): US GAAP amortisation	(39.5)	(32.6)	(28.1)
US GAAP Brand names - June 30	180.2	172.7	190.8
Property, plant & equipment			
Property, plant & equipment at cost and valuation (net of accumulated depreciation)	658.2	1,065.8	1,257.7
(Deduct): Asset revaluation reserves applicable	(43.4)	(32.2)	(47.8)
Add: Adjustment to add back depreciation charged on the revaluation increments (cumulative)	12.1	11.7	11.5
Property, plant & equipment at cost (net of accumulated depreciation)	626.9	1,045.3	1,221.4
Reconciliation of Net Cash Provided by Operating Activities per Australian GAAP financial statements to Profit after Tax Under US GAAP			
Net Cash Provided by Operating Activities:	190.3	379.3	281.4
Writedown of non-current assets	(160.0)	-	(11.5)
Depreciation	(142.5)	(149.4)	(149.8)
Amortisation	(42.3)	(37.0)	(37.1)
Provision for doubtful debts	(7.3)	(7.2)	(12.3)
Items classified as financing activities:			
Interest received	47.4	39.7	53.5
Interest paid	(149.5)	(146.2)	(156.5)
Change in assets and liabilities net of effect from acquisitions and disposals of subsidiaries and businesses:			
Increase/(Decrease) in trade debtors	(215.7)	(39.8)	92.0
Increase/(Decrease) in inventories	(129.2)	(21.3)	76.3
(Decrease)/Increase in prepaid expenses	(17.3)	0.4	(9.5)
Increase in deferred expenditure	16.8	-	-
(Increase)/Decrease in creditors and bills payable	118.6	19.4	(40.4)
Decrease in lease liabilities, provisions, and other liabilities	205.2	205.7	27.8
Decrease in provision for deferred income tax	47.6	10.0	16.2
Increase/(Decrease) in future income tax benefit	(8.4)	(80.1)	58.3
(Increase)/Decrease in provision for income tax	(8.0)	61.7	(55.8)
GNB net operating assets held for sale	182.3	-	-
(Loss)/Gain on sale of investments, properties, plant and equipment	4.2	(89.9)	(11.2)
Loss on sale of subsidiaries and businesses	(4.5)	(8.3)	(81.9)
Outside equity interest in loss/(profit) for the year	(4.1)	(5.7)	1.0
Goodwill written-off	-	-	(118.3)
Other	34.6	(12.6)	(16.9)
Adoption of accounting standards for investments in associates	-	-	(23.3)
(Loss)/Profit after tax	**(41.8)**	**118.7**	**(118.0)**

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41. Reconciliation to United States Generally Accepted Accounting Principles (U.S. GAAP)(continued)

	2000		1999		1998	
$ in millions	**Major Australian Funds**	**GNB Inc.**	**Major Australian Funds**	**GNB Inc.**	**Major Australian Funds**	**GNB Inc.**
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	520.0	180.0	464.6	172.7	468.7	175.6
- Non-vested	1.8	15.6	2.9	15.8	3.0	18.5
Total accumulated benefit obligation	521.8	195.6	467.5	188.5	471.7	194.1
Projected benefit obligation	525.6	207.9	482.1	203.3	486.2	199.5
Plan assets at fair value	604.9	227.6	545.4	204.9	558.8	231.5
Excess of assets over benefit obligations	79.3	19.7	63.3	1.6	72.6	32.0
Unrecognised net (gain)	(56.6)	(45.0)	(45.3)	(22.4)	(57.9)	(48.0)
Unrecognised prior service costs	-	12.6	0.2	11.1	1.3	6.7
Unrecognised net transition obligation/(asset) and other deferrals	(9.5)	1.1	(12.1)	1.6	(14.6)	2.4
Net Pension (Liability)/Asset	13.2	(11.6)	6.1	(8.1)	1.4	(6.9)
NET PENSION COST						
Defined Benefit Plans:						
- Service cost-benefits earned during the year	44.2	6.7	43.2	5.1	40.4	4.4
- Interest cost on projected benefit obligation	31.5	15.5	31.7	13.1	30.4	13.3
- Actual return on plan assets	(88.1)	(22.2)	(41.6)	(18.0)	(60.1)	(16.6)
- Net amortisation and deferral	43.0	2.3	(3.4)	1.6	16.6	2.3
Net Pension Cost of Defined Benefit Plans	30.6	2.3	29.9	1.8	27.3	3.4
ASSUMPTIONS						
Weighted average discount rate	6.0%	7.0%	6.0%	7.0%	6.0%	7.0%
Rate of increase in compensation level	3.5%	5.0%	3.5%	5.0%	3.5%	5.0%
Expected long term rate of return	7.5%	11.0%	7.5%	11.0%	7.5%	11.0%
CHANGE IN BENEFIT OBLIGATION						
Projected Benefit Obligation at beginnning of year	482.1	203.3	486.2	199.5	469.9	134.4
Service cost	44.2	6.7	43.2	5.1	40.4	4.4
Interest cost	55.7	15.5	32.0	13.1	36.6	13.3
Transfers from/(to) other funds	(0.3)	-	4.2	-	4.5	-
Member contributions	12.5	-	13.6	-	14.4	-
Actuarial (gain)/loss	5.4	(29.7)	7.9	3.7	3.2	26.1
Plan Amendments	-	2.0	-	5.6	-	-
Benefits paid	(67.3)	(10.8)	(98.3)	(8.6)	(75.7)	(8.6)
Expenses and tax paid	(6.7)	-	(6.7)	-	(7.1)	0.7
Foreign currency exchange rate changes	-	20.9	-	(15.1)	-	29.2
Projected Benefit Obligation at end of year	525.6	207.9	482.1	203.3	486.2	199.5
CHANGE IN PLAN ASSETS						
Market value of assets at beginning of year	545.4	204.9	554.6	231.5	527.0	152.7
Member/Employer Contributions	45.7	-	50.0	-	45.8	-
Transfers from other funds	(0.3)	-	4.2	-	4.5	-
Benefits paid	(67.3)	(10.8)	(98.3)	(8.6)	(75.7)	(8.6)
Expenses and tax paid	(6.7)	-	(6.7)	-	(7.1)	-
Actual return on plan assets	88.1	12.8	41.6	(0.6)	60.1	54.2
Foreign currency exchange rate changes	-	20.7	-	(17.4)	-	33.2
Market value of assets at end of year	604.9	227.6	545.4	204.9	554.6	231.5

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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)

On December 11 1997, the Company granted to twenty Executives options to subscribe for up to 7,290,000 unissued ordinary shares in the Company (including 600,000 options granted to Mr. R.B. Hershan, an Executive Director), in accordance with approvals received from shareholders at the Annual General Meeting on November 14, 1997, at an exercise price of $3.30 per share. This price 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. The options expire on December 11, 2002 and are exercisable in three tranches of equal amount during a period commencing, in the case of tranche 1, on November 13, 2000; in the case of tranche 2, on November 13, 2001; and in the case of tranche 3, on November 13, 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 (ie. 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.

On July 22, 1998, options in respect of 1,545,000 further unissued ordinary shares in the Company were granted to four Executives on the same terms and conditions (including exercise price) as the grant on December 11, 1997.

Subsequent to the grants, options in respect of 3,450,000 unissued ordinary shares in the Company have lapsed, the seven Executives concerned having ceased to be employed by the Company.

None of the options described above carry any right to participate in a share issue of any other body corporate and none of those options has been exercised at the date of this report.

Options to subscribe for up to 1,800,000 unissued ordinary shares in the Company were granted to the Managing Director, in accordance with an approval received from shareholders at the Annual General Meeting on November 15, 1996, at an exercise price of $2.80 per share. The options expire on November 14, 2001 and were exercisable in three separate tranches of 600,000 options between November 1 and 14 in 1999, 2000 and 2001, only where, in relation to each separate tranche of options, two separate performance conditions are satisfied, details of which were set out in last year's financial statements. The 600,000 options relating to tranche 1 lapsed as of November 14, 1999 as none of the options were exercised as of that date. The options do not carry any right to participate in a share issue of any other body corporate.

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. As a result, the requirements of this standard have resulted in stock compensation expense being recognized in the US GAAP profit.

In accordance with the requirements of SFAS 123, the compensation fair value of all options which are outstanding has been calculated at $3.7 million which is being amortized over the period to December 11, 2002.

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.

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42. 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 19 July 2000 the United States Court of Appeals for the Sixth Circuit reversed the decision of the US District Court for the Southern District of Ohio, Western Division referred to in last years annual report, which had approved a settlement intended to resolve all current and future litigation in the United States arising out of the Accufix Pacing Leads. The Court of Appeals ordered that the settlement class be decertified, that the settlement be disapproved, and that the matter be remanded to the District Court for further proceedings. Refer also Note 26.

- Effective 31 July 2000, the Company sold its Electrical Distribution business in Australia and New Zealand to Hagemeyer Group for $343 million. The sale price represents a profit on sale of $145 million.

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Directors' Declaration

In the opinion of the directors of Pacific Dunlop Limited:

(a) the financial statements and notes, set out on pages 14 to 82, are in accordance with the

Corporations Law, including:

> (i) giving a true and fair view of the financial position of the Company and consolidated entity as at 30 June 2000 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; 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:

John T. Ralph Chairman

Rodney L. Chadwick Director

Dated in Melbourne this 1st day of September 2000

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Independent Audit Report

To the members of Pacific Dunlop Limited

Scope

We have audited the financial report of Pacific Dunlop Limited, consisting of the profit and loss statements, balance sheets, statements of cash flows, accompanying notes, and the directors' declaration set out on pages 14 to 83. 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, which are consistent in all material respects 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, and 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 Law, including:

> (i) giving a true and fair presentation of the Company's and consolidated entity's financial position as at 30 June 2000, 1999 and 1998, and of their performance for the financial years ended on those dates; and
>
> (ii) complying with Accounting Standards and the Corporations Regulations; 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 June 30, 2000, 1999 and 1998 and the determination of the consolidated shareholders' equity at June 30, 2000, 1999 and 1998 to the extent summarised in Note 41 to the consolidated financial statements.

KPMG

KPMG

William J Stevens

Partner

Dated in Melbourne this 1st day of September 2000

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