

Notice of Annual General Meeting

Notice is given that the Annual General Meeting of Shareholders of Imdex Limited will be held at Le Meridien at Rialto, 495 Collins Street, Melbourne, Victoria, on Thursday 30 October 2003, commencing at 11am.

Agenda

Ordinary Business

- 1 To receive and consider the Annual Financial Report, together with the Directors' and Auditor's reports for the year ending 30 June 2003.
- 2 To consider and, if thought fit, pass the following Resolution as an Ordinary Resolution:

That, for all purposes, Mr Ian F Burston, who retires from the office of Director by rotation, and being eligible, offers himself for re-election, is re-elected as a Director.
- 3 To consider and, if thought fit, pass the following Resolution as an Ordinary Resolution:

That, for all purposes, Mr Gary W Cobbledick, who was appointed to the Board on 6 January 2003 to fill a casual vacancy, and being eligible, offers himself for re-election, is re-elected as a Director.

Special Business

- 4 To consider and, if thought fit, pass the following Resolution as an Ordinary Resolution:

That, for all purposes, the maximum aggregate remuneration payable to Directors in any financial year be increased by \$190,000 to \$300,000.
- 5 To consider any other business that may be brought before the Meeting in accordance with the Company's Constitution.

Snap Shot Time

Regulation 7.11.37 of the Corporations Regulations 2001 permits the Company to specify a time, not more than 48 hours before the Meeting, at which a "snap shot" of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the Meeting.

The Company's Directors have determined that all shares of the Company that are quoted on ASX at **5pm EST on Tuesday, 28 October 2003** shall, for the purposes of determining voting entitlements at the Annual General Meeting, be taken to be held by the persons registered as holding the shares at that time.

Notice of Annual General Meeting

Proxies

Please note that:

- (a) a member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a Proxy;
- (b) a Proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each Proxy is appointed to exercise, but where the proportion or number is not specified, each Proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing Proxies and lodging the Proxy Form.

Corporate Representative

If a representative of a Shareholder corporation is to attend the Meeting the attached "Appointment of Corporate Representative" form should be completed and produced prior to admission.

Dated 19 September 2003

By Order of the Board of Directors

A handwritten signature in blue ink, appearing to read "Stephen J Lyons".

Stephen J Lyons

Company Secretary
Index Limited

Explanatory Memorandum to the Notice of Annual General Meeting

This Explanatory Memorandum has been prepared to assist Shareholders with their consideration of Resolutions 2, 3 and 4 as set out in the attached Notice of Annual General Meeting.

The Directors recommend that Shareholders read this Explanatory Memorandum before deciding whether to support the Resolutions or otherwise.

Resolutions 2 and 3

In accordance with ASX Listing Rule 14.4 and Article 17.4 of the Constitution, at every Annual General Meeting, one third of the Directors for the time being must retire from office and are eligible for re-election. The Directors to retire are to be those who have been longest in office since their appointment or last re-appointment or, if the Directors have been in office for an equal length of time and unless mutually agreed, by lot.

In addition, Article 17.3 of the Constitution, requires that any Director appointed by the Board, either to fill a casual vacancy or as an addition to the Board, must retire at the next Annual General Meeting following his or her appointment, but is eligible for re-election at that Annual General Meeting.

Resolution 4

Listing Rule 10.17 and Clause 17.8 of the Constitution provide that the maximum aggregate amount of the remuneration payable to Non Executive Directors is to be determined by Shareholders in General Meeting.

It has been five (5) years since Shareholders last approved an increase in Non Executive Directors' fees. The current maximum aggregate amount is \$110,000 per annum and includes Superannuation Guarantee Contributions made by the Company in relation to the Non Executive Directors.

This Resolution seeks Shareholder approval to increase the maximum fees payable to Non Executive Directors in each financial year from \$110,000 to \$300,000 in aggregate, to be apportioned between them as determined by the Board. In 2003 the fees payable to Non Executive Directors totalled \$95,375.

The proposed increase will allow for fee increases in future years and also the appointment of an additional Technical Director if that is desirable in the circumstances.

The Company will disregard any votes cast on this resolution by:

- the Directors of the Company; and
- an Associate of the Directors of the Company.

However the Company need not disregard a vote if:

- it is cast by a person as Proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the person Chairing the Meeting as Proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the Proxy decides.

Glossary

In this Explanatory Memorandum, the following terms have the following meanings unless the context otherwise requires:

ASX	means the Australian Stock Exchange conducted by Australian Stock Exchange Limited ABN 98 008 624 691.
Board	means the Board of Directors.
Company	means Imdex Limited ABN 78 009 947 813.
Constitution	means the Constitution of the Company.
Director	means a Director of the Company.
Shareholder	means a Shareholder of the Company.
EST	means Australian Eastern Standard Time.

Shareholder Email Communication

19 September 2003

Dear Shareholder

In order to keep you well informed on the latest Company information, in addition to ASX Announcements and Independent Reports, we intend to issue a regular Newsletter.

So that we can distribute this quickly, it is preferable for us to do this by email.

You will continue to receive the Annual Report and Notice of Meeting by regular mail, unless you have elected not to do so.

If you have an email address by which we can reach you, could you please provide us with the details below and **fax it back to us on +61 8 9481 6527, or email us at imdex@imdex.com.au**

You can be assured of complete privacy, as this address will not be passed on to any other party, unless you give us permission, in writing, to do so. We would be grateful if you could also update us with any changes to your email address throughout the year.

Yours faithfully

Imdex Limited



B W Ridgeway

Managing Director

Imdex Limited ACN 008 947 813 ABN 78 008 947 813
Level 3, 18 Richardson Street West Perth Western Australia 6005 PO Box 1325, West Perth Western Australia 6872
Phone +61 8 9481 5777 Fax +61 8 9481 6527 E-mail imdex@imdex.com.au
Incorporating: Ace Drilling Products, Australian Mud Company Ltd, Imdex Minerals & Surtron Technologies Pty Ltd



The Managing Director
Imdex Limited

By Facsimile: +61 8 9481 6527, or Email: imdex@imdex.com.au

Dear Sir

Yes, I would like to receive Shareholder communication by email.

My Full Name is _____

My Email address is _____

(Please print)

Yours faithfully

(Signed) Imdex Limited Shareholder

Date:

2003 Annual General Meeting Proxy Form

Shareholder Details

Name: _____

Address: _____

Contact Telephone No: _____

Contact Name (if different from above): _____

Appointment of Proxy

I/We being a Shareholder/s of Imdex Limited and entitled to attend and vote hereby appoint:

☐ The Chairman of the Meeting **OR**
(mark with an 'X')

Write here the name of the person you are appointing if this person is someone other than the Chairman of the Meeting.

or if no person is named, the Chairman of the Meeting, as my/our Proxy to attend and act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the Annual General Meeting of Imdex Limited to be held at Le Meridien at Rialto, 495 Collins Street, Melbourne, Victoria on 30 October 2003 at 11am and at any adjournment of that Meeting.

Important information if appointing the Chairman as your Proxy

If you appoint the Chairman as your Proxy, but do not wish to direct your Proxy how to vote on a Resolution, you must place a mark in the boxes below headed "Proxy's Discretion" in respect of that Resolution. By marking this box, you acknowledge that the Chairman may exercise your Proxy even if he has an interest in the outcome of the Resolution and votes cast by him other than as Proxy Holder will be disregarded because of that interest. If you appoint the Chairman as your Proxy, but do not mark any box, the Chairman will be unable to exercise your Proxy vote. If you appoint the Chairman as your Proxy and place a mark in any box headed "Proxy's Discretion", the Chairman intends to exercise your Proxy to vote in favour of that Resolution.

Voting directions to your Proxy – please mark ☒ to indicate your directions

	For	Against	Abstain*	Proxy's Discretion
Ordinary Business				
Resolution 2: Re-election of Mr I F Burston	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3: Re-election of Mr G W Cobbledick	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Special Business				
Resolution 4: Remuneration of Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

*If you mark the Abstain box for a particular Resolution, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Appointment of a second Proxy (see instructions overleaf)

If you wish to appoint a second Proxy, state the percentage of your voting rights applicable to the Proxy appointed by this form.

_____ %

PLEASE SIGN HERE This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Shareholder 1

Shareholder 2

**Sole Director and Sole Company
Secretary**

Director

Date

2003 Annual General Meeting Proxy Form

How to complete this Proxy Form

1 Your Name and Address

Please print your name and address as it appears on your Holding Statement and the Company's Share Register. If shares are jointly held, please ensure the name and address of each joint Shareholder is indicated. Shareholders should advise the Company of any changes. Shareholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your Proxy, mark the box. If the person you wish to appoint as your Proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, the Chairman of the Meeting will be your Proxy. A Proxy need not be a Shareholder of the Company.

3 Votes on Resolutions

You may direct your Proxy how to vote by placing a mark in one of the boxes opposite each Resolution. All your shareholding will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any Resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given Resolution, your Proxy (unless you have appointed the Chairman as your Proxy) may vote as he or she chooses. If you mark more than one box on a Resolution your vote on that Resolution will be invalid.

4 Appointment of a Second Proxy

You are entitled to appoint up to two persons as Proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy Form may be obtained by telephoning the Company Secretary, Mr Stephen Lyons on (08) 9481 5777 or you may photocopy this form. To appoint a second Proxy you must on each Proxy Form state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant Proxy. If both Proxy Forms do not specify that percentage, each Proxy may exercise half your votes. Fractions of votes will be disregarded.

5 Signing Instructions

You must sign this form as follows in the spaces provided:

- Individual: where the holding is in one name, the holder must sign.
- Joint Holding: where the holding is in more than one name, all of the Shareholders must sign.
- Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the Company's Share Registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
- Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the Meeting a "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate is included with the Notice of Annual General Meeting or may be obtained from the Company.

6 Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below not later than 48 hours before the commencement of the Meeting; ie. no later than 11am EST Tuesday, 28 October 2003. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

This Proxy Form (and any Power of Attorney and/or second Proxy Form) may be sent or delivered to the Company's Registered Office at Level 3, Redgum House, 18 Richardson Street, West Perth WA, 6005 or sent by facsimile to the Registered Office on (08) 9481 6527.

Appointment of Corporate Representative 2003 Annual General Meeting

Shareholder Details

This is to certify that by a Resolution of the Directors of:

(Company)

(Insert name of shareholder company)

The Company has appointed:

(Authorised corporate representative)

(Insert name of corporate representative)

in accordance with the provisions of section 250D of the Corporations Act 2001, to act as the body corporate representative of that Company at the Annual General Meeting of Imdex Limited to be held on 30 October 2003 and at any adjournments of that Meeting.

DATED: _____ 2003

Please sign here

Executed by the Company
in accordance with its constituent documents

Signed by authorised representative

Signed by authorised representative

Name of authorised representative (print)

Name of authorised representative (print)

Position of authorised representative (print)

Position of authorised representative (print)

Instructions for Completion

1. Insert name of appointor Company and the name or position of the appointee (eg "John Smith" or "each Director of the Company").
2. Execute the Certificate following the procedure required by your Constitution or other constituent documents.
3. Print the name and position (eg Director) of each Company officer who signs this Certificate on behalf of the Company.
4. Insert the date of execution where indicated.
5. Send or deliver the Certificate to Imdex Limited, Level 3, Redgum House, 18 Richardson Street, West Perth WA 6005 or fax to (08) 9481 6527.



2003
Annual Report

Index Trading Locations



“Progress ... through focus and discipline.”

Imdex Limited ABN 78 008 947 813

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Registered Office

Imdex Limited
Level 3, Redgum House
18 Richardson Street
West Perth WA 6005

PO Box 1325
West Perth WA 6872

Telephone: +61 8 9481 5777

Facsimile: +61 8 9481 6527

Email: imdex@imdex.com.au

Website: www.imdex.com.au

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Imdex Limited will be held at Le Meridien at Rialto, 495 Collins Street, Melbourne, Victoria 3000 on 30 October 2003, commencing at 11am.



Imdex Code
IMD

Index Limited is Australia's leading supplier of drilling products and services in the mining, water well, horizontal directional drilling and civil industries. It also services the oil and gas industry. Index is listed on the Australian Stock Exchange.

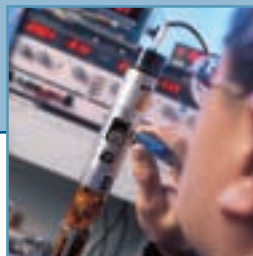


Photo courtesy of Aramco

The Index operating principles recognise the Company's responsibilities to:

- create increasing returns for our shareholders;
- deliver value for our customers;
- care for our people through a safe workplace and the provision of learning opportunities;
- display integrity and honesty in everything we do;
- respect our physical environment; and
- utilise technology to maximise business opportunities.

Year in Review



Financial Highlight:

- Imdex achieved a clear turnaround in operating performance, reporting a Net Profit After Tax of A\$908,000 compared with a loss of A\$520,000 in 2001/02.

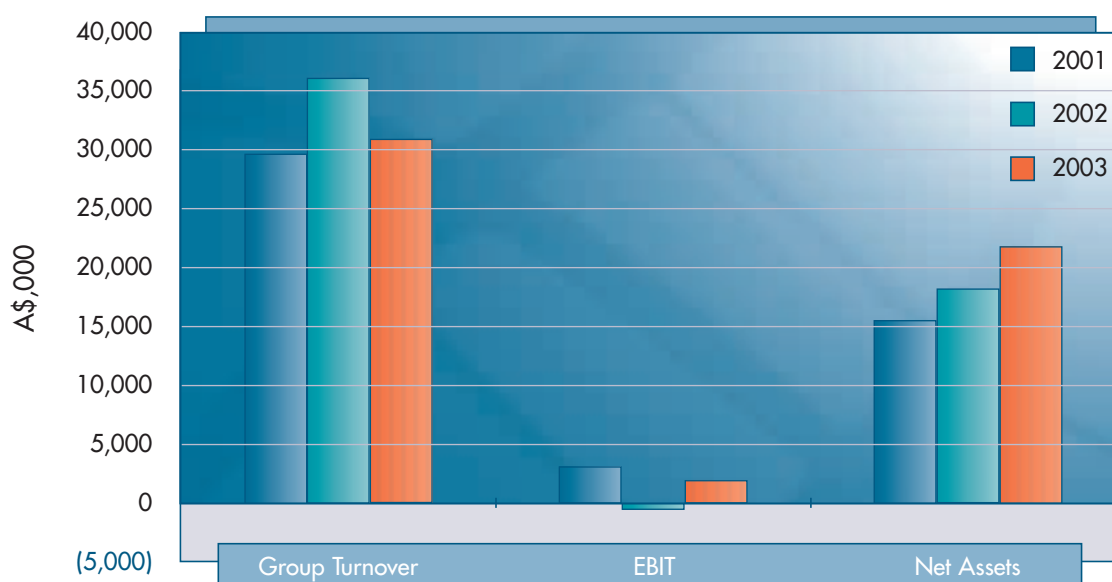
In Australia:

- The Australian Mud Company maintained its position as the leading supplier of drilling fluids and chemicals to the mining and water well industry.
- Imdex Minerals, commissioned its second large ceramic lined ball mill at Jandakot in WA.
- Surtron successfully introduced new wireless steering technology into the emerging coal bed methane gas drainage industry.

In the Middle East Joint Venture:

- Sales increased to US\$13.8m in 2002/03 (2001/02 - US\$8.3m).
- The RTE/Imdex Joint Venture demonstrated a track record for reliability and quality with major end users in Saudi Arabia.
- Business worth approximately US\$30m per annum was confirmed in July 2003.

INDEX LIMITED - THREE YEAR STATISTICS



	2003		2002		2001
	\$'000	% Change	\$'000	% Change	\$'000
Group Turnover:	30,911	(14%)	35,986	+ 22%	29,572
Revenue from sale of goods	26,297	(4%)	27,270	+ 22%	22,393
Revenue from rendering of services	4,326	+ 28%	3,390	(45%)	6,150
Other revenue	288	(95%)	5,326	+ 418%	1,029
Earnings Before Interest and Tax (EBIT)	2,029	+ 802%	(289)	(111%)	2,708
Net Profit/(Loss) after tax	908	+ 275%	(520)	(129%)	1,766
Net Assets	21,800	+ 18%	18,446	+ 16%	15,869
Net tangible asset backing per share	17.65 ¢	+ 6%	16.58 ¢	+ 2%	16.33 ¢
Earnings per share	0.76 ¢	+ 252%	(0.50) ¢	(127%)	1.84 ¢
Shares on Issue	120,055,368	+ 11%	107,881,455	+ 12%	95,997,231

Chairman's Report

The Company made satisfactory progress towards achieving its operating and financial goals during the year. There is still some way to go before our performance reaches the standards which our Shareholders can rightly expect. However, members of the Board and Management team are all focused in a highly disciplined fashion on an improvement in returns.

The benefits of this focus were evident in the improved financial performance in the past year. There was a turn around in profitability. Net Profit After Tax rose to A\$908,000 after a loss of A\$520,000 in the previous year. This was achieved with a 21% increase in underlying operating revenue.

The Managing Director's Report and Review of Operations which follows, shows full details of our trading performance and financial position as well as detailing our Health, Safety and Environmental performance.

The highlight of the Financial Statement, is the strong performance by the Australian businesses, particularly that of the Australian Mud Company which registered an outstanding effort.

The Company commissioned an additional ceramic ball mill at Imdex Minerals and has obtained significant additional business as a consequence.



Surtron Technologies registered a small profit and has positioned itself well to benefit from the growing Methane Gas Drainage industry from coal drilling activities in the Eastern States.

Delays in developing the Saudi Arabian Joint Venture have led to much frustration, primarily from interminable delays in contract tendering and award processes. Likewise, the Iraqi conflict did not help.

With the winning of a number of tenders announced in July, the RTE/Imdex Saudi Arabian Joint Venture's trading position shows significant improvement. This has encouraged the Company to persevere with the venture with the expectation of an improved revenue and profit position in the 2004 year.

With the expected continuing improvement in the results from the Australian operations and revenues and margins from the RTE/Imdex Saudi Arabian Joint Venture, we can expect a further improvement in the financial outcome in the current year.

A handwritten signature in dark ink, appearing to read 'I F Burstson'.

I F Burstson

Managing Director's Report

The improved performance reported by the Company reflects the substantial progress being made toward achieving the medium term goals which have been set out for management by the Board:

- continuing operational and earnings improvement within Australia;
- progressive realisation of the potential of our Saudi Arabian Joint Venture;
- overall improvement in Group financial performance to make Imdex a competitive investment in the Australian market; and
- translation of the improved performance into dividend income for Shareholders.

These are the four guideposts to which the Company's energies have been directed and which will continue to guide us in the year ahead.

The Australian Mud Company (AMC) traded strongly during the year with a 22% increase in operational revenue and a 110% rise in EBIT compared with the prior year. The revenue growth flowed largely from offshore initiatives in the Philippines, Indonesia and Eastern Europe.

AMC remains intent on maintaining and developing its markets and competitive position. During 2002/03, AMC introduced a number of innovative new products and, in 2003/04, will roll out new environmentally friendly packaging for many of its products.

Imdex Minerals achieved a similar revenue outcome to its 2001/02 result but its EBIT contribution to the Group rose by 400%. The prior year's result was adversely affected by one-off write-downs associated with the mining and processing of Micaceous Iron Oxide (MIO).

With the additional capacity now available at Jandakot, further penetration of the Australian silica flour market

“The 02/03 Financial Year was one of contrasts for Imdex.”

Earnings Before Interest and Tax (EBIT) for the Group was \$2.029 million compared with a loss of \$289,000 for the year ended June 2002. The \$2.921 million EBIT from the domestic business was significantly higher than the year before. The



A\$892,000 loss from activities in the Middle East partially offset the domestic outcome. However, bearing in mind the early stage of the Middle East Joint Venture and the effect of the Iraqi war, the overall result represented creditable progress toward our longer term financial goals.

has been possible and Imdex is examining export opportunities. Imdex Minerals has also taken advantage of its expanded milling capacity by undertaking extra toll milling of zircon sand.

Surtron has been making a substantial investment in the successful introduction of new steering technology and in developing logging and surveying work on the East Coast of Australia. The benefits of this activity are now beginning to show. Surtron recorded a significant turnaround from the loss incurred in the 2002 financial year.

Offshore, sales within the Group's Saudi Arabian Joint Venture, which commenced in June 2001, have been building steadily and totalled US\$13.8 million in 2002/03 (2002 – US\$8.3m). The Company's share of losses for the year ended 30 June 2003 totalled A\$765,000.

Managing Director's Report

Three issues adversely affected the Joint Venture during the year:

- Supply agreements with one major end user had to be extended at prices which prevented an expansion in operating margins and the anticipated re-tendering of the agreements was delayed until the third quarter of 2003. Results were eventually announced in the first quarter of 2003/04.
- The war in Iraq and associated uncertainty reduced demand for drilling fluids and chemicals for several months during the financial year. That temporary market influence has abated.
- The need for the partners to adjust to cultural and operational differences, including ensuring appropriate reporting standards for an Australian listed company, have caused some delays. The Joint Venture has learnt from these experiences and the business is on a surer footing for the next stage of its development.

Despite some of these influences, the Joint Venture continued to supply existing end users and demonstrated a reliable track record for its customers. A clear sign of the progress being made is that, subsequent to balance date, the Joint Venture has secured business likely to generate revenues around US\$30 million per annum. Monthly revenues have also recovered from their relatively depressed levels in the approach to and during the Iraqi war.

Financial Outcomes

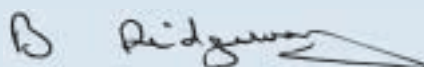
The Group's significantly improved profitability was achieved despite a 14% decline in reported revenue. However, underlying revenue measured on a comparative basis was actually 21% higher.

Total revenue of \$30.911 million was reported for the year to June 2003 compared with reported revenue for the previous corresponding period of \$35.986 million. However, the previous year included proceeds from the

sale of Australian Vermiculite Industries Pty Ltd of \$4.85 million and one-off sales to the drilling fluids & chemicals Joint Venture in Saudi Arabia at a reduced margin which subtracted a further \$5.5 million. Adjusting the previous year's revenue (\$35.986 million) for these two factors implies operating revenue in 2001/02 of \$25.636 million and a highly creditable revenue increase in the current year.

Among other financial performance indicators:

- earnings increased from a loss of 0.50 cents per share to a profit of 0.76 cents per share;
- net assets increased from \$18.446 million at 30 June 2002 to \$21.800 million at 30 June 2003; and
- net asset backing per share increased from 16.58 cents at 30 June 2002 to 17.65 cents at 30 June 2003.



B W Ridgeway

Imdex's Businesses

	 <p>Drilling Fluids & Chemicals</p>	 <p>Drilling Fluids & Chemicals - KSA Joint Venture</p>	 <p>Drilling Products & Services</p>	 <p>Minerals Processing</p>	
	Drilling fluids, chemicals and services to the mining, oil and gas, water well and horizontal directional drilling industries.	Drilling fluids, chemicals and services to the oil and gas and water well industries.	Geophysical logging, downhole surveying, steering, sale and rental of drilling products.	Toll milling, silica flour, custom packaging, agricultural products, sand and gravel packs and Micaceous Iron Oxide (MIO).	
	<p>Year in brief</p> <ul style="list-style-type: none"> • 22% increase in revenue; • exceeded budget EBIT by 34%; • expanded sales into domestic oil and gas industry; • diversified growth into further international mining and water well markets. 	<p>Year in brief</p> <ul style="list-style-type: none"> • 66% increase in revenue; • demonstrated reliable track record; • Imdex Arabia registered as a service company in Saudi Arabia; • solid platform for future growth. 	<p>Year in brief</p> <ul style="list-style-type: none"> • 30% increase in revenue; • returned to profitability; • successful introduction of wireless steering technology; • continued expansion of logging and survey services on Australia's East Coast and internationally; • introduction of new rental product lines; • unprecedented level of activity in geophysical logging. 	<p>Year in brief</p> <ul style="list-style-type: none"> • increase in EBIT of 400%; • commissioning of second large ceramic lined ball mill; • successful entry into silica flour market; • expansion of commodity and client base; • entry into MIO markets in UK and Europe; • regaining of MIO markets in USA. 	
	<p>Future directions</p> <ul style="list-style-type: none"> • continued international expansion; • earnings and margin growth; • introduction of environmentally friendly packaging of products. 	<p>Future directions</p> <ul style="list-style-type: none"> • delivering on contracts worth approx US \$30m p.a.; • introduction of new products; • earnings and margin growth. 	<p>Future directions</p> <ul style="list-style-type: none"> • expansion of wireless steering technology in Coal Bed Methane market; • increase of services in logging; • continued expansion of East Coast logging and survey. 	<p>Future directions</p> <ul style="list-style-type: none"> • earnings and margin growth; • growth in domestic and international silica flour market; • additional toll milling of zircon. 	

Review of Operations



Review of Operations

Imdex Limited has three main areas of operation:

- the provision of drilling fluids, chemicals, tools and equipment;
- drilling services; and
- minerals processing.

Imdex services both domestic and international markets.

Domestic

Australian Mud Company Ltd (AMC) (Imdex 100%)

AMC is the Australian leader in the provision of drilling products and services to the mining, water well, horizontal directional drilling and civil industries and is increasing market share in the onshore oil and gas business. AMC is a supplier to these industries both in Australia and internationally.

During 2002/03, AMC was the Imdex Group's strongest performer. AMC's EBIT rose by 110%.

AMC's strong growth in both earnings and profitability was achieved across Australia and in a number of overseas markets.

Despite a highly competitive market, AMC built on its dominant position in the Australian mining, water well and horizontal directional drilling industries, growing its market share. AMC also improved its performance in Africa and in the domestic onshore oil and gas market.

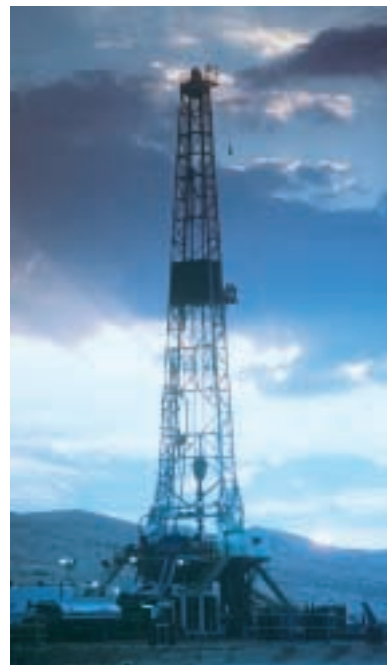
In the coming years, the size of the Australian market and its already extensive penetration by AMC is likely to limit

the Company's domestic growth. Accordingly, in 2002/03, AMC continued its strategic move into niche markets in the domestic oil and gas industry and in international mining and water well markets. AMC will continue to develop these niche markets during 2003/04.

During the year, AMC successfully introduced new products that have improved the Company's competitive position. These and other initiatives should ensure AMC remains a market leader in the provision of drilling products and services in Australia and in many countries overseas.

The requirement for resource companies and their product and service providers, such as AMC, to be environmentally aware and responsible, continues to grow. Accordingly, AMC is introducing environmentally friendly packaging for a range of its products.

Trading during the early part of 2003/04 has provided further confidence that AMC can again deliver strong earnings in the new financial year.



Review of Operations



Imdex Minerals (Imdex: 100%)

Imdex Minerals operates a multi-purpose industrial minerals processing facility at Jandakot, Western Australia. The facility's operations include:

- toll milling;
- custom packaging;
- production and marketing of agricultural products;
- production and marketing of sand/gravel packs; and
- Micaceous Iron Oxide processing and marketing.

During 2002/03, Imdex Minerals increased EBIT by 400% over 2001/02 on a stable revenue base.

Toll milling

Toll milling is Imdex Minerals' core operation. Its customers are sourced principally from Australia's mineral sands producers, for whom the main product milled is zircon sand into zircon flour.

During 2003, Imdex Minerals commissioned an additional large ceramic lined ball mill. That mill has allowed Imdex Minerals to further expand its zircon sand milling and enter the silica flour market with its own proprietary product.

Imdex Minerals has obtained additional commitments for zircon milling and the entry into the domestic silica flour market is a significant step. As a result, Imdex Minerals' profitability should again increase in 2003/04.

Custom packaging

Imdex Minerals custom packages industrial minerals, such as silica fume, cement, rutile, ilmenite, gypsum and quick lime.

The custom packaging operations did not meet budget for 2002/03 as the focus at Imdex Minerals was on toll milling. However, Imdex anticipates those operations will meet or exceed budget in the coming year.

Agricultural products and sand/gravel packs

Imdex Minerals' agricultural products' operations incorporate the screening, packaging and sale of limesand, limestone and gypsum for agricultural uses. In addition, Imdex Minerals produces a range of silica and gravel pack sands for water filtration, water wells, pool filters and industrial adhesives.

These operations continued to provide steady earnings, however, growth in other areas has caused them to become decreasing contributors to profits.

MIO

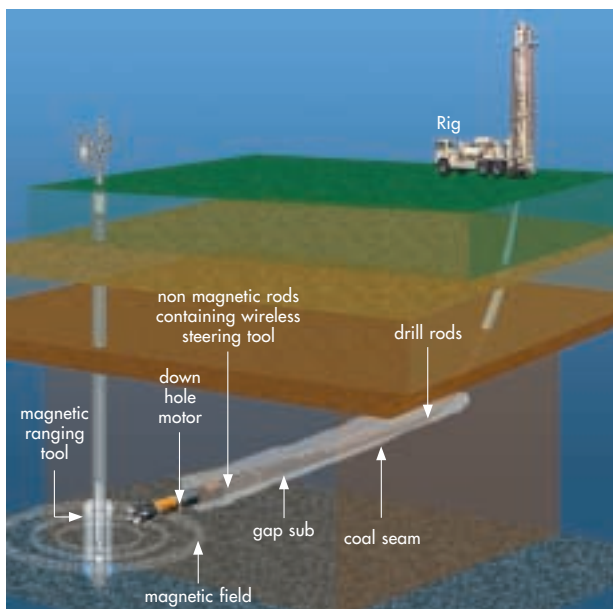
Imdex Minerals' mine (at Mt Gould, Western Australia), processes and markets MIO, an anti-corrosive pigment used in industrial paints.

Imdex Minerals exports MIO to markets in the USA, Japan and parts of Asia as a proprietary product branded "Imdex". Imdex Minerals is entering new markets in the United Kingdom and Europe, with small shipments sent during the year.

Imdex expects a strong performance from Imdex Minerals in 2003/04.

Review of Operations

Surtron Technologies Pty Ltd (Imdex: 100%)



Surtron returned to profitability on sales that were 28% higher than 2001/02.

This growth was lower than expected, reflecting the slow growth in development of the Coal Bed Methane (CBM) gas drainage industry, to which Surtron provides steering services. Surtron increased development costs in respect of its CBM initiative, expensing those costs which impacted negatively on profit for 2002/03. The CBM industry took major steps forward in 2002/03 and Surtron is providing steering services to production projects on Australia's East Coast, where the future of the CBM industry looks sound.

In 2003/04, Surtron expects revenue from logging in the Pilbara to increase, given the expansion of production capacity of all the major iron ore producers, primarily to satisfy markets in China.

Surtron continues to provide down hole survey services to gold and nickel producers in Australia and in some overseas locations.

Ace Drilling Products & Rentals (Imdex: 100%)

Ace Drilling Products is the distributor of a range of diamond drilling products, including Asahi diamond products, Bradley drilling pipe, International Drillquip hammers and a range of miscellaneous consumable items.

Ace Rentals hires, markets and repairs a range of down hole equipment for the drilling industry.

The markets serviced by Ace Drilling Products experienced low margins and intense competition, with profitability leveraged to activity in the exploration industry. However, when combined with the complementary Ace Drilling Rentals, the business continues to meet Imdex's internal profitability targets.

During 2003/04, Imdex expects Ace Drilling Rentals to benefit from increased activity in exploration and directional drilling and its expansion into overseas markets.



International

RTE/Imdex Saudi Arabian Joint Venture

Imdex has a 49% interest in a Joint Venture with Rashid Trading Establishment (RTE) to provide drilling fluids and services to the oil and gas industry in the Kingdom of Saudi Arabia (KSA).

The RTE/Imdex Saudi Arabian Joint Venture's 2002/03 performance did not fulfill original expectations.

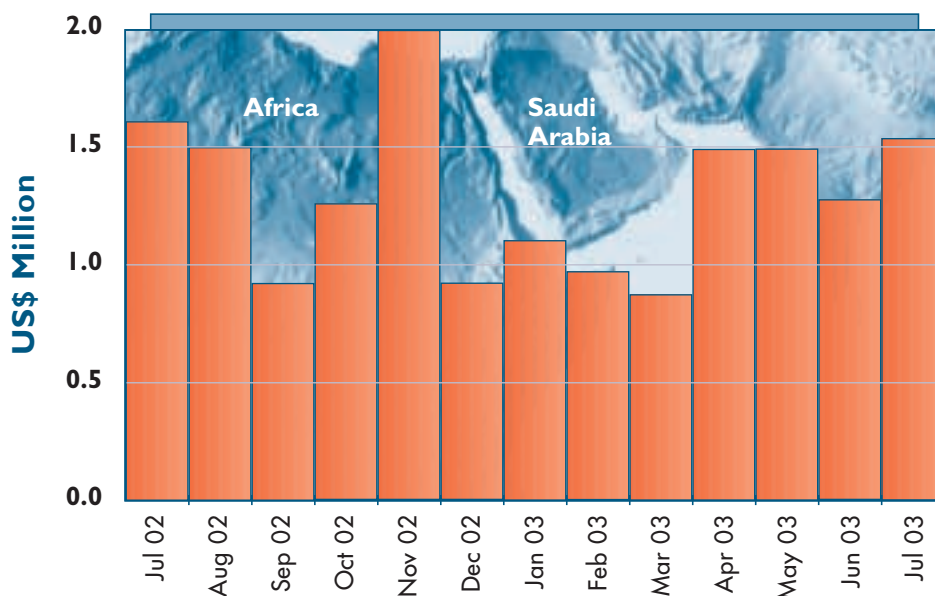
Despite the poor financial performance, RTE, on behalf of the Joint Venture, has demonstrated a reliable track record, supplying materials in accordance with end user specifications.

Our Joint Venture partner has been very active and since the commencement of the new financial year, the Joint Venture has confirmed existing business and won new business in KSA worth approximately US\$30 million per annum. Sales are also being made into the KSA water well market.

The Joint Venture expects monthly revenue to increase for the remainder of the first half and anticipates monthly sales in KSA will exceed US\$2 million early in the second half of 2004, nearly double the revenue in the second half of 2002/03 and generating gross margins of 15% or better.

Imdex expects the Joint Venture to contribute positively to profits in the 2003/04 financial year, and for many years to come.

Saudi Arabian Joint Venture



Review of Operations

Dubai

Imdex International FZC

RTE International

During 2003, Imdex disposed of its interests in two further Joint Ventures based in Dubai, United Arab Emirates, in order to focus attention on the KSA market.

Imdex International, which was a Free Zone company in Sharjah, was liquidated during the year. Imdex also relinquished its 49% interest in the business of RTE International, a supplier of tools and equipment to the oil and gas industry in the Middle East.

Imdex may examine the feasibility of re-entering these markets after the main RTE/Imdex Joint Venture in the Kingdom of Saudi Arabia has been consolidated.



Photo courtesy of Aramco

Health, Safety and Environment

The Imdex Group actively manages its health, safety and environmental risks. Over the last few years, Imdex developed, and has now refined, the Quality System. The Quality System is a group-wide, intranet based, information system used specifically to manage:

- Customer feedback;
- Improvement suggestions;
- Customer complaints;
- Environmental alerts;

- O H & S procedures and reporting;
- Company successes;
- Group policies and procedures;
- Supplier alerts; and
- Audit findings.

It is through the Quality System that Imdex records all issues related to the operations of its businesses. These issues are assigned a 'case-worker' and are reported on monthly at management meetings and to the Board.

During the current year, Imdex's overall safety performance was satisfactory with a relatively consistent safety standard at its Minerals Processing business and no lost time injuries at its Drilling Fluids & Chemicals or Drilling Products & Services businesses. The Minerals Processing business is labour intensive and whilst all lost time injuries were of a minor nature, this remains a priority for the management team.

Imdex is very focused on achieving total compliance with environmental regulations. The improvements in the facilities at its Minerals Processing business continued in 2003 and included the installation of new equipment, further upgrading of existing plant and equipment and the ongoing concreting of unsealed yard areas. These improvements, as well as increasing productivity, have helped to minimise dust emissions from the facility. Significantly, these steps have seen the number of complaints received by Minerals Processing decrease from four in 2002 to one in 2003.





Left to Right: Bernard Ridgeway, Ian Burston, Mike Gasson, Gary Cobbledick, Stephen Lyons

Mr Ian F Burston, AM

Non Executive Chairman Age: 68 years

Mr Burston holds a Diploma in Aeronautical Engineering and a Bachelor of Engineering (Mechanical).

He is a Fellow of the Institution of Engineers, Australia, a Fellow of the Australasian Institute of Mining and Metallurgy and he is a Fellow of the Australian Institute of Company Directors.

Mr Burston was appointed Chairman at the Annual General Meeting held on 22 November 2000.

Mr Burston is the Chairman of Aztec Mining, Immersive Technologies, and the Broome Port Authority. Mr Burston has been the Managing Director of Hamersley Iron, the Chief Executive Officer for Kalgoorlie Consolidated Gold Mines, the Managing Director and Chief Executive Officer of Aurora Gold Ltd and the Managing Director of Portman Limited.

Mr Burston's vast experience at the helm of public companies, both listed and unlisted, makes him well qualified to lead Imdex during this important growth phase of the Company.

Mr H H Al-Merry

Non Executive Director Age: 41 years

Mr Al-Merry was appointed a Non Executive Director in April 2002. He is currently the President of RTE and has been involved in supplying products and services to the oil and gas business in Saudi Arabia and the Middle East for several years. He has many long standing business and government relationships in Saudi Arabia and the Middle East.



Mr Bernard W Ridgeway

B.Bus (Acctg) ACA

Managing Director Age: 49 years

Mr Ridgeway was appointed to the Board on 23 May 2000 and appointed Managing Director effective from 3 July 2000. He is a qualified Chartered Accountant and a Member of the Institute of Chartered Accountants in Australia and a Member of the Australian Institute of Company Directors.

Mr Ridgeway has been involved with a number of public and private companies for the last twenty years as an owner, director or manager. He embraces a hands on management style and has extensive experience and expertise in finance, administration, marketing and business development.

Director Profiles

Mr Gary W Cobbledick
BA, LLB (Natal), LLM (Harvard)
Non Executive Director Age: 36 years

Mr Cobbledick has a Bachelor of Arts and a Bachelor of Laws degree from the University of Natal and a Master of Laws degree from Harvard Law School.

Mr Cobbledick is currently Acting Chief Executive Officer of Primelife Corporation Limited, Australia's leading specialist developer and manager of senior living residential facilities. From 1998 to early 2003, Mr Cobbledick worked at Visy Industries as General Manager within the Visy Recycling business. Between 1992 and 1997, Mr Cobbledick worked as a corporate lawyer at leading New York law firm, Sullivan & Cromwell, where he specialised in international capital markets transactions and U.S. Securities law.

Mr Cobbledick was appointed as a Non Executive Director in January 2003.

Mr Michael L Gasson FCPA
Non Executive Director Age: 56 years

Mr Gasson is a Fellow of the Australian Society of Certified Practising Accountants and a Principal of Chartered Accountants Moiler Gasson Pty Ltd. Before starting in public practice, Mr Gasson was the Group Accountant and subsequently Company Secretary/Financial Controller for a group of public companies involved in the mining/primary production industries. He is currently Managing Director of Australian operations for a Japanese corporation involved in the travel and tourism industries, and a Director of their UK operations.

He joined the Board of Imdex Limited in 1989.

Mr Stephen J Lyons
B.Bus (Acctg) ACA
Company Secretary Age: 34 years

Mr Lyons was appointed Company Secretary on 19 November 2001. He is a qualified Chartered Accountant and a Member of the Institute of Chartered Accountants in Australia. Mr Lyons has an audit, corporate services and banking background.

In addition to his role with Imdex, Mr Lyons is the Company Secretary of the Australian operations of the Swiss based, Société Générale de Surveillance Group.

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Directors' Report

The Directors of Imdex Limited present their report together with the annual financial report of the Company for the financial year ended 30 June 2003.

In order to comply with the provisions of the Corporations Act 2001, the Directors' report as follows:

(a) Directors

The names and particulars of the Directors of the Company during or since the end of the financial year are:

Name	Role	Age	Particulars
Mr I F Burston	Independent, Non Executive Chairman	68	Member of the Audit and Remuneration Committees. Director since November 2000
Mr B W Ridgeway	Managing Director	49	Director since May 2000
Mr M L Gasson	Independent, Non Executive Director	56	Chairman of the Audit and Remuneration Committees. Director since May 1989
Mr H H Al-Merry	Non Executive Director	41	Director since April 2002
Mr G W Cobbledick	Independent, Non Executive Director	36	Director since 6 January 2003. Member of the Audit and Remuneration Committees.

Information on the Director's experience and qualifications is set out under Director Profiles.

(b) Directors' Meetings

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each Director (while they were a Director or committee member). During the financial year, eight Board meetings and two Audit and Compliance Committee meetings were held:

Board of Directors				Audit and Compliance Committee	
		Held	Attended	Held	Attended
I F Burston		8	8	2	2
B W Ridgeway		8	8	–	–
M L Gasson		8	7	2	2
H H Al-Merry		8	2	–	–
G W Cobbledick	(i)	3	3	–	–

(i) Mr G W Cobbledick was appointed a Director on 6 January 2003. Three meetings of the Board have been held since his appointment.

In addition to the Directors' and Audit and Compliance Committee meetings, there are also regular meetings in relation to the RTE/Imdex Saudi Arabian Joint Venture. These are attended by Mr B W Ridgeway, and regularly by Mr I F Burston, on behalf of Imdex Limited and Mr H H Al-Merry on behalf of Rashid Trading Company.

(c) Directors' Interests in Shares and Options

At the date of this report the Directors held the following interests in shares and options of the Company:

	Shares Held Directly	Shares Held Indirectly	Options Held Directly
I F Burston	100,000	–	1,000,000
B W Ridgeway	–	6,000,000	2,000,000
M L Gasson	–	5,165,838	–
H H Al-Merry	10,755,000	–	–
G W Cobbledick	10,000	–	–

At the date of this report, the options issued under the Imdex Limited Employee Share Option Plan are disclosed in Note 29. No additional options were granted during the year and no shares were issued during the year on the exercise of options granted to Directors and employees.

(d) Directors' and Senior Executives' Emoluments

The remuneration policy for Directors is set out in the Corporate Governance Statement. The Company has recently formed a Remuneration Committee to assist the Board in determining executive remuneration policy. Remuneration packages are reviewed with due regard to performance and other relevant factors.

Remuneration packages contain the following key elements:

- (i) Salary/Fees;
- (ii) Benefits – including the provision of motor vehicle, superannuation and health benefits; and
- (iii) Incentive schemes – which for the current year, include performance related bonuses.

Details of Directors' remuneration and the remuneration of the five highest remunerated executives of the Company and the Consolidated Entity are set out below.

Name	Note	Salary/Fees	Benefits	Incentive Schemes	Total
		\$	\$	\$	\$
Executive Director					
B W Ridgeway, Managing Director		147,339	55,685	–	203,024
Non Executive Directors					
I F Burston, Chairman		50,000	4,500	–	54,500
M L Gasson		25,000	2,250	–	27,250
H H Al-Merry	(i)	–	–	–	–
G W Cobbledick		12,500	1,125	–	13,625
Executive Officers (excluding Directors)					
G E Weston, General Manager AMC & Surtron		166,546	25,429	–	191,975
R Hancock, General Manager Imdex Minerals		126,179	37,467	–	163,646

- (i) Mr H H Al-Merry is the President and owner of Rashid Trading Establishment (RTE), which is involved in a Joint Venture with Imdex Limited in the Middle East. Mr Al-Merry is remunerated directly by the RTE/Imdex Joint Venture.

Directors' Report

(e) Principal Activities

The Consolidated Entity's principal continuing activities during the course of the financial year were the manufacturing and sale of a range of drilling products and services and minerals processing.

(f) Consolidated Results

Consolidated		
	2003 \$'000	2002 \$'000
Net profit/(loss) after income tax	908	(520)

(g) Earnings Per Share

Consolidated		
	2003 ¢	2002 ¢
Basic earnings per share	0.76	(0.50)
Diluted earnings per share	0.76	(0.50)

(h) Review of Operations

A review of the operations for the financial year together with future prospects is contained in the Chairman's Report and Managing Director's Review.

(i) Dividends

No dividends were paid or declared by the Company during the year (2002 \$Nil). The Directors do not recommend the payment of a dividend in respect of the financial year ended 30 June 2003.

(j) Changes in State of Affairs

During the financial year there was no significant change in the state of affairs of the Consolidated Entity other than referred to in the Financial Statements or notes thereto.

(k) Subsequent Events

No matter or circumstance has arisen since the end of the financial year that has significantly affected or may significantly affect the operation of the Consolidated Entity, the results of those operations, the financial position or the state of affairs of the Consolidated Entity in future financial years.

(l) Likely Developments and Future Results

Disclosure of information regarding likely developments in the operations of the Consolidated Entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Consolidated Entity. Accordingly, this information has not been disclosed in this report.

(m) Environmental Regulations

The Consolidated Entity's operations are conducted in environments that are subject to significant environmental regulation under both Commonwealth and State Legislation. The Directors of the Consolidated Entity are conscious of these regulations and understand that good environmental management reduces costs and minimises the impact on the environment.

At its Jandakot facility, in Western Australia, Imdex Minerals, a division of Imdex Limited, carries out toll milling of mineral sands in what is a naturally dusty process. The Jandakot area is also a wind prone location. Significant efforts commenced in the prior year to minimise dust emission and the impact of dust on the surrounding area and these continued in the current year.

These efforts are reflected in the significant improvement in the environmental performance of Imdex Minerals. Compared to the prior year where four complaints and one Field Notice were issued by the Department of Environmental Protection (DEP), in the current year only one complaint was received from the DEP.

This complaint related to dust emissions caused by an unforeseen blockage in one of the processing plants. Imdex Minerals' staff reacted quickly to this issue and had already rectified it by the time the DEP alerted them of the complaint. This swift response was acknowledged and commended by the DEP, which consequently recommended no further action be taken over the matter.

The Consolidated Entity is committed to a program designed to achieve total compliance with environmental regulations.

(n) Indemnification of Officers and Auditors

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary, Mr S J Lyons, and all Executive Officers of the Company and of any related body corporate against a liability incurred as such a Director, Secretary or Executive Officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

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

(o) Rounding Off of Amounts

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors' report and the financial report are rounded off to the nearest thousand dollars.

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

On behalf of the Directors



Mr I F Burston
Chairman

PERTH, Western Australia, 19 September 2003

Corporate Governance Statement

This statement outlines the main Corporate Governance practices in place throughout the year.

(a) New ASX Governance Principles and ASX Recommendations

On 31 March 2003, the Australian Stock Exchange Corporate Governance Council released its Principles and Best Practice Recommendations (ASX Recommendations) of Good Corporate Governance.

Listed companies are obliged to report on whether they follow the ASX Recommendations and to detail any departures from the Recommendations.

Imdex will be required to formally report on the ASX Recommendations in its 2004 Annual Report, however as it already broadly complies with the ASX Recommendations we have included in this Statement, details of whether Imdex met the ASX Recommendations and any further work being undertaken.

Imdex is in the process of developing a new Corporate Governance section on its website: www.imdex.com.au that will include more information on Imdex's governance policies and contain the relevant documentation suggested by the ASX Recommendations.

(b) The Board of Directors

The Board is currently implementing a formal Board Charter outlining the functions and responsibilities of the Board. Imdex's Board structure is consistent with the ASX Corporate Governance Recommendations, with the exception that it does not have a separate nomination committee for the reasons detailed below.

(i) Board Structure

The Board consists of a Non Executive Chairman, three Non Executive Directors and one Executive Director. In accordance with the Company's Constitution the minimum number of Directors is three. There is no maximum number, although it would be expected that the optimal number of Directors would be five or six. The names of the Directors of the Company in office at the date of this Statement are set out in the Directors' Report and further details concerning the Directors are set out in the Director's Profiles in the first section of the Annual Report.

(ii) Board Independence

Directors are expected to bring independent judgement to bear in the decision making of the Board. To facilitate this, each Director has the right to seek independent legal advice at the Consolidated Entity's expense with the prior approval of the Chairman, which may not be unreasonably withheld. The Board has conducted a review of each Director's independence and reports as follows:

Director	Assessment	Existence of any matters contained in ASX Recommendation 2.1 affecting Independence
Mr I F Burston, Chairman	Independent	Nil
Mr B W Ridgeway, Managing Director	Not Independent	Managing Director
Mr M L Gasson, Non Executive Director	Independent	Mr Gasson has been a Director of the Company for over 14 years. Despite his length of service however, Mr Gasson and the Board do not believe that this will affect his ability to act in the best interests of the Company. Mr Gasson has retired by rotation and been re-elected by Shareholders during his tenure.
Mr H H Al-Merry, Non Executive Director	Not Independent	Mr Al-Merry is a substantial shareholder of the Company and the principal of Rashid Trading Establishment which is involved as a Joint Venture partner with the Company in the Middle East.
Mr G W Cobbledick, Non Executive Director	Independent	Nil

Corporate Governance Statement

(iii) Board Nomination

The Board does not have a separate nomination committee and, given the Company's size, the Board does not intend to form such a committee. However, the composition of the Board is determined using the following principles:

- The Board should comprise a majority of independent, Non Executive Directors with a broad range of experience, skills and expertise;
- The Chairman of the Board should be an independent, Non Executive Director; and
- The roles of the Chairman and the Managing Director should not be exercised by the same individual.

(iv) Company Code of Conduct

The Board is currently implementing a Code of Conduct (Code) which addresses matters relevant to the Company's legal and other obligations to its stakeholders. The Code, when released, will apply equally to all employees, Directors and officers of the Company.

(v) Share Trading Policy

The Board is developing a Share Trading Policy that restricts Directors and Senior Management to trading in the Company's shares at defined periods following the release of certain ASX announcements and otherwise reminds all staff of their responsibilities in relation to Inside Information.

Each of the Directors has also signed an agreement requiring them to provide immediate notification to the Company of any changes in securities held, or controlled, by the Director. The Company makes an immediate notification to the ASX providing details of any changes in a Director's shareholding.

(vi) Appointment/Retirement of Non Executive Directors

The Company has developed Terms and Conditions which govern the appointment of Non Executive Directors. These are subject to the Company's Constitution and the Corporations Act 2001, and cover: appointment, retirement, Corporate Governance, remuneration, Board meetings, and Board Committees. The Terms and Conditions are in the process of being adopted by all of the Non Executive Directors.

The Board does not impose on Directors an arbitrary time limit on their tenure. Under the Company's Constitution and the ASX Listing Rules however, each Director must retire by rotation within a three year period following their appointment. In such cases, the Director's nomination for re-election should be based on performance and the needs of the Company.

(vii) Role of the Board and Management

The Board is responsible for setting the strategic direction for the Company, establishing goals for management and monitoring the achievement of these goals.

The Managing Director is responsible to the Board for the day to day management of the Company. In turn, the senior management is responsible to the Managing Director and the Board relative to their particular areas of responsibility.

(viii) Board and Director Performance

The Board does not currently have formal processes in place to evaluate the performance of the Board as a whole, individual Directors or the Board's committees. As part of the introduction of the ASX Recommendations, the Company is in the process of determining the most appropriate way of implementing such processes.

The Remuneration Committee will take responsibility, on behalf of the Board, for conducting this review.

The Managing Director is responsible for conducting a performance appraisal of senior executives and these are conducted annually.

(ix) Directors' Remuneration

Details on the remuneration of Directors are set out in the notes to the Financial Report. The Managing Director's remuneration is determined by the Chairman. The Chairman seeks independent advice on the appropriateness of the Managing Director's salary package as required.

Corporate Governance Statement

(c) The Audit and Compliance Committee

The Audit and Compliance Committee consists of three independent Non Executive Directors and operates under a written mandate approved by the Board.

The role of the Committee is to advise on the establishment and maintenance of a framework of internal control, risk management protocols and appropriate ethical standards for the management of the Company. It also gives the Board of Directors assurance regarding the quality and reliability of financial information prepared for use by the Board in determining policies for inclusion in Financial Statements. All members of the Committee must be Non Executive Directors.

The members of the Audit Committee during the year and at the date of this Statement were:

Mr M L Gasson (Chairman);

Mr I F Burston; and

Mr G W Cobbledick.

The experience and qualifications of each committee member is set out in the Directors' Profiles in the first section of the Annual Report.

The external auditors, the Managing Director and the Group Financial Controller are invited to Audit Committee meetings at the discretion of the Committee. The Audit Committee met twice during the year as set out in the Directors' Report.

In future years the Managing Director and the Group Financial Controller will sign a declaration to the Board attesting to the fact that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

(d) External Auditors

The Board reviews the performance, skills, cost and other matters when assessing the appointment of external auditors. This review is generally undertaken at the completion of the preparation of the annual Financial Statements and involves discussions with the auditors and the Consolidated Entity's senior management.

At the Annual General Meeting held on 31 October 2002, Deloitte Touche Tohmatsu replaced KPMG as the external auditors of the Company. Due to the recent appointment, the external audit engagement partner was not rotated during the year.

The external auditors are invited to attend the Annual General Meeting of the Company and to be available to answer questions from Shareholders.

(e) Remuneration Committee

The Company has recently formed a Remuneration Committee to assist the Board in determining executive remuneration policy, determining the remuneration of Executive Directors and reviewing and approving the remuneration of senior management.

The Committee is in the process of developing a written mandate which will be approved by the Board. The Committee consists of three Non Executive Directors, being:

Mr I F Burston (Chairman);

Mr M L Gasson; and

Mr G W Cobbledick.

The experience and qualifications of each committee member is set out in the Directors' Profiles in the first section of the Annual Report. Due to its recent formation, the Remuneration Committee did not meet during the year.

One of the tasks for the Remuneration Committee will be to revisit the executive remuneration packages currently in operation and to ensure that they contain a balance between fixed and incentive based pay.

Corporate Governance Statement

(f) Risk Oversight and Management

The Board has sought to minimise the business' risks by focusing on the Company's core business, making changes as outlined in the Chairman's Report and the Managing Director's Report. The Board is responsible for ensuring that the Company's risk management systems are adequate and operating effectively.

The Company's risk management procedures are broadly consistent with the ASX recommendations, however an extensive company-wide review is currently being undertaken to determine whether additional disclosure is required and the form of periodic risk management disclosure.

Following the completion of this review, and for future financial reporting purposes, the Managing Director and the Group Financial Controller will attest to the Board on the adequacy of the system of risk oversight, management and internal control.

The Company does not have a separate internal audit function and, given the Company's size, the Board does not intend to implement such a function. The Board believes that through the Board itself, the Audit Committee and the external auditors, there is adequate oversight of the Company's risk management and internal controls.

(g) Business Ethics

All Directors, Managers, and Employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the performance of the Consolidated Entity. Every employee has a nominated supervisor, to whom they may refer any matters arising from their employment.

(h) Role of Shareholders

The Board of Directors aims to ensure that Shareholders are informed of all major developments affecting the Consolidated Entity's state of affairs. Information is communicated to Shareholders as follows:

- (i) the Annual Report is distributed to all Shareholders (unless a Shareholder has specifically requested not to receive the Report). The Board ensures that the Annual Report includes relevant information about the operations of the Consolidated Entity during the year, changes in the state of affairs of the Consolidated Entity and details of future developments, in addition to the other disclosures required by the Corporations Act 2001;
- (ii) the Half Yearly report contains summarised financial information and a review of the operations of the Consolidated Entity during the period. Half year audited Financial Statements prepared in accordance with the requirements of Accounting Standards and the Corporations Act 2001 are lodged with the Australian Securities & Investments Commission and the Australian Stock Exchange. The Financial Statements are sent to any Shareholder who requests them;
- (iii) regular reports released through the Australian Stock Exchange and the media;
- (iv) proposed major changes in the Consolidated Entity, which may impact on share ownership rights are submitted to a vote of Shareholders; and
- (v) the Board encourages full participation by Shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Consolidated Entity's strategy and goals. Important issues are presented to the Shareholders as single resolutions. The Shareholders are responsible for voting on the appointment of Directors.

Further information concerning the Company and the full text of the various announcements and reports referred to above are available on the Company's website: www.imdex.com.au. Further information can also be obtained by emailing the Company at: imdex@imdex.com.au

(i) Timely and Balanced Disclosure

The Board has developed a written policy to ensure that it complies with the disclosure requirements of the ASX Listing Rules. This policy, when finalised, will be published in the Corporate Governance section of the Company's website.

Independent Audit Report

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Touche
Tohmatsu**

INDEPENDENT AUDIT REPORT TO THE MEMBERS

OF INDEX LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cashflows, accompanying notes to the financial statements, and the directors' declaration for both Index Limited (the company) and the consolidated entity, for the financial year ended 30 June 2003 as set out on pages 28 to 66. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the Corporations Act 2001 and Accounting Standards and other mandatory professional reporting requirements in Australia so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

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 made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

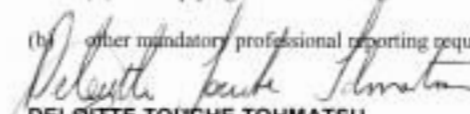
The liability of Deloitte Touche Tohmatsu is limited by, and to the extent of, the Accountants' Scheme under the Professional Standards Act 1994 (NSW).

**Deloitte
Touche
Tohmatsu**

Audit Opinion

In our opinion, the financial report of Index Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2003 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.



DELOITTE TOUCHE TOHMATSU

K F JONES

Partner

Chartered Accountants

Perth, Western Australia, 19 September 2003

Directors' Declaration

The Directors declare that:

- (i) the attached Financial Statements and notes thereto comply with Accounting Standards;
- (ii) the attached Financial Statements and notes thereto give a true and fair view of the financial position and performance of the Company and the Consolidated Entity;
- (iii) in the Directors' opinion, the attached Financial Statements and notes thereto are in accordance with the Corporations Act 2001; and
- (iv) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to S.295(5) of the Corporations Act 2001.

On behalf of the Directors



Mr I F Burston
Chairman

PERTH, Western Australia, 19 September 2003

Statements of Financial Performance

for the year ended 30 June 2003

	Note	Consolidated		Company	
		2003	2002	2003	2002
		\$'000	\$'000	\$'000	\$'000
Revenue from sale of goods	2	26,297	27,270	11,032	12,398
Revenue from rendering of services	2	4,326	3,390	–	–
Other revenue from ordinary activities	2	288	5,326	941	5,912
Total Revenue		30,911	35,986	11,973	18,310
Share of net (profit)/loss of equity accounted investments	14	894	–	–	–
Raw materials and consumables used		15,487	19,200	5,653	8,943
Other expenses from ordinary activities	2	4,990	10,088	1,826	6,979
Employee expenses		5,677	5,047	2,390	2,015
Depreciation and amortisation expenses	2	1,834	1,940	1,043	956
Borrowing costs	2	551	499	465	416
Profit/(Loss) from ordinary activities before related income tax expense		1,478	(788)	596	(999)
Income tax benefit/(expense) relating to ordinary activities	4	(570)	268	(4)	362
Profit/(Loss) from ordinary activities after related income tax expense		908	(520)	592	(637)
Net Profit/(Loss)		908	(520)	592	(637)
Net profit attributable to outside equity interests		–	–	–	–
Net Profit/(Loss) attributable to members of the Parent Entity	22	908	(520)	592	(637)
Total Changes in Equity Other than those Resulting from Transactions with Owners as Owners		908	(520)	592	(637)
Basic Earnings per Share (cents)					
Ordinary Shares	5	0.76	(0.50)		
Diluted Earnings per Share (cents)					
Ordinary Shares	5	0.76	(0.50)		

The Statements of Financial Performance are to be read in conjunction with the notes to the Financial Statements.

Statements of Financial Position

as at 30 June 2003

	Note	Consolidated		Company	
		2003	2002	2003	2002
		\$'000	\$'000	\$'000	\$'000
Current Assets					
Cash Assets	6	325	145	42	43
Receivables	7	7,617	7,504	2,915	3,397
Inventories	8	6,723	5,223	3,345	2,386
Current Tax Assets	10	–	125	–	–
Other	11	42	14	39	10
Total Current Assets		14,707	13,011	6,341	5,836
Non Current Assets					
Receivables	7	–	–	2,243	2,400
Investments Accounted for using the Equity Method	14	8,811	6,379	–	–
Other Financial Assets	9	–	56	10,029	6,759
Property, Plant and Equipment	12	12,027	11,355	8,164	8,420
Exploration, Evaluation and Development Expenditure	13	686	572	686	572
Deferred Tax Assets	10	605	556	263	255
Total Non Current Assets		22,129	18,918	21,385	18,406
Total Assets		36,836	31,929	27,726	24,242
Current Liabilities					
Payables	15	5,573	5,521	2,031	2,829
Interest Bearing Liabilities	16	3,171	4,016	3,042	3,843
Current Tax Liabilities	10	561	–	236	20
Provisions	17	667	535	213	201
Total Current Liabilities		9,972	10,072	5,522	6,893
Non Current Liabilities					
Interest Bearing Liabilities	16	4,460	2,646	7,439	5,400
Deferred Tax Liabilities	10	489	694	421	651
Provisions	17	115	71	53	45
Total Non Current Liabilities		5,064	3,411	7,913	6,096
Total Liabilities		15,036	13,483	13,435	12,989
Net Assets		21,800	18,446	14,291	11,253
Equity					
Contributed Equity	20	21,058	18,612	21,058	18,612
Reserves	21	8	8	8	8
Retained Profits	22	734	(174)	(6,775)	(7,367)
Total Equity		21,800	18,446	14,291	11,253

The Statements of Financial Position are to be read in conjunction with the notes to the Financial Statements.

Statements of Cash Flows

for the year ended 30 June 2003

	Note	Consolidated		Company	
		2003	2002	2003	2002
		\$'000	\$'000	\$'000	\$'000
Cash flows from Operating Activities					
Receipts from customers		32,218	30,852	11,992	12,393
Payments to suppliers and employees		(29,487)	(30,433)	(11,300)	(13,538)
Interest received		12	9	10	9
Interest and other costs of finance paid		(407)	(391)	(405)	(378)
Income taxes paid		(131)	(282)	(27)	–
Net cash provided by/(used in) Operating Activities	34	2,205	(245)	270	(1,514)
Cash flows from Investing Activities					
Payments for property, plant and equipment		(2,162)	(1,759)	(770)	(1,113)
Proceeds from disposal of property, plant and equipment		223	227	91	119
Proceeds from sale of shares		54	–	54	–
Proceeds from disposal of Controlled Entities		500	4,156	500	4,156
Payments for mine development		(150)	–	(150)	–
Payments for other assets/investments – Saudi Arabia, Dubai		(1,325)	(3,458)	(1,325)	(3,458)
Net cash used in Investing Activities		(2,860)	(834)	(1,600)	(296)
Cash flows from Financing Activities					
Proceeds from issue of equity securities		–	3,103	–	3,103
Payment for share issue costs		–	(210)	–	(210)
Advances from Controlled Entities		–	–	906	747
Repayments hire purchase and lease borrowings		(868)	(1,402)	(386)	(855)
Proceeds from borrowings		3,806	622	2,726	337
Repayment of borrowings		(1,000)	(1,750)	(1,000)	(1,750)
Net cash provided by/(used in) Financing Activities		1,938	363	2,246	1,372
Net Increase/(Decrease) in Cash Held		1,283	(716)	916	(438)
Cash at the beginning of the financial year	34	(2,305)	(1,589)	(2,564)	(2,126)
Cash at the end of the financial year	34	(1,022)	(2,305)	(1,648)	(2,564)

The Statements of Cash Flows are to be read in conjunction with the notes to the Financial Statements.

Notes to the Financial Statements

I Statement of Significant Accounting Policies

(a) Financial Reporting Framework

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

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

(b) Significant Accounting Policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The 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 the previous year. Comparative information has been restated where applicable to ensure consistency.

The significant policies which have been adopted in the preparation of this Financial Report are:

(c) Principles of Consolidation

The consolidated Financial Statements are prepared by combining the financial statements of all the entities that comprise the Consolidated Entity, being the Company (the Parent Entity) and its controlled entities as defined in Accounting Standard AASB 1024 'Consolidated Accounts'. A list of controlled entities appears in Note 23 to the Financial Statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated Financial Statements.

The consolidated Financial Statements include the information and results of each controlled entity from the date on which the company obtains control and until such time as the company ceases to control such entity.

In preparing the consolidated Financial Statements, all intercompany balances and transactions, and unrealised profits arising within the Consolidated Entity are eliminated in full.

(d) Revenue Recognition

Revenue is recognised at the fair value of the consideration received net of the amount of Goods and Services Tax (GST). Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

(i) Sale of goods

Revenues from sale of goods are recognised (net of returns of discounts and allowances) when the control of goods passes to the customer.

(ii) Rendering of services

Revenue from rendering services is recognised in the period when the service is provided, having regard to the stage of completion of the contract.

(iii) Interest income

Interest income is recognised as it accrues.

(iv) Sale of Non Current Assets

The gross proceeds of non current asset sales are included as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

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

Notes to the Financial Statements

(e) Goods and Services Tax

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

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statements of Financial Position. Cash flows from operating activities are included in the Statements of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(f) Taxation

The Consolidated Entity adopts the income statement liability method of tax effect accounting.

Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income.

The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the Statement of Financial Position as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the assets is assured beyond reasonable doubt. Future income tax benefits relating to tax losses are only brought to account when their realisation is virtually certain.

Legislation to allow groups, comprising a parent entity and its Australian resident wholly owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantively enacted on 21 October 2002. This legislation, which includes both mandatory and elective elements, is applicable to the Company. Further details concerning the impact of this legislation on the Company are set out at Note 4.

(g) Acquisition of Assets

(i) Acquisition

All assets acquired, including property, plant and equipment are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

The costs of assets constructed or internally generated by the Consolidated Entity, include the cost of materials and direct labour.

Directly attributable overheads and other incidental costs are also capitalised to the asset.

Expenditure including that on internally generated assets, is only recognised as an asset when the entity controls future economic benefits as a result of the costs incurred, it is probable that those future economic benefits will eventuate, and the costs can be reliably measured. Costs attributable to feasibility and alternative approach assessment are expensed as incurred.

(ii) Subsequent Additional Costs

Costs incurred on property, plant and equipment subsequent to initial acquisition are capitalised when it is probable that future economic benefits, in excess of the originally assessed performance of the asset, will flow to the Consolidated Entity in future years. Where these costs represent separate components, they are accounted for as separate assets and are separately depreciated over their useful lives.

Notes to the Financial Statements

(h) Depreciation and Amortisation

(i) Useful Lives

All assets have limited useful lives and are depreciated using the straight line or diminishing value method over their estimated useful lives, with the exception of carried forward exploration, evaluation and development costs on areas of interest in production which is amortised on a units of production basis over the life of the economically recoverable reserves and finance lease assets which are amortised over the term of the relevant lease, or where it is likely the Consolidated Entity will obtain ownership of the asset, the life of the asset.

Assets are depreciated or amortised from the date of acquisition.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until commercial production commences.

Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only. Depreciation and amortisation are expensed, except to the extent that they are included in the carrying amount of another asset as an allocation of production overheads.

(ii) The depreciation/amortisation rates used for each class of asset are as follows:

	2003	2002
Buildings	2.5%	2.5%
Plant and Equipment	10% – 40%	10% – 40%
Leased Plant and Equipment	13% – 22.5%	13% – 22.5%

(i) Leased assets

Leases of plant and equipment under which the Company or its Controlled Entities assume substantially all of the risks and benefits of ownership, are classified as finance leases. Other leases are classified as operating leases.

(i) Finance Leases

Finance leases are capitalised. A lease asset and liability equal to the present value of the minimum lease payments are recorded at the inception of the lease. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are expensed as incurred. Finance lease assets are amortised on a straight line basis over the estimated useful life of the asset.

(ii) Operating Leases

Payments made under operating leases are recognised as an expense on a basis which reflects the pattern in which economic benefits from the leased assets are consumed.

(j) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost includes direct materials, direct labour, other direct variable costs and allocated production overheads necessary to bring inventories to their present location and condition, based on normal operating capacity of the production facilities.

(i) Manufacturing activities

The cost of manufacturing inventories and work in progress are assigned on a first in, first out basis. Costs arising from exceptional wastage are expensed as incurred.

Notes to the Financial Statements

(ii) Mining activities

The cost of mining inventories is determined using a weighted average basis.

(iii) Net realisable value

Net realisable value is determined on the basis of each inventory line's normal selling pattern. Expenses of marketing, selling and distribution to customers are estimated and are deducted to establish net realisable value.

(k) Exploration, Evaluation and Development Expenditure

Exploration, evaluation and development costs are accumulated in respect of each separate area of interest.

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Development costs related to an area of interest are carried forward to the extent that they are expected to be recouped either through sale or successful exploitation of the area of interest.

When an area of interest is abandoned or the Directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future.

Provisions are made for mine site rehabilitation and restoration on an incremental basis during the course of mine life (which includes the mine closure phase). Provisions, which are determined on an undiscounted basis, include the following costs: reclamation, plant closure, waste site closure and monitoring activities. These costs have been determined on the basis of current costs, current legal requirements and current technology. Changes in estimates are dealt with on a prospective basis.

(l) Recoverable Amounts of Non Current Assets

The carrying amounts of Non Current assets valued on the cost basis, other than exploration and evaluation expenditure carried forward, are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write down is expensed in the reporting period in which it occurs.

Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed in relation to that group of assets.

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

(m) Employee Entitlements

(i) Wages, Salaries and Annual Leave

The provision for employee entitlements to wages, salaries and annual leave represents the amount which the Consolidated Entity has a present obligation to pay resulting from employees' services provided up to the balance date. The provision has been calculated at nominal amounts based on the remuneration rate expected to apply at the time of settlement.

(ii) Long Service Leave

The liability for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employee's services provided up to the balance date.

Liabilities for employee entitlements which are not expected to be settled within twelve months are discounted using the rates attaching to national government securities at balance date, which most closely match the terms of maturity of the related liabilities.

Notes to the Financial Statements

In determining the liability for employee entitlements, consideration has been given to future increases in wages and salary rates, and the Consolidated Entity's experience with staff departures. Related on-costs have also been included in the liability.

(iii) Employee Share and Option Plans

Imdex Limited has granted options to certain employees under an Employee Share Option Plan. Further information is set out in Note 29 to the Financial Statements. Other than the costs incurred in administering the plan, which are expensed when incurred, the plan does not result in any expense being recognised in the financial report of the Consolidated Entity.

(iv) Superannuation Plan

The Company and other Controlled Entities contribute to several defined contribution Superannuation plans.

Contributions are charged as an expense as they are incurred. Further information is set out in Note 28.

(n) Investments

(i) Controlled Entities

Investments in Controlled Entities are carried in the Company's Financial Statements at the lower of cost and recoverable amount.

(ii) Other Companies

Investments in other unlisted companies are carried at the lower of cost and recoverable amount.

(iii) Associates

Associates are those entities, other than partnerships, over which the Consolidated Entity exercises significant influence and which are not intended for sale in the near future.

In the Consolidated Financial Statements, investments in associates are accounted for using equity accounting principles.

Investments in associates are carried at the lower of the equity accounted amount and recoverable amount.

The Consolidated Entity's equity accounted share of the associates' net profit or loss is recognised in the consolidated statement of financial performance from the date significant influence commences until the date significant influence ceases. Other movements in reserves are recognised directly in consolidated reserves.

(o) Joint Ventures

Interests in joint venture entities that are:

- (i) Partnerships are accounted for under the equity method in the company and the consolidated Financial Statements; and
- (ii) Not partnerships are accounted for under the equity method in the consolidated Financial Statements and the cost method in the company Financial Statements.

(p) Accounts Payable

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

Notes to the Financial Statements

(q) Provisions

Provisions are recognised when the Consolidated Entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is probable that recovery will be received and the amount of the receivable can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

(r) Foreign Currency

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at that date.

Exchange differences are recognised in net profit or loss in the period in which they arise except that:

- exchange differences which relate to assets under construction for future productive use are included in the cost of those assets; and
- exchange differences on transactions entered into in order to hedge the purchase or sale of specific goods and services are deferred and included in the measurement of the purchase or sale.

(s) Interest Bearing Liabilities

Bills of exchange are recorded at an amount equal to the net proceeds received, with the premium or discount amortised over the period until maturity. Interest expense is recognised on an effective yield basis.

Debentures, bank loans and other loans are recorded at an amount equal to the net proceeds received. Interest expense is recognised on an accrual basis.

Ancillary costs incurred in connection with the arrangement of borrowings are deferred and amortised over the period of the borrowing.

(t) Receivables

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

Notes to the Financial Statements

2 Profit from Ordinary Activities

	Consolidated		Company	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Profit from ordinary activities before income tax includes the following items of revenue				
Operating Revenue				
Sale of goods	26,297	27,270	11,032	12,398
Rendering of services	4,326	3,390	–	–
	30,623	30,660	11,032	12,398
Non Operating Revenue				
Interest from other parties	12	9	10	9
Gross proceeds from sale of non current assets	223	227	91	119
Gross proceeds from sale of controlled entity	–	4,850	–	4,850
Management fees from Controlled Entities	–	–	840	920
Grants received	53	60	–	–
Other revenue	–	180	–	14
	288	5,326	941	5,912
Total Revenue from Ordinary Activities	30,911	35,986	11,973	18,310

	Consolidated		Company	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Profit from ordinary activities before income tax includes the following items of revenue and expense				
Net foreign exchange loss	73	586	25	459
Prepayment write off	–	326	–	326
Stock adjustment	–	625	–	625
Net (gain)/loss on disposal of non current assets – property, plant and equipment	(92)	(1)	19	(11)
Depreciation of non current assets				
– buildings	94	79	94	79
– plant and equipment	1,246	1,446	763	776
	1,340	1,525	857	855

Notes to the Financial Statements

	Consolidated		Company	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Amortisation of:				
– leased assets	458	412	150	98
– exploration, evaluation and development expenditure	36	3	36	3
	494	415	186	101
Borrowing costs:				
– finance lease liabilities	–	21	–	–
– hire purchase liabilities	144	86	60	38
– other parties	407	392	405	378
	551	499	465	416
Bad debts written off – trade debtors	9	14	6	13
Cost of sales	19,507	22,656	7,114	10,200
Operating lease rental expense	390	432	202	198
Other Expenses from Other Activities				
Commissions	399	308	97	104
Consultancy fees	404	151	192	96
Electricity	318	297	301	285
Repairs and maintenance	428	317	268	231
Freight	186	121	97	110
Communication	285	251	141	112
Travel and accommodation	564	443	51	73
Prepayment write off	–	326	–	326
Stock adjustment	–	625	–	625
Foreign exchange loss	58	586	25	459
Net (gain)/loss on disposal of non-current investment	–	(607)	–	(611)
Sale of controlled entity	–	4,850	–	4,850
Other expenses	2,348	2,420	654	319
	4,990	10,088	1,826	6,979

Notes to the Financial Statements

3 Auditors' Remuneration

	Consolidated		Company	
	2003	2002	2003	2002
	\$	\$	\$	\$
Audit services:				
– Auditors of the Company – KPMG Perth	–	73,500	–	73,500
– Auditors of the Company – Deloitte Touche Tohmatsu	50,425	–	50,425	–
Other services:				
– Auditors of the Company – KPMG Perth	25,420	61,484	25,420	61,484
– Auditors of the Company – Deloitte Touche Tohmatsu Perth	–	–	–	–
	75,845	134,984	75,845	134,984

4 Income Tax

	Consolidated		Company	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
The prima facie income tax expense on pre-tax accounting profit reconciles to the income tax expense in the Financial Statements as follows:				
Profit from ordinary activities before tax	1,478	(788)	596	(999)
Income tax expense/(benefit) calculated at 30%	443	(236)	179	(300)
Permanent Differences				
Tax benefit of losses transferred to a controlled entity	–	–	–	16
Non-deductible share of Joint Venture losses	247	–	–	–
Recoverable amount write off-fixed assets	2	27	4	13
Bad debts	–	(32)	–	–
Prepayment write-off	–	47	–	47
Deductible share raising costs	(13)	(13)	(13)	(13)
Taxable/(Non taxable) income	7	(34)	7	–
Other items	31	(45)	17	(22)
Provision for stock obsolescence and adjustment	–	188	–	188
Recognition of net timing differences not previously brought to account	(194)	(198)	(190)	63
(Over)/under provision of income tax in previous year	47	(53)	–	(354)
Income tax expense/(benefit) relating to ordinary activities	570	(268)	4	(362)

Notes to the Financial Statements

	Consolidated		Company	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Future income tax benefits not brought to account as assets:				
Tax losses – revenue	–	–	–	–
Tax losses – capital	135	–	135	–
Timing differences	–	–	–	–

The taxation benefits of tax losses and timing differences not brought to account will only be obtained if:

- assessable income is derived of a nature and of amount sufficient to enable the benefit from the deductions to be realised;
- conditions for deductibility imposed by the law are complied with; and
- no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

Tax Consolidation System

Legislation to allow groups, comprising a parent entity and its Australian resident wholly owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantively enacted on 21 October 2002. This legislation, which includes both mandatory and elective elements, is applicable to the Company.

At the date of this report the Directors have not assessed the financial effect, if any, the legislation may have on the Company and the Consolidated Entity and, accordingly, the Directors have not made a decision whether or not to elect to be taxed as a single entity. The financial effect of the implementation of the tax consolidation system on the Consolidated Entity has not been recognised in the Financial Statements.

In the event that the tax consolidation system is implemented, the head entity has also agreed to compensate its wholly owned subsidiaries for the carrying amount of their deferred tax balances.

5 Earnings per Share

	Consolidated	
	2003	2002
	Cents Per Share	Cents Per Share
Basic earnings per share	0.76	(0.50)
Diluted earnings per share	0.76	(0.50)

Notes to the Financial Statements

Basic Earnings per share

	Note	Consolidated	
		2003	2002
		\$'000	\$'000
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:			
Earnings	(a)	908	(520)
<hr/>			
		2003	2002
		Number	Number
Weighted average number of ordinary shares		118,752,211	104,466,052
<hr/>			
(a) Earnings used in the calculation of basic earnings per share reconciles to the net result in the statement of financial performance as follows:		2003	2002
		\$'000	\$'000
Net profit/(loss)		908	(520)
Earnings used in the calculation of basic EPS		908	(520)

Diluted Earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share are as follows:

		2003	2002
		\$'000	\$'000
Earnings	(a)	908	(520)
<hr/>			
		2003	2002
		Number	Number
Weighted average number of ordinary shares	(b) (c)	118,752,211	104,556,961
<hr/>			
(a) Earnings used in the calculation of diluted earnings per share reconciles to net profit in the statement of financial performance as follows:		2003	2002
		\$'000	\$'000
Net profit		908	(520)
Earnings used in the calculation of diluted EPS		908	(520)

Options outstanding to Directors and Employees, under their respective option plans, have been classified as potential ordinary shares and considered for the purpose of calculating the diluted earnings per share only.

Notes to the Financial Statements

- (b) Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	2003 Number	2002 Number
Weighted average number of ordinary shares used in the calculation of basic EPS	118,752,211	104,466,052
Shares deemed to be issued for no consideration in respect of employee and Director options	–	90,910
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted EPS	118,752,211	104,556,962

- (c) The following potential ordinary shares are not dilutive and are therefore excluded from the weighted average number of ordinary shares used in the calculation of diluted earnings per share

	2003 Number	2002 Number
Employee and Director options	6,050,000	5,890,000

6 Cash Assets

	Consolidated		Company	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Cash	325	145	42	43

7 Receivables

	Note	Consolidated		Company	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Current					
Receivables		8,151	7,581	3,116	2,958
Allowance for doubtful debts		(592)	(669)	(247)	(136)
		7,559	6,912	2,869	2,822
Other receivables	(i)	58	592	46	575
		7,617	7,504	2,915	3,397
Non current					
Loans to Controlled Entity		–	–	2,243	2,400
		–	–	2,243	2,400

- (i) Included in the 2002 balance is an amount of \$500,000 representing the deferred proceeds of the sale of Australian Vermiculite Industries Pty Ltd – refer Note 23.

Notes to the Financial Statements

8 Inventories

	Consolidated		Company	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Raw materials	1,296	774	1,296	774
Finished goods	5,427	4,449	2,049	1,612
	6,723	5,223	3,345	2,386

9 Other Financial Assets

	Consolidated		Company	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Non current				
Investment in other Entities - RTE/Imdex Saudi Arabian Joint Venture	–	–	9,705	6,379
Investments in Controlled Entities – at recoverable amount	–	–	324	324
Investment in listed securities – at recoverable amount	–	56	–	56
	–	56	10,029	6,759

10 Tax Assets/Liabilities

	Consolidated		Company	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Current tax assets				
Tax refund receivable	–	125	–	–
Non current tax assets				
Future income tax benefit arising from timing differences	605	556	263	255
Current tax liabilities				
Tax payable	561	–	236	20
Non current				
Deferred tax liability	489	694	421	651

Notes to the Financial Statements

11 Other Assets

	Consolidated		Company	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Prepayments	42	14	39	10

12 Property, Plant and Equipment

	Consolidated					
	Freehold Land at cost (i)	Freehold Buildings at cost (i)	Plant and Equipment at cost	Equipment under finance lease at cost	Capital works in progress at cost	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross Carrying Value						
Balance at 30 June 2002	875	2,906	10,799	2,512	411	17,503
Additions	–	14	950	1,639	3	2,606
Disposals	–	–	(348)	(58)	–	(406)
Transfer	–	–	(13)	13	–	–
Balance at 30 June 2003	875	2,920	11,388	4,106	414	19,703
Accumulated Depreciation/Amortisation						
Balance at 30 June 2002	–	548	4,917	683	–	6,148
Disposals	–	–	(259)	(11)	–	(270)
Depreciation expense	–	94	1,246	458	–	1,798
Balance at 30 June 2003	–	642	5,904	1,130	–	7,676
Net book value						
As at 30 June 2002	875	2,358	5,882	1,829	411	11,355
As at 30 June 2003	875	2,278	5,484	2,976	414	12,027

Notes to the Financial Statements

	Company					TOTAL
	Freehold Land at cost (i)	Freehold Buildings at cost (i)	Plant and Equipment at cost	Equipment under finance lease at cost	Capital works in progress at cost	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross Carrying Value						
Balance at 30 June 2002	875	2,906	7,170	1,074	411	12,436
Additions	–	14	235	570	3	822
Disposals	–	–	(53)	(58)	–	(111)
Balance at 30 June 2003	875	2,920	7,352	1,586	414	13,147
Accumulated Depreciation/Amortisation						
Balance at 30 June 2002	–	548	3,228	240	–	4,016
Disposals	–	–	(29)	(11)	–	(40)
Depreciation expense	–	94	763	150	–	1,007
Balance at 30 June 2003	–	642	3,962	379	–	4,983
Net book value						
As at 30 June 2002	875	2,358	3,942	834	411	8,420
As at 30 June 2003	875	2,278	3,390	1,207	414	8,164

- (i) Land and buildings located at 7–15 Spencer Street, Jandakot, Western Australia and 1 Tichbourne Street, Jandakot, Western Australia, were independently valued in September 2002 by N F Freshwater AAPI (Certified Practising Valuer), of Jones Lang LaSalle, on the basis of existing use at \$3,450,000. At 30 June 2003 the carrying value of the land and buildings was \$3,153,000.

	Consolidated		Company	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Aggregate depreciation/amortisation allocated, whether recognised as an expense or capitalised as part of the carrying amount of other assets during the year:				
Freehold Buildings	94	79	94	79
Plant and Equipment	1,246	1,446	763	776
Equipment under finance lease	458	412	150	98
	1,798	1,937	1,007	953

Notes to the Financial Statements

13 Exploration, Evaluation and Development Expenditure

	Consolidated		Company	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Costs carried forward in respect of areas of interest in production phase:				
– At cost	894	744	894	744
– Accumulated amortisation	(208)	(172)	(208)	(172)
	686	572	686	572
Cost				
Balance at the beginning of the financial year	744	744	744	744
Expenditure incurred	150	–	150	–
Balance at the end of the financial year	894	744	894	744
Accumulated Amortisation				
Balance at the beginning of the financial year	172	169	172	169
Amortisation charge	36	3	36	3
Balance at the end of the financial year	208	172	208	172

No Government subsidies or grants were received in respect of these areas of interest.

14 Investments accounted for using the Equity method

(a) Details of Joint Venture entities

Name	Note	Principal Activities	Balance Date	Percentage interest held		Investment Carrying Amount	
				2003 %	2002 %	2003 \$'000	2002 \$'000
Imdex International FZC (Dubai)	(i)	Oil & Gas	31 Dec	–	49%	–	–
RTE International (Dubai)	(i)	Oil & Gas	31 Dec	–	49%	–	–
RTE/Imdex Saudi Arabian Joint Venture	(ii)	Oil & Gas	31 Dec	49%	49%	8,811	6,379

(i) During the 2003 financial year, Imdex relinquished its interest in RTE International and Imdex International, a free zone company, based in Sharjah, was wound up. The reason for this action was to focus on the RTE/Imdex Saudi Arabian Joint Venture. Imdex may examine re-entering markets based out of Dubai once the financial and operating performance of the Saudi Arabian Joint Venture has been consolidated;

(ii) This represents the RTE/Imdex Saudi Arabian Joint Venture in the Kingdom of Saudi Arabia (KSA). The investment provides drilling fluids and chemicals to the oil and gas business in KSA. Imdex holds a 49% equity interest in the Venture, with Rashid Trading Establishment (RTE) holding the remaining 51%. RTE is a Saudi based entity in which Mr H H Al-Merry, a Director of Imdex, is the President and Owner. On 7 June 2001, Imdex and RTE entered into a formal Shareholders' Agreement which set out the nature and terms of the Joint Venture and also provided for the formation and registration of Imdex Arabia Company Ltd. In compliance with the laws in the KSA, the Shareholders' Agreement also provides for RTE to act as agent for the Joint Venture.

Notes to the Financial Statements

(b) Movements in Investments in Joint Venture entities

The following is a summary of the movement in the carrying value of the RTE/Imdex Saudi Arabian Joint Venture.

	Note	Consolidated	
		2003 \$'000	2002 \$'000
Equity accounted amount of investment at the beginning of the financial year		6,379	–
Initial acquisition of interests in associate		–	6,379
Issue of shares to Mr H H Al-Merry on the issuance of the formal Certificate of Registration for Imdex Arabia Company Ltd	20	2,000	–
Formation capital for Imdex Arabia Company Ltd and additional establishment costs		1,326	–
Share of losses	(e)	(894)	–
Equity accounted amount of investment at the end of the financial year		8,811	6,379

(c) Share of Assets and Liabilities in Joint Venture entities

The following is a summary of the financial position of the Joint Venture entities at year end.

	Consolidated	
	2003 \$'000	2002 \$'000
Current assets		
Receivables	1,210	1,783
Inventories	1,651	3,085
Other	49	115
Non current assets		
Property, plant and equipment	68	887
Other	662	662
Current liabilities		
Payables	(3,746)	(5,973)
Interest bearing liabilities	–	(559)
Non current liabilities		
Other	(4)	–
Net assets	(110)	–

(d) Share of Reserves attributable to Joint Venture entities

Retained profit/(loss)

At the beginning of the financial year	–	–
At the end of the financial year	(894)	–

Notes to the Financial Statements

(e) Share of Net Result of Joint Venture Entities

The following is a summary of the aggregate share of results from the RTE/Imdex Saudi Arabian Joint Venture.

	Consolidated	
	2003	2002
	\$'000	\$'000
Revenue from ordinary activities	10,731	–
Expenses from ordinary activities	(11,646)	–
Profit/(Loss) from ordinary activities before income tax	(915)	–
Income tax (expense)/benefit on ordinary activities	21	–
Share of net profit/(loss) of associates after income tax	(894)	–

(f) Contingent Liabilities and Capital Commitments

The Consolidated Entity does not have any contingent liabilities or capital commitments in relation to its interest in the RTE/Imdex Saudi Arabian Joint Venture.

15 Payables

	Consolidated		Company	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Trade payables	4,912	4,438	1,764	2,079
Other payables	661	1,083	267	750
	5,573	5,521	2,031	2,829

16 Interest Bearing Liabilities

	Note	Consolidated		Company	
		2003	2002	2003	2002
		\$'000	\$'000	\$'000	\$'000
Current					
Bank overdraft (i)	34	1,347	2,450	1,690	2,607
Bank loan – secured (i)		1,000	1,000	1,000	1,000
Finance lease liabilities (ii)	28	29	94	15	82
Hire purchase liabilities (ii)	28	795	472	337	154
		3,171	4,016	3,042	3,843

Notes to the Financial Statements

	Note	Consolidated		Company	
		2003	2002	2003	2002
		\$'000	\$'000	\$'000	\$'000
Non current					
Bank loan – secured (i)		2,950	1,750	2,950	1,750
Finance lease liabilities (ii)	28	–	29	–	15
Hire purchase liabilities (ii)	28	1,510	867	400	295
Loans from Controlled Entities		–	–	4,089	3,340
		4,460	2,646	7,439	5,400

Financing Arrangements

The Consolidated Entity has access to the following lines of credit:

(a)	Total facilities available				
	Bank loan	3,950	2,750	3,950	2,750
	Foreign currency dealing limit	100	100	100	100
	Equipment finance facility	500	500	500	500
	Multi option facility (including bank overdraft)	1,800	4,100	1,800	4,100
		6,350	7,450	6,350	7,450
(b)	Facilities utilised at balance date				
	Bank loan	3,950	2,750	3,950	2,750
	Equipment finance facility	372	248	48	43
	Multi option facility (including bank overdraft)	1,407	3,260	1,407	2,851
		5,729	6,258	5,405	5,644
(c)	Facilities not utilised at balance date				
	Bank loan	–	–	–	–
	Foreign currency dealing limit	100	100	100	100
	Equipment finance facility	128	252	452	457
	Multi option facility (including bank overdraft)	393	840	393	1,249
		621	1,192	945	1,806

(i) Bank Overdraft and Bank Loans

The bank overdraft together with the other loan facilities are secured by a registered mortgage over the Company's freehold land and a registered debenture over all of the Consolidated Entity's assets. The loan is subject to a cross guarantee and indemnity between the Challenge Bank and Imdex limited, Australian Mud Company Limited and Surtron Technologies Pty Ltd. The bank overdraft is repayable on demand and is subject to regular review.

The weighted average interest rate for the overdraft and bank loans is set out in Note 24.

(ii) The finance and hire purchase liabilities are secured over the assets to which they relate.

Assets Pledged as Security

In accordance with the security arrangements of liabilities, as disclosed above, effectively all non current assets of the Consolidated Entity, except goodwill and deferred tax assets, have been pledged as security.

Notes to the Financial Statements

17 Provisions

	Note	Consolidated		Company	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Current					
Employee entitlements	27	595	529	213	201
Other	(i)	72	6	–	–
		<u>667</u>	<u>535</u>	<u>213</u>	<u>201</u>
Non current					
Employee entitlements	27	115	71	53	45
		<u>115</u>	<u>71</u>	<u>53</u>	<u>45</u>
(i) Movements in Other Provisions					
Balance at the beginning of the financial year		6	–	–	–
Additional provisions recognised		66	6	–	–
Reduction from payments		–	–	–	–
Balance at the end of the financial year		<u>72</u>	<u>6</u>	<u>–</u>	<u>–</u>

18 Employee Entitlements

The aggregate employee benefit liability recognised and included in the Financial Statements is as follows:

Provision for employee entitlements

Current	595	529	213	201
Non Current	115	71	53	45
	<u>710</u>	<u>600</u>	<u>266</u>	<u>246</u>

Notes to the Financial Statements

19 Amounts Payable/Receivable in Foreign Currencies

	Consolidated		Company	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
United States Dollars				
Amounts payable – current	1,072	959	30	663
Amounts receivable – current	1,755	2,405	254	963
Chilean Pesos				
Amounts payable – current	–	1	–	–
Amounts receivable – current	91	126	–	–
Euro Dollars				
Amounts payable – current	18	–	18	–
Papua New Guinea Kina				
Amounts payable – current	4	1	–	–
Canadian Dollars				
Amounts payable – current	3	–	3	–
Hong Kong Dollars				
Amounts payable – current	6	–	–	–

20 Contributed Equity

	Consolidated		Company	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Issued and paid up capital				
Fully paid ordinary shares	21,058	18,612	21,058	18,612

Fully paid ordinary shares carry one vote per share and the right to dividends.

Notes to the Financial Statements

		2003		2002	
	Note	Number of shares	\$'000	Number of shares	\$'000
Ordinary shares					
Balance at beginning of financial year		107,881,455	18,612	95,997,231	15,515
Share placement to clients of Bell Potter		–	–	10,884,224	3,102
Consideration for cancellation of the Carmody Management Agreement		–	–	1,000,000	205
Transaction costs arising from the issue of shares		–	–	–	(210)
Issue of shares - 6 September 2002		2,173,913	446	–	–
Issue of shares to Mr H H Al-Merry	(i)	10,000,000	2,000	–	–
Balance at the end of financial year		120,055,368	21,058	107,881,455	18,612

- (i) On 29 July 2002, the formal Certificate of Registration for Imdex Arabia was issued. In accordance with the Shareholders' Agreement dated 7 June 2001 between Imdex Limited and Rashid Trading Establishment (RTE), the 51% Joint Venture party, Imdex issued 10,000,000 shares to Mr Al-Merry, the Principal of RTE.

21 Reserves

	Consolidated		Company	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Asset revaluation	8	8	8	8

22 Retained Profits/(Accumulated Losses)

	Consolidated		Company	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Retained profits/(accumulated losses) at the beginning of the year	(174)	346	(7,367)	(6,730)
Net profit/(loss) attributable to members of the parent entity	908	(520)	592	(637)
Retained profits/(accumulated losses) at the end of the year	734	(174)	(6,775)	(7,367)

Notes to the Financial Statements

23 Controlled Entities

(a) Particulars in relation to Controlled Entities

Name	Note	Country of incorporation	Percentage interest held	
			2003 %	2002 %
Imdex Limited	(i)	Australia		
Controlled Entities of the Parent Company				
Australian Mud Company Limited		Australia	100	100
Surtron Technologies Pty Ltd		Australia	100	100
Australian Mud Company Chile SA	(ii)	Chile	100	100

(i) Ultimate parent Company.

(ii) Under Chilean law an audit of this Company is not required.

(b) Disposal of Controlled Entities

On 28 February 2002 the Consolidated Entity sold its 100% interest in Australian Vermiculite Industries Pty Ltd. The trading results have been included with those of the Consolidated Entity in the prior financial year.

	Note	Consolidated	
		2003 \$'000	2002 \$'000
Consideration			
Received in cash		–	4,350
Deferred receivable	7	–	500
		–	4,850
Less: repayment of inter-company loan		–	(1,159)
Less: disposal costs		–	(1,089)
Net proceeds from sale		–	2,602
Net assets of entity disposed of:			
Cash Assets		–	16
Receivables		–	497
Inventories		–	756
Property, plant and equipment		–	276
Reserves		–	1,977
Current tax benefit		–	61
Payables		–	(349)
Borrowings		–	(1,231)
Other provisions		–	(8)
Net assets disposed		–	1,995
Profit on disposal		–	607
Interest held after disposal		–	–
Net cash inflow on disposal			
Cash consideration received		–	4,350
Cash disposal costs		–	(178)
Less cash balances disposed		–	(16)
		–	4,156

Notes to the Financial Statements

24 Additional Financial Instruments Disclosure

(a) Interest rate risk

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

			Fixed Interest Maturing in:						
	Note	Weighted average interest rate	Floating interest rate	Less than 1 year	1 to 5 years	More than 5 years	Non-interest bearing	Total	
		%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
2003									
Financial Assets									
Cash	6	—	—	—	—	—	325	325	
Receivables	7	—	—	—	—	—	7,617	7,617	
Other financial assets	9	—	—	—	—	—	—	—	
			—	—	—	—	7,942	7,942	
Financial Liabilities									
Payables	15	—	—	—	—	—	5,573	5,573	
Bank overdraft and Loans	16	7.05%	3,797	—	1,500	—	—	5,297	
Hire purchase/ lease liabilities	16	7.52%	—	824	1,510	—	—	2,334	
Employee entitlements	17 (i)	5.97%	—	—	—	—	710	710	
			3,797	824	3,010	—	6,283	13,914	
2002									
Financial Assets									
Cash	6	—	—	—	—	—	145	145	
Receivables	7	—	—	—	—	—	7,504	7,504	
Other financial assets	9	—	—	—	—	—	56	56	
			—	—	—	—	7,705	7,705	
Financial Liabilities									
Payables	15	—	—	—	—	—	5,521	5,521	
Bank overdraft and loans	16	7.48%	3,200	—	2,000	—	—	5,200	
Hire purchase/ Lease liabilities	16	7.47%	—	566	896	—	—	1,462	
Employee entitlements	17 (i)	5.97%	—	—	—	—	600	600	
			3,200	566	2,896	—	6,121	12,783	

- (i) Employee entitlements to be settled in cash fall under the definition of financial liabilities. The weighted average interest rate is the discount rate used to calculate long service leave liability.

Notes to the Financial Statements

(b) Net fair values of financial assets and liabilities

The carrying amount of financial assets and financial liabilities recorded in the Financial Statements approximates their net fair values.

(c) Credit Risk

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

The Consolidated Entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

25 Directors' Remuneration

The aggregate of income paid or payable, or otherwise made available, in respect of the financial year, to all Directors of the Company and each entity in the Consolidated Entity, directly or indirectly, by the entities in which they are Directors or by any related party.

Consolidated		Company	
2003	2002	2003	2002
\$	\$	\$	\$
298,399	446,222	298,399	348,758

The number of Directors of the Company whose aggregate income paid or payable, or otherwise made available, falls within each successive \$10,000 band of income:

		Company	
		2003	2002
\$0	– \$9,999	1	1
\$10,000	– \$19,999	1	1
\$20,000	– \$29,999	1	1
\$50,000	– \$59,999	1	1
\$60,000	– \$69,999	–	1
\$90,000	– \$99,999	–	1
\$180,000	– \$189,999	–	1
\$200,000	– \$209,999	1	–

Notes to the Financial Statements

26 Executives' Remuneration

Total income paid, or payable, or otherwise made available, to Executive Officers of the Company and Controlled Entities (including Directors) whose income is \$100,000 or more.

Consolidated		Company	
2003	2002	2003	2002
\$	\$	\$	\$
558,645	492,237	366,670	325,222

The number of Australian based Executive Officers of the Company and of Consolidated Entities (including Directors), whose remuneration from the Company or related parties, and from entities in the Consolidated Entity, falls within the following bands:

	Consolidated		Company	
	2003	2002	2003	2002
\$130,000 – \$139,999	–	1	–	1
\$160,000 – \$169,999	1	1	1	–
\$180,000 – \$189,999	–	1	–	1
\$190,000 – \$199,999	1	–	–	–
\$200,000 – \$209,999	1	–	1	–

Executive Officers are those officers involved in the strategic direction, general management or control of the business at a company or operating divisional level.

Notes to the Financial Statements

27 Employee Entitlements

	Note	Consolidated		Company	
		2003	2002	2003	2002
		\$'000	\$'000	\$'000	\$'000
The present values of employee entitlements not expected to be settled within twelve months of balance date have been calculated using the following weighted averages.	17	710	600	266	246
Assumed rate of increase in wage and salary rates		3%	3%	3%	3%
Discount rate		5.97%	5.97%	5.97%	5.97%
Settlement term (years)		15	15	15	15
Number of employees at year end		101	93	43	41

28 Commitments

	Note	Consolidated		Company	
		2003	2002	2003	2002
		\$'000	\$'000	\$'000	\$'000
Operating Lease Expense Commitments	(i)				
Future operating lease commitments contracted for at balance date, but not provided for in the Financial Statements are as follows. Due:					
Within one year		291	386	165	217
Between one and five years		436	390	297	129
Later than five years		—	—	—	—
		<u>727</u>	<u>776</u>	<u>462</u>	<u>346</u>
Hire Purchase Commitments	(ii)				
Hire purchase commitments are payable as follows. Due:					
Within one year		936	548	376	181
Between one and five years		1,661	944	426	321
Later than five years		—	—	—	—
		<u>2,597</u>	<u>1,492</u>	<u>802</u>	<u>502</u>
Less: future finance charges		<u>(292)</u>	<u>(153)</u>	<u>(65)</u>	<u>(53)</u>
		<u>2,305</u>	<u>1,339</u>	<u>737</u>	<u>449</u>
Hire purchase liabilities provided for in the Financial Statements					
Current	16	795	472	337	154
Non current	16	1,510	867	400	295
		<u>2,305</u>	<u>1,339</u>	<u>737</u>	<u>449</u>

Notes to the Financial Statements

	Note	Consolidated		Company	
		2003	2002	2003	2002
		\$'000	\$'000	\$'000	\$'000
Finance Lease Payment Commitments	(ii)				
Finance lease commitments are payable as follows. Due:					
Within one year		29	97	15	85
Between one and five years		–	31	–	16
Later than five years		–	–	–	–
		29	128	15	101
Less: Future lease finance charges		–	(5)	–	(4)
		29	123	15	97
Finance lease liabilities provided for in the Financial Statements					
Current	16	29	94	15	82
Non current	16	–	29	–	15
		29	123	15	97

- (i) Operating leases relate to premises used by the Consolidated Entity in its operations, generally with terms between 2 and 5 years. Some of the operating leases contain options to extend for further periods and an adjustment to bring the lease payments into line with market rates prevailing at that time. The leases do not contain an option to purchase the leased property;
- (ii) Finance and hire purchase leases relate to plant and equipment used by the Consolidated Entity in its operations with lease terms generally between 3 and 5 years. The Consolidated Entity has options to purchase the equipment for a nominal amount at the end of the lease term.

Superannuation Commitments

The Company and its Controlled Entities contribute to various defined benefit employee superannuation funds in accordance with the requirements of the Superannuation Guarantee Administration Act 1992. The contributions are based on a percentage of employee gross salaries. All employees are entitled to benefit on retirement, disability or death. The Company and its Controlled Entities are under no legal obligation to make up any shortfall in the funds assets to meet payments due to employees.

Notes to the Financial Statements

29 Share Option Plans

The Consolidated Entity has in place a Staff Option Scheme (Scheme) to reward employees for their past services as well as provide an incentive for future efforts. The Terms and Conditions of the Scheme are set out in the Scheme Rules with the Board of Directors responsible for the administration of the Scheme. The options carry no rights to dividends and no voting rights. The options expire on their expiry date and may be exercised at any time prior to the expiry date. Generally the options will also be taken to have expired when the option holder ceases to be employed by the Consolidated Entity. The options existing at year end are set out below.

The options issued to the Directors have been approved by members in general meeting. The options carry no rights to dividends and no voting rights. The options expire on their expiry date or three calendar months of ceasing to be a Director.

	Issue Date	Expiry Date	Exercise Price \$	Opening balance year	Issued current year	Lapsed current (i)	Closing balance
Employee Options							
Employee Options – Tranch 1	31 Jan 01	31 Jan 04	0.25	1,810,000	–	110,000	1,700,000
Employee Options – Tranch 2	31 Jan 01	31 Jan 04	0.45	1,000,000	–	–	1,000,000
Employee Options – Tranch 3	10 Jan 02	31 Jan 04	0.25	80,000	–	30,000	50,000
Employee Options – Tranch 4	28 Feb 03	31 Jan 04	0.25	–	300,000	–	300,000
				2,890,000	300,000	140,000	3,050,000
Directors' Options							
Directors' Options – Tranch 1	25 Oct 01	24 Oct 04	0.20	1,000,000	–	–	1,000,000
Directors' Options – Tranch 2	25 Oct 01	24 Oct 04	0.35	1,000,000	–	–	1,000,000
Directors' Options – Tranch 3	25 Oct 01	24 Oct 04	0.45	1,000,000	–	–	1,000,000
				3,000,000	–	–	3,000,000

(i) Options lapsed relate to employees who have left their employ with the Consolidated Entity during the year.

Notes to the Financial Statements

30 Contingent Liabilities

The details and estimated maximum amounts of contingent liabilities that may become payable are set out below.

	Note	Consolidated		Company	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Indemnity to power transmission utility	(i)	16	16	16	16
Rental bond	(i)	20	20	20	20
Department of Mines	(i)	27	27	27	27
Minister of State Development	(i)	12	12	12	12
		<u>75</u>	<u>75</u>	<u>75</u>	<u>75</u>

- (i) Comprise bank guarantees supporting the extension of credit or the performance of the Consolidated Entity in respect of its operations. The Directors are not aware of any circumstance or information which would lead them to believe that these liabilities will crystallise and consequently no provisions are included in the Financial Statements in respect of these matters. No material losses are anticipated in respect of any of the guarantees.

31 Segment Information

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business Segments

The Consolidated Entity comprises the following main business segments, based on the Consolidated Entity's management reporting system:

- (i) Drilling Services: Downhole surveying, geophysical logging and directional drilling;
- (ii) Minerals Processing: Milling and processing of industrial minerals;
- (iii) Drilling Fluids, Chemicals and Equipment: Manufacture and supply of drilling fluids and chemicals to the mining, mineral exploration, oil and gas and water well drilling industries; and
- (iv) Vermiculite Production: mining, processing and sale of vermiculite (sold during the prior year).

Geographical Segments

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets.

The Consolidated Entity's business segments operate geographically as follows:

- (i) Australia: Drilling Services, milling and processing of industrial minerals, manufacture and supply of drilling fluids, chemicals and equipment and vermiculite production/sale;
- (ii) Saudi Arabia: Supply of drilling fluids and chemicals to the oil and gas industry;
- (iii) Chile: Supply of drilling fluids and chemicals to the mining and mineral exploration industries; and
- (iv) South East Asia: Manufacture and supply of drilling fluids and chemicals to the mining and mineral exploration industries.

Notes to the Financial Statements

Primary Reporting Business Segments	Drilling Services		Minerals Processing		Drilling Fluids, Chemicals and Equipment		Vermiculite Production/Sale		Elimination		Consolidated	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Revenue												
External sales	4,326	3,390	6,202	8,842	20,095	16,710	-	1,947	-	-	30,623	30,889
Proceeds from sale of non current assets	125	63	-	-	96	152	-	-	-	-	221	227
Other revenue	-	-	-	-	53	60	-	-	-	-	53	-
Unallocated	-	-	-	-	-	-	-	-	-	-	14	4,870
Total revenue											30,911	35,986
Result												
Segment result	14	(514)	972	(324)	2,113	713	-	(163)	-	-	3,099	(288)
Share of net profit or loss/result of equity accounted investments											(894)	-
Unallocated corporate expenses											(727)	(500)
Profit from ordinary activities before income tax											1,478	(788)
Income tax expense											(570)	268
Profit from ordinary activities after income tax											908	(520)
Depreciation and amortisation	631	705	643	551	461	446	-	122	-	-	1,735	1,824
Other unallocated depreciation and amortisation											99	116
Non cash expenses other than depreciation and amortisation	8	100	19	26	141	577	-	-	-	-	168	703
Individually significant items												
Prepayment write off	-	-	-	326	-	-	-	-	-	-	-	326
Stock adjustment	-	-	-	625	-	-	-	-	-	-	-	625
Unallocated												
Profit on sale of subsidiary											607	
Loss on exchange contract											464	

Notes to the Financial Statements

Primary Reporting Business Segments	Drilling Services		Minerals Processing		Drilling Fluids, Chemicals and Equipment		Vermiculite Production/Sale		Elimination		Consolidated	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets												
Segment assets	4,611	3,111	19,367	18,073	14,971	13,158	-	-	(11,848)	(10,302)	27,101	24,040
Unallocated corporate assets											924	1,510
Carrying value of investments accounted for using the equity method											8,811	6,379
Consolidated Total Assets											36,836	31,929
Segment liabilities	5,067	3,609	5,201	4,802	5,361	5,475	-	-	(11,848)	(7,136)	3,781	6,750
Unallocated liabilities											11,255	6,733
Consolidated Total Liabilities											15,036	13,483
Acquisitions of non current assets- PPE	1,641	680	720	967	227	730	-	27			2,588	2,404
Unallocated corporate acquisitions - PPE											18	-
Acquisitions of non current assets - Investment in KSA	-	-	-	-	3,325	6,265	-	-			3,325	6,265
											5,931	8,669

Secondary Reporting Geographical Segments	Australia		Saudi Arabia		Chile		South East Asia		Other		Consolidated	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External segment revenue by location of customers	24,733	20,452	-	5,340	510	499	4,776	3,065	604	1,533	30,623	30,889
Segment assets by location of assets	26,990	24,486	8,811	6,379	128	373	670	535	237	156	36,836	31,929
Acquisitions of non-current assets	2,595	2,401	3,325	6,265	11	3	-	-	-	-	5,931	8,669

Notes to the Financial Statements

32 Related Party Disclosures

(a) Directors

The names of persons who were Directors of Imdex Limited at any time during the financial year were I F Burston, B W Ridgeway, M L Gasson, H H Al-Merry and G W Cobbledick.

(b) Directors' Remuneration

Information on remuneration of Directors is disclosed in Note 25.

(c) Directors' holdings of Share and Share Options

The interests of Directors of the Consolidated Entity, and their Director-related entities in shares and share options of entities within the Consolidated Entity, at the current date, are set out below:

	Note	2003 Number	2002 Number
Ordinary shares		22,030,838	11,265,838
Options over ordinary shares	29	3,000,000	3,000,000

(d) Directors' Transactions in Shares and Share Options

During the year there were 10,000,000 shares issued to Mr H H Al-Merry in connection with the RTE/Imdex Saudi Arabian Joint Venture, further details of which are set out at Note 20. There were no other share or share options issued to the Directors during the year. No Directors' options were exercised during the year.

(e) Directors' Transactions with the Company or its Controlled Entities

As set out in this Financial Report, Imdex Limited is involved in Joint Ventures with Rashid Trading Establishment (RTE), a Company in which Mr H H Al-Merry is the President and Owner. RTE also acts as the agent of the Joint Ventures in some circumstances.

The aggregate amounts recognised during the year relating to transactions between RTE as agent are as follows:

	Note	Consolidated		Company	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Sales of muds and chemicals to the Joint Venture	(i)	–	5,340	–	5,340

- (i) The Terms and Conditions of the transactions with RTE, as agents, were that a reduced margin was charged by Imdex Limited.

	Consolidated		Company	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Amounts receivable from the Joint Venture at balance date arising from these transactions are as follows:				
Current receivables – trade debtors	–	1,172	–	1,172

Notes to the Financial Statements

(f) Non Director related parties

The classes of Non Director related parties are:

- (i) controlling entity of the Company;
- (ii) wholly owned Controlled Entities;
- (iii) associated companies; and
- (iv) Directors of related parties and their Director related entities.

(g) Transactions

Transactions with Non Director related parties consisted of:

- (i) loans advanced by Imdex Limited to Controlled Entities;
- (ii) loans repaid to Imdex Limited from Controlled Entities;
- (iii) the payment of management fees to Imdex Limited. Refer Note 2; and
- (iv) inter-entity transactions in relation to the sale of consumables and finished goods, on normal terms and conditions.

The amounts receivable from, and payable to, Controlled Entities are set out in Note 16 and Note 7.

(h) Controlling Entity

The ultimate parent entity in the Consolidated Entity is Imdex Limited, a Company incorporated in Western Australia.

(i) Wholly Owned Group

The wholly owned group consists of Imdex Limited and its wholly owned Controlled Entities. Ownership interests in these Controlled Entities are set out in Note 23.

(j) Joint Venture Entities

Details of ownership interests in joint venture entities are set out in Note 14.

33 Subsequent Events

No matter or circumstance has arisen since the end of the financial year that has significantly affected or may significantly affect the operation of the Consolidated Entity, the results of those operations, the financial position or the state of affairs of the Consolidated Entity in future financial years.

34 Notes to the Statement of Cash Flows

(a) Reconciliation of cash

For the purposes of the Statements of Cash Flows, cash includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statements of financial position as follows:

	Note	Consolidated		Company	
		2003	2002	2003	2002
		\$'000	\$'000	\$'000	\$'000
Cash	6	325	145	42	43
Bank overdraft	16	(1,347)	(2,450)	(1,690)	(2,607)
		(1,022)	(2,305)	(1,648)	(2,564)

Notes to the Financial Statements

(b) Reconciliation of profit from ordinary activities after income tax to net cash provided by operating activities

	Consolidated		Company	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Profit from ordinary activities after related income tax	908	(520)	592	(637)
Add/(Less)				
(Profit)/loss on sale of non current assets	(92)	(1)	(19)	(11)
(Profit)/loss on sale of investments	–	(607)	–	(611)
Share of Joint Ventures loss (less dividends)	894	–	–	–
Interest on finance lease	–	21	–	–
Interest on hire purchase liabilities	144	86	60	38
Depreciation and amortisation of non current assets	1,834	1,940	1,043	956
Bad and doubtful debts	9	347	6	66
Recoverable amount write downs	–	42	–	42
Increase/(decrease) in current tax liability	686	(209)	216	(334)
Increase/(decrease) in deferred tax balances	(254)	59	(238)	(68)
Changes in assets and liabilities during the financial year:				
(Increase)/decrease in assets:				
Current receivables	(622)	(2,670)	(24)	(1,912)
Current inventories	(1,500)	663	(959)	603
Other current assets	(24)	262	(29)	623
Non current assets	–	–	–	–
Increase/(decrease) in liabilities:				
Current payables	112	(1,570)	(398)	(299)
Provision for employee entitlements	110	1,912	20	30
Net cash from operating activities	2,205	(245)	270	(1,514)

(c) Non Cash Financing and Investing Activities

The following non cash financing and investing activities occurred during the year.

	Note	Consolidated		Company	
		2003	2002	2003	2002
		\$'000	\$'000	\$'000	\$'000
Share issue to Mr H H Al-Merry	20	2,000	–	2,000	–

Refer to Note 20 for further details concerning the share issue which, as a non cash transaction, is not reflected in the Statements of Cash Flows.

Additional Stock Exchange Information

as at 9 September 2003

(a) Distribution of Shareholders

	Fully Paid Ordinary Shares	Options
1 – 1,000	14	33
1,001 – 5,000	225	–
5,001 – 10,000	236	–
10,001 – 100,000	534	–
100,001 – and over	145	–
	<u>1,154</u>	<u>33</u>
Holding less than a marketable parcel	95	–

(b) Substantial Shareholders

Ordinary Shareholders

	Fully Paid	
	Number	Percentage
Mr H H Al-Merry	10,755,000	8.96%
Wear Services Pty Ltd	6,000,000	5.00%

Additional Stock Exchange Information

as at 9 September 2003

(c) Twenty Largest Holders of Quoted Equity Securities

Ordinary Shareholders

Fully Paid

	Number	Percentage
Hadi Hammad Al-Merry	10,755,000	8.96%
Wear Services Pty Ltd	6,000,000	5.00%
AMP Life Limited	4,566,848	3.80%
Mr Clarke James Roycroft	4,449,500	3.71%
Chartac Pty Ltd	3,390,838	2.82%
Telic Alcatel (Australia)	2,994,827	2.49%
ANZ Nominees Limited	2,400,000	2.00%
Helix Resources Limited	2,173,913	1.81%
Total Meat Exports Pty Ltd	2,000,000	1.67%
Chartac Pty Ltd	1,775,000	1.48%
Hughmore Securities Pty Ltd	1,712,000	1.43%
B A Conway Pty Ltd	1,615,921	1.35%
Chippell Pty Ltd	1,581,000	1.32%
Longo Pty Ltd	1,572,826	1.31%
Brumac Pty Ltd	1,420,000	1.18%
Midlec Agency Pty Ltd	1,326,950	1.11%
Mr Michael Graeme Joyce	1,306,939	1.09%
Bremecca Nominees Pty Ltd	1,208,000	1.01%
Holdex Nominees Pty Ltd (No 369 A/C)	1,145,337	0.95%
Janac Pty Ltd	1,120,000	0.93%
	54,514,899	45.41%

(d) Director's Shareholdings

Name	Number of Shares	Number of Options
Mr B W Ridgeway (directly)	–	2,000,000
Mr B W Ridgeway (indirectly)	6,000,000	–
Mr I F Burston (directly)	100,000	1,000,000
Mr M L Gasson (indirectly)	5,165,838	–
Mr H H Al-Merry (directly)	10,755,000	–
Mr G W Cobbledick (directly)	10,000	–

(e) Interests in Mining Tenements

Imdex holds the following interest in mining tenements at the date of this report.

Project Particulars	Tenement	Imdex's Interest
Mt Gould Micaceous Iron Oxide	M52/0236	Right to occupy, explore, mine and market MIO product

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