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*AUSTAL LIMITED CONCISE ANNUAL REPORT 2000
ACN 009 250 266*



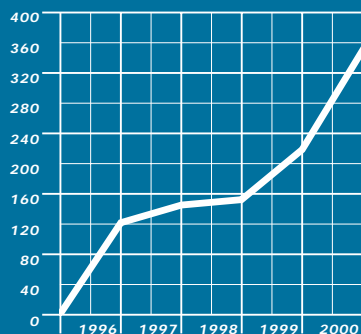
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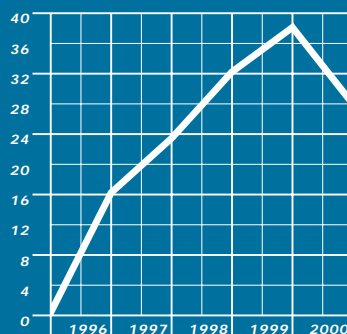


ONCE AGAIN, I AM PLEASED TO REPORT ANOTHER SATISFYING RESULT FOR AUSTAL LIMITED WITH THE GROUP ACHIEVING NET PROFIT AFTER TAX OF \$29.9 MILLION, SURPASSING LAST YEAR'S PERFORMANCE BY 23.6%. AS WILL BE DISCUSSED ELSEWHERE IN THIS REPORT, A NUMBER OF CHALLENGES WERE SUCCESSFULLY MET DURING THE YEAR, BUT WHICH MEANT THAT OUR OPERATING MARGINS WERE LOWER. NONETHELESS, IT HAS BEEN A PROGRESSIVE YEAR AS WE CONTINUED TO LAY THE FOUNDATIONS FOR SUSTAINED GROWTH. AN UNFRANKED DIVIDEND OF 8.0 CENTS PER SHARE WILL BE PAID ON 23 OCTOBER 2000.

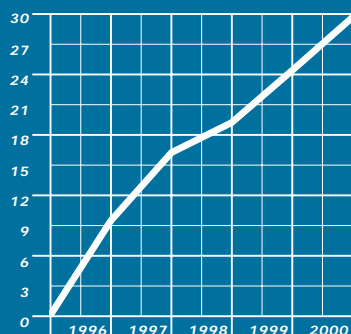
REVENUE



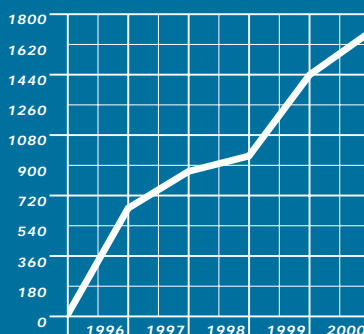
EBIT



NET PROFIT
AFTER TAX



EMPLOYEES



During the year, the Group delivered 18 vessels to the market. In the first half of 2000, we delivered two large vehicle-passenger ferries to Europe and a further two shortly after year-end. One of the ferries delivered, the "Villum Clausen" set a world first. During her delivery voyage to Denmark, the "Villum Clausen" smashed the 24 hour distance record for a commercial passenger vessel. With an average speed of 44.29 knots, the vessel covered a distance of 1063 nautical miles in a 24 hour period, adding another 45 nautical miles to the previous record.

Oceanfast continued to develop, despite the loss of the near completed motor yacht to a fire in February. In addition to a replacement vessel, a further two contracts were secured, including a 65m design for noted Australian sportsman, Greg Norman. The market for large motor yachts is booming and Oceanfast is well positioned to become a major player in this industry sector.

It was outlined in the 1999 Annual Report that the opportunity to establish a US operation would form a major part of the Group's strategic growth. In December 1999, after extensive investigation of the US shipbuilding industry, we were pleased to announce that Bender Shipbuilding & Repair Co Inc, would partner Austal in the USA. Bender is a leading and highly professional domestic shipyard that brings strong knowledge of the US market and will hold a 30% interest in the business.

Construction of the new shipyard in Mobile, Alabama is well underway. Austal USA will now seek to capture a sizeable share of the growing US ferry market from which foreign builders are excluded due to the domestic protection afforded by the Jones Act. The potential for military patrol vessels in the US is also substantial. We continue to compete against European manufacturers who enjoy strong Government support (which can be up to 30% of vessel cost) in the form of subsidies. Our technological, production and marketing advantages continue to allow us to be successful, despite the lower subsidy (3%) given to Australian shipbuilders.

OUTLOOK The Board of Austal is confident about the future prospects for continued growth. The development of Oceanfast and Austal USA will be complemented by an ongoing focus on improvement of existing operations.

On behalf of the Board of Directors, I would like to acknowledge the talents of the employees in the Austal Group and extend our appreciation for their ongoing contribution and commitment.

JOHN ROTHWELL
EXECUTIVE CHAIRMAN

Management Discussion and Analysis



The year has seen a number of new challenges overcome with increased production and the introduction of three new vessel designs. Our reported revenues are significantly higher than last year due to increased production, the sale of the stock vessel and the inclusion of full year revenue for Oceanfast, which was acquired at the end of May 1999.

While revenue increased to \$357.7m, profit margins were lower due to what we regard as a combination of isolated factors including:

- > Substantial expansion of the workforce during the past 18 months to over 1600 in order to meet our increased production requirements. This resulted in training costs being higher than normal
- > Use of sub-contractors to overcome peak loadings
- > Demanding contractual terms on the three Greek vessels
- > Product development expenditure for the three new designs
- > Increased cost of workers compensation insurance
- > Disruption at Oceanfast due to the fire in February
- > Foreign exchange hedging loss

The impact of this was offset to some extent by the research and development tax allowances associated with the new designs. Our improved result from last year is mainly attributable to the absence of taxation expense, which has resulted in the dividend being unfranked.

As an exporter, Austal is typically favoured by a low Australian dollar. However, this has not provided the advantage that could be expected because many of our customers and competitors are based in Europe and the euro has fallen broadly in line with the Australian dollar.

FINANCIAL SUMMARY

Year ending 30 June	2000	1999
	\$M	\$M
Revenue	357.7	212.1
EBITDA	32.2	43.1
Depreciation & Amortisation	(4.4)	(4.1)
EBIT	27.8	39.0
Interest Received / (Paid)	(0.7)	0.8
Operating Profit Before Tax	27.1	39.8
Tax Benefit / (Expense)	2.7	(14.9)
Operating Profit After Tax	29.8	24.9
Outside Equity Interests	0.1	(0.7)
Net Profit After Tax and OEI	29.9	24.2
% EBIT / Sales	7.8	18.4
Earnings Per Share (cps)	19.3	15.6
Net Assets	58.5	40.0
Return on Equity	51.1%	60.5%

Management Discussion and Analysis

Earnings per share were 19.3 cents, up by 23.6% from the prior year. Directors have declared a dividend of 8.0 cents per share unfranked, representing a payout of 41% of profits.

The sale of the stock vessel, held as inventory in the prior year, was the main reason for the decrease in inventory and for the strong net cash flow from operations of \$82.3m. This enabled the Group to reduce borrowings from \$36.5m in the previous year to only \$4.1m. As at 30 June 2000, the company also had cash on deposit of \$35m.

AUSTAL SHIPS

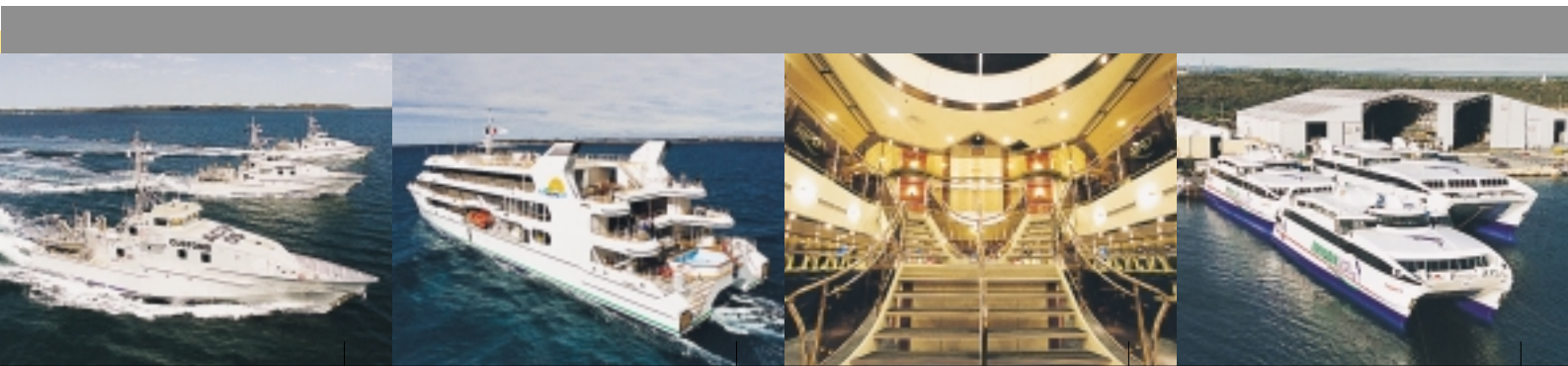
Austal Ships has continued to be a world dominant supplier of high performance aluminium vessels. During the year, we delivered 9 vessels to destinations in Europe, the Americas and Australasia. At the time of this report, we have under construction two "Auto Express" 101 metre vehicle-passenger catamarans. We have a client who is currently completing financing arrangements for one of these vessels.

The second 101 metre sistership, has commenced construction as a stock vessel, meaning that manufacturing is started prior to the placement of an order. This allows us to maintain efficient utilisation of the workforce and production facilities. It is undertaken only when the risks are considered reasonable and can be appropriately managed. We are confident of market demand and the availability of this vessel for the European summer of 2001 increases its sale potential.

We are pleased to report that the last stock vessel, referred to in the 1999 Annual Report, was sold during the year to Venezuelan ferry operator, Conferry.

During the year, strong foundations have been laid for our continued success in two key areas of our growth and product diversification strategies - patrol boats and small cruise ships. The Australian Government contract for eight 38 metre patrol boats with the Customs Service was completed on time in August 2000, with the fleet now at the front line of Australia's coastal surveillance.

Our first "boutique" cruise ship, a 60 metre catamaran was also delivered to a French customer in November 1999. Our customers are continuing to demand larger capacity craft and this has resulted in the construction of our 101 metre designs. To facilitate future construction requirements and significantly boost production capacity, Austal is currently negotiating with the West Australian Government to purchase parcels of waterfront land near our Henderson facility.

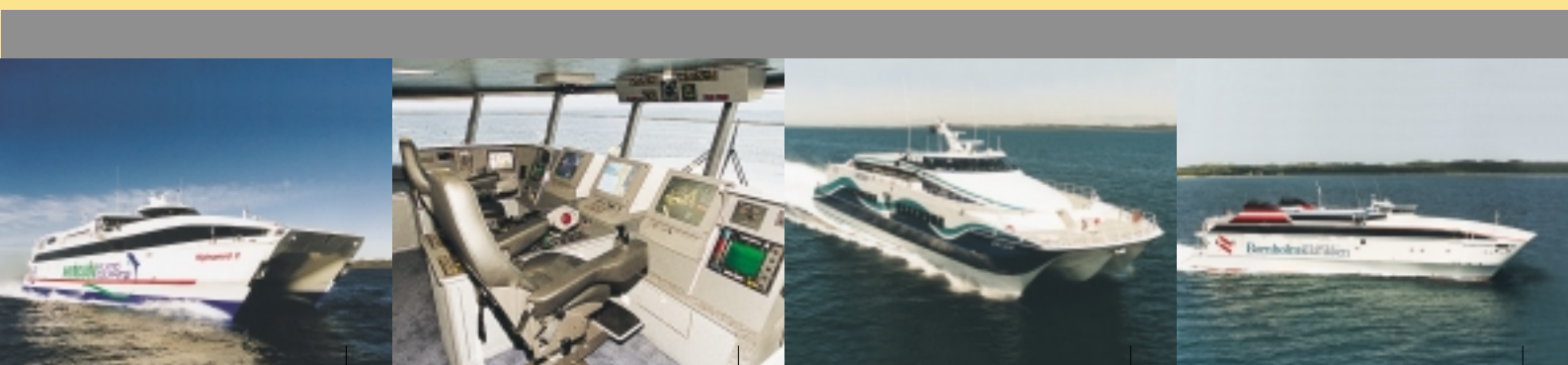


3 OF 8 PATROL BOATS
DELIVERED TO THE AUSTRALIAN
CUSTOMS SERVICE

BOUTIQUE CRUISE SHIP DELIVERED
TO THE FRENCH CARIBBEAN

CUSTOMISED INTERIOR DESIGNS

236 METRES OF SOPHISTICATED
HIGH SPEED FERRIES



HIGHSPEED 2 LED THREE CAR
FERRIES INTO THE AEGEAN

AT THE HELM

52 METRE PASSENGER FERRY
DELIVERED TO NOUMEA

WORLD RECORD HOLDER
"VILLUM CLAUSEN"

Management Discussion and Analysis

IMAGE MARINE

Image Marine has continued to be a busy performer for the Austal Group - catering to the smaller end of the custom-built aluminium vessel sector. During the year, Image delivered nine new generation police boats to the New South Wales Water Police.

Image also secured two contracts for liveboard catamarans. These were for a 36 metre cruise catamaran based in Singapore and a 31 metre dive catamaran based in the Bahamas. Image is one of the few shipbuilding companies to be focusing strongly on this exciting area of the marine tourism industry. This includes vessels for dive charter, adventure and other watersports holidays.

OCEANFAST

Despite the fire that destroyed a near complete motor yacht, Oceanfast has had a year of positive development. The vessel was fully insured and the owners signed a new contract for a replacement vessel. Most importantly, no employees were injured in the fire. The new 56 metre luxury vessel will be ready for delivery in the first half of next year and will represent a record build time for this type of vessel.

In May, Oceanfast and the noted Australian sportsman Greg Norman announced the development of a new series of luxury expedition yachts that will bear his name. The first vessel at 65 metres in length, will be Mr Norman's personal yacht and is scheduled for delivery in July 2002. To facilitate the construction of this and future large luxury yachts, a new waterfront shipbuilding facility will be ready in March 2001. The US market in particular, is seeking larger luxury motor yachts up to 130 metres in length and these new facilities will enable Oceanfast to capture a share of this market. Oceanfast also established a US Office in Florida in early 2000.

AUSTAL USA

Austal USA was established in December 1999 and now forms a major tier of the Group's strategic growth platform. The greenfield facility, located in Mobile, Alabama on the Gulf of Mexico is currently under construction. The large 110 metre x 28 metre assembly hall will allow for considerable expansion in the near term. Production is expected to commence in September 2000.

Recruitment and training is also well underway. Production leaders from the US have received intensive training and familiarisation at Austal's Henderson shipyard, working alongside senior Austal staff in aluminium fabrication and engineering to fully absorb Austal's processes, systems and corporate culture. Senior marketing and production personnel are also being transferred to the USA from Australia.

SEASTATE

Another exciting development in the past year has been the establishment of a new and independent Austal subsidiary, Seastate, to market Austal's proprietary motion control system. Seastate is now making this product available to other shipyards, operators and ship owners for new and existing vessels.

Austal has led the development of this fully computerised system since the early 1990s in response to market demand for improved passenger comfort on high speed vessels. While the Seastate name may be new, the team has amassed over a decade of experience in understanding and controlling the ride of high speed vessels - with close to fifty such systems installed worldwide. In the past year, Seastate has built systems for six vessels with another two firm orders for other operators currently being developed.

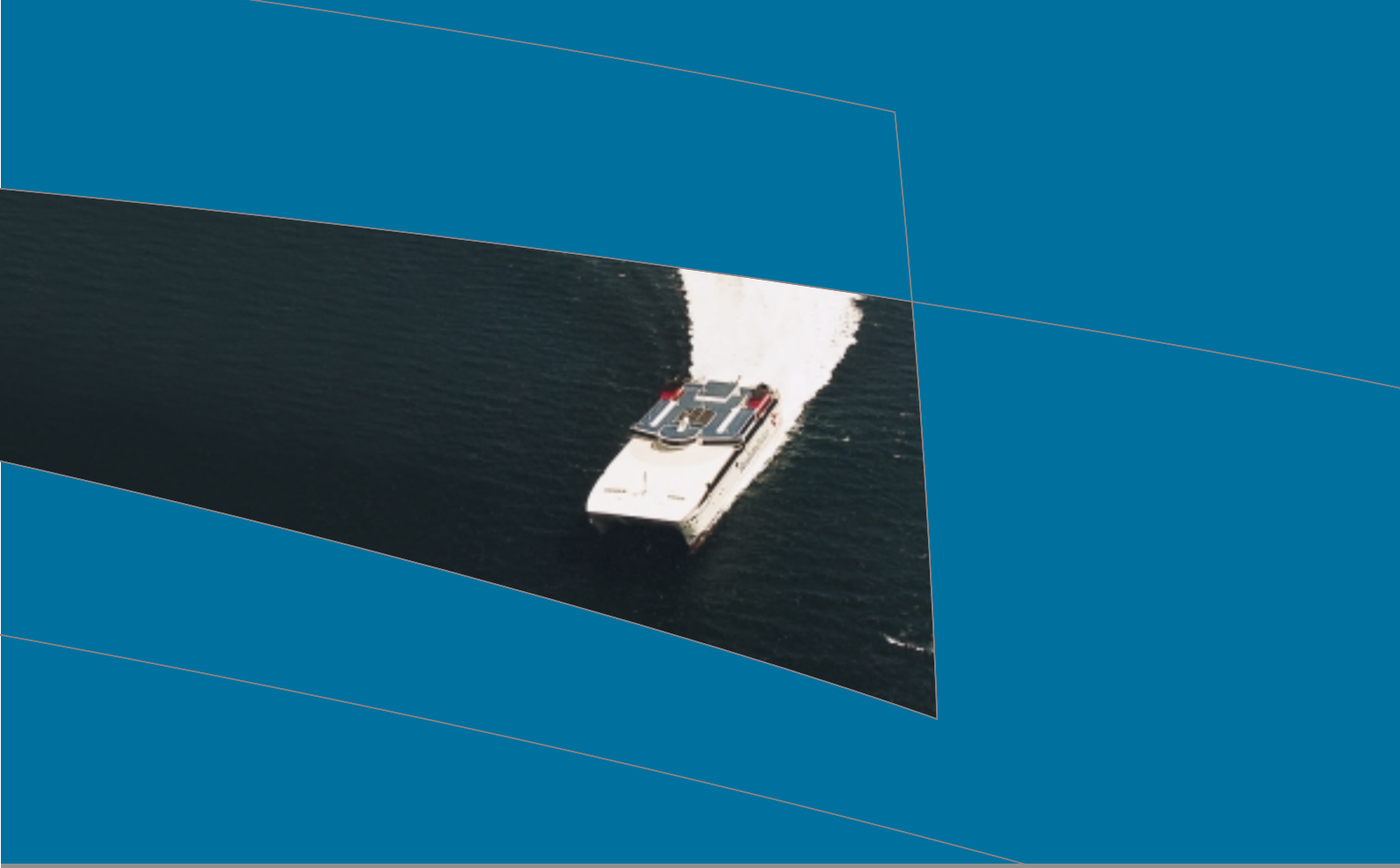
Only two other companies worldwide offer a comparable motion control product. However, the Austal product has led many technological advancements in this area and has what we believe to be the most versatile and reliable vessel motion control system available to the market.

PERFORMANCE AND QUALITY

Austal's vision is to achieve Best Practice throughout all disciplines of our operations. Austal has adopted quality management practices and a policy of continuous improvement in the manufacture and quality of our products. Austal remains committed to training a skilled workforce and recognises this as a basis for ongoing success. As at 30 June 2000, over 240 people are undertaking accredited training programs within Austal.

OCCUPATIONAL HEALTH AND SAFETY

Austal strives to provide a safe working environment for the well being of every employee. The Group has a policy to continuously improve upon safety performance, injury prevention and the development of a healthy working environment. Austal achieved a significant reduction in the LTI frequency rate during the year.



SEASTATE WAS ESTABLISHED
IN 1999



GREG NORMAN AND OCEANFAST
ANNOUNCED A NEW SERIES OF
LUXURY EXPEDITION YACHTS



IMAGE MARINE DELIVERED
NINE NEW GENERATION
POLICE BOATS TO NSW



OCEANFAST STYLE

ENVIRONMENTAL PERFORMANCE

Austal is committed to achieving compatibility between economic development and the maintenance of the environment. We seek to ensure that throughout all phases of our activities, our employees and contractors give proper consideration to the care of the air, land, water and resources.

The delivery of the gas turbine powered 86 metre ship to Denmark in April 2000 epitomises Austal's lead in environmental performance. In developing this vessel, Austal has designed and built what we believe to be the most environmentally friendly fast ferry in operation today and have set a new benchmark for the future. The success of this vessel has proved that environmental protection is achievable without compromising commercial imperatives.

It can be expected that other EU nations and the USA will copy parts of the Danish regulations to protect their own maritime environments. This will increase the requirements for designers and builders of high-speed tonnage and Austal is now ideally placed to build on this success.

BOB MCKINNON
MANAGING DIRECTOR



Profile of Directors

JOHN ROTHWELL

EXECUTIVE CHAIRMAN With in excess of 25 years experience in boat and shipbuilding, John Rothwell has played a major role in the development of the Australian aluminium shipbuilding industry and is a founding Director of Austal.

He is the immediate past Chairman of the Australian Shipbuilders' Association and is a member of Det Norske Veritas Australia and the Bureau Veritas Asia & Australia Committees, which are two classification societies used by Austal. In June 1999, Mr Rothwell was awarded the Western Australian Citizen of the Year in the category of "Commerce and Industry" for his contributions to this field.

BOB MCKINNON CPA FCIS

MANAGING DIRECTOR Bob McKinnon joined Austal in early 1999 as General Manager after a long career with Capral Aluminium during which he held senior positions in finance, distribution and manufacturing operations.

Mr McKinnon was appointed to the Board of Directors in July 1999 and assumed the position of Managing Director in February 2000. He is responsible for the day to day operations of Austal and its subsidiaries.

CHRIS NORMAN BE (HONS)

EXECUTIVE DIRECTOR, SALES Chris Norman is one of the founding Directors of Austal. He graduated from the University of New South Wales in 1986 with first class honours in Naval Architecture and has previously been Austal's Technical Director. Mr Norman has been a driving force in the technical and marketing success of the company and with extensive experience in international marketing and sales, has held the position of Sales Director since 1993.

In May 2000, Chris was awarded the prestigious A.G.M. Michell Award in recognition of outstanding service in the profession of Mechanical Engineering. He is a member of both the Royal Institute of Naval Architects and the Germanischer Lloyd Asean Committee.

MICHAEL ATKINSON CA (ZIM) CA (SA)

EXECUTIVE DIRECTOR, FINANCE Michael Atkinson joined Austal in 1990 as Financial Controller and was appointed to the Board in 1994. He is a qualified Chartered Accountant with 10 years experience in the accounting profession in Zimbabwe and South Africa. On leaving the profession he went into the railway and construction industry where he served in a senior financial capacity and as a Board member. On coming to Australia in 1986 he worked in the electronics manufacturing and boat building industry prior to joining Austal.



John Rothwell
EXECUTIVE CHAIRMAN



Bob McKinnon
MANAGING DIRECTOR



Chris Norman
EXECUTIVE DIRECTOR, SALES



Michael Atkinson
EXECUTIVE DIRECTOR, FINANCE

Profile of Directors

KEVIN STANLEY

EXECUTIVE DIRECTOR, PRODUCTION DEVELOPMENT AND ADVANCED ENGINEERING Kevin Stanley is a founding director of Austal and has been involved in the boat and shipbuilding industry for over 17 years. As Austal's Shipyard Manager, he was responsible for all matters relating to vessel production, design, sea trialing, delivery and after sales service. In November 1999, Kevin relinquished this position to become Director of Production Development and Advanced Engineering. This role has included the establishment of the Austal USA production facility as well as development of existing operations. His role also includes directing Austal's research and development activities.

ACHIM DRESCHER, B. EC

NON-EXECUTIVE DIRECTOR Achim Drescher is the Managing Director of Columbus Line Australia Pty Limited, a member of the Council of the Australian Chamber of Shipping Limited and a Director of Liner Shipping Services Limited. He is also a non-executive Director of Leighton Holdings Limited and the Chairman of Otto Plastics Pty Limited. He was appointed to the Austal Board in September 1998.

He was a founding Director of the German Australian Chamber of Industry & Commerce in 1977 and the Chamber's Chairman from 1986 - 1993. In 1997 Mr Drescher was awarded the "Cross of the Order of Merit" by the Federal Republic of Germany.

JOHN POYNTON B COM FSIA, FAIM, FAICD

NON-EXECUTIVE DIRECTOR John Poynton is the founding Chairman of Poynton and Partners Pty Ltd. Mr Poynton is a Director of the Export Finance and Insurance Corporation and the Payments Systems Board of the Reserve Bank of Australia. He is also a member of the Board of Trustees of the Western Australian Museum Foundation. He was appointed to the Austal Board in August 1998.

Between 1988 and 1990 he served as the Chairman of the Australian Stock Exchange (Perth) Ltd and as a Director of ASX Ltd.

WILLIAM FERRIS AO, B.EC (HONS) SYDNEY, MBA (HARVARD)

NON-EXECUTIVE DIRECTOR William Ferris is Executive Chairman and a founding principal of Castle Harlan Australian Mezzanine Partners Pty Limited. He is also a Director of Tucker Seabrook Pty Limited, Oldfields Holdings Limited, the RAMS Home Loans Group, the Australian Institute of Management and Chairman of Macquarie University Asia Pacific Council. He has been on the Austal board since 1994.

He was appointed Deputy Chairman of the Australian Trade Commission in 1986 and was Chairman from 1988 to 1993. In 1990 Mr Ferris was made an Officer in the Order of Australia for service to international trade and industry. He served as Chairman of the Australian Venture Capital Association in 1997.



Kevin Stanley

EXECUTIVE DIRECTOR
PRODUCTION DEVELOPMENT AND
ADVANCED ENGINEERING

Achim Drescher

NON-EXECUTIVE DIRECTOR

John Poynton

NON EXECUTIVE DIRECTOR

William Ferris

NON-EXECUTIVE DIRECTOR



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Directors' Report

The Board of Directors of Austal Limited has pleasure in submitting its report in respect of the financial year ended 30 June 2000.

The following persons were directors at the date of this report and held the following direct and indirect interests in the Company. Unless indicated otherwise, directors held their position throughout the entire financial year:

	<i>DIRECT</i>	<i>INDIRECT</i>	<i>TOTAL</i>
John Rothwell	36,627,685	15,000	36,642,685
Robert McKinnon (appointed 5 July 1999)	-	-	-
Chris Norman	31,772,594	6,000	31,778,594
Kevin Stanley	10,709,609	8,000	10,717,609
Michael Atkinson	1,715,737	-	1,715,737
John Poynton	355,000	-	355,000
William Ferris	-	-	-
Achim Drescher	-	-	-

William Ferris holds 50% of the shares in Australian Mezzanine Investments Pty Ltd, which has a 20% interest in Australian Mezzanine Investments No. 2 Trust, which, in turn, is currently beneficially entitled to 4.1% of the issued capital of Austal.

The following directors also participate in the Austal Group Management Share Plan and are subject to the rules of the Plan.

<i>DIRECTOR</i>	<i>LOAN (\$)</i>	<i>NUMBER OF SHARES</i>
Robert McKinnon	742,500	855,186
Michael Atkinson	225,000	285,062
William Ferris	225,000	285,062
John Poynton	225,000	285,062
Achim Drescher	225,000	285,062

Directors have no other equity interest in either the parent entity or its subsidiaries.

PRINCIPAL ACTIVITIES

The principal activities of the economic entity are the design and manufacture of high performance aluminium vessels. These activities were unchanged from the previous year.

RESULTS

The profit of the economic entity for the financial year was \$29.9 million after income tax and outside equity interests.

REVIEW OF OPERATIONS

A review of the operations of the economic entity is outlined in the Management Discussion and Analysis section.

DIVIDENDS

The following dividends of the economic entity have been paid or declared during the financial year (\$000's):

Final fully franked dividend paid on 25 October 1999	12,400
Unfranked dividend as declared by the directors and payable on 23 October 2000	12,400

SIGNIFICANT EVENTS AFTER YEAR END

There were no significant events occurring after year end.

LIKELY DEVELOPMENTS AND FUTURE RESULTS

A general discussion of the group outlook is included in the Chairman's Report and Management Discussion and Analysis.

Directors' Report

ENVIRONMENTAL PERFORMANCE

The economic entity has a policy of at least complying, but in most cases exceeding environmental performance requirements. No environmental breaches have been notified by any Government Agency during the year ended 30 June 2000.

DIRECTORS' REMUNERATION

Details of the remuneration paid directly or indirectly to directors of the Company during the year to 30 June 2000 is as follows:

<i>DIRECTORS</i>	<i>DIRECTORS FEES</i>	<i>CONSULTANCY FEES</i>	<i>BASE SALARY</i>	<i>SUPER- ANNUATION</i>	<i>TOTAL</i>
	\$	\$	\$	\$	\$
John Rothwell	-	350,087	-	-	350,087
Robert McKinnon	-	-	234,635	16,424	251,059
Chris Norman	-	216,497	-	-	216,497
Kevin Stanley	-	215,269	-	-	215,269
Michael Atkinson	-	162,000	-	-	162,000
John Poynton	43,333	-	-	-	43,333
William Ferris	58,750	-	-	-	58,750
Achim Drescher	70,000	-	-	-	70,000

EXECUTIVE OFFICERS' REMUNERATION

The executive officers (excluding directors of the Company) are shown below. The parent entity does not employ any person.

	<i>CONSULTANCY FEES</i>	<i>BASE SALARY</i>	<i>SUPER- ANNUATION</i>	<i>TOTAL</i>
	\$	\$	\$	\$
William Rotteveel	22,540	70,252	10,537	103,329
Robert Bullen*	-	79,075	5,535	84,610
Tony Elms*	82,676	-	-	82,676

* Employed as executives for part of the year

The Remuneration Committee as part of an annual performance review decides the remuneration of directors. This is determined by an annual performance review and independent remuneration advice while having regard to market factors. No director or executive officer was entitled to a performance related bonus during the year.

Directors' Report

DIRECTORS' MEETINGS

The number of directors' meetings (including meetings of committees of directors) held during the year and the number attended by each of the directors is as follows:

	MEETINGS OF DIRECTORS	MEETING OF REMUNERATION COMMITTEE	MEETINGS OF AUDIT COMMITTEE
Number of meetings held	5	1	2
Number of meetings attended by:			
John Rothwell	5	-	-
Robert McKinnon (appointed 5/7/99)	5	-	-
Chris Norman	5	-	-
Kevin Stanley	5	-	-
Michael Atkinson	5	-	2
John Poynton	4	-	2
William Ferris	5	1	-
Achim Drescher	5	1	-

A Remuneration Committee comprising William Ferris and Achim Drescher has been established. This committee resolved to increase directors' remuneration by a CPI increase effective 1 July 2000.

INDEMNIFICATION OF DIRECTORS

An indemnity agreement has been entered into between the parent entity and each of the directors named in this report. Under the agreement, the company has agreed to indemnify those directors against any claim or for any expenses or costs, which may arise as a result of work performed in their respective capacities.

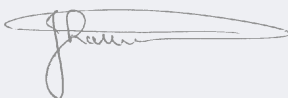
Insurance arrangements established in the previous year concerning directors of the economic entity were renewed or continued during fiscal 2000. The terms of the insurance arrangements and premiums payable are subject to a confidentiality clause.

ROUNDING OF AMOUNTS


The parent entity is a company of the kind specified in the Australian Securities and Investment Commission class order 98/0100. In accordance with that class order, amounts in the financial statements and the Directors' Report have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

This report has been made in accordance with a resolution of directors.

Dated at Henderson this 31st day of August 2000.



John Rothwell
Executive Chairman



John Poynton
Director

Austal Limited and Controlled Entities
Profit and Loss Statement

FOR THE YEAR ENDED 30 JUNE 2000

	NOTES	GROUP		COMPANY	
		2000 \$000'S	1999 \$000'S	2000 \$000'S	1999 \$000'S
Revenue	2	357,675	212,088	52,862	180,156
Operating profit before interest, taxes depreciation and amortisation		32,181	43,091	20,975	36,060
Depreciation and Amortisation		4,401	4,113	1,616	2,178
Operating profit before interest and taxes		27,780	38,978	19,359	33,882
Interest received / (paid), net		(661)	854	583	351
Operating profit before tax	3	27,119	39,832	19,942	34,233
Income tax benefit / (expense)		2,725	(14,971)	(31)	(12,906)
Operating profit after tax		29,844	24,861	19,911	21,327
Outside equity interest		53	(667)	-	-
Net profit after tax and outside equity interests		29,897	24,194	19,911	21,327
Retained profit at the beginning of the financial year		34,699	22,905	31,829	22,902
Total available for appropriation		64,596	47,099	51,740	44,229
Dividends provided for or paid		12,439	12,400	12,400	12,400
Retained profit at the end of the financial year		52,157	34,699	39,340	31,829

The accompanying notes form an integral part of this Profit and Loss Statement

Austal Limited and Controlled Entities
Balance Sheet

AS AT 30 JUNE 2000

	GROUP		COMPANY	
	2000	1999	2000	1999
	\$000'S	\$000'S	\$000'S	\$000'S
CURRENT ASSETS				
Cash	34,939	12,062	2,968	3,666
Receivables	10,991	3,365	38,322	39,086
Work in progress and stock	34,216	100,698	12,505	42,557
Total current assets	80,146	116,125	53,795	85,309
NON CURRENT ASSETS				
Property, plant and equipment	45,519	37,626	18,567	19,951
Shares in controlled entities - unlisted	-	-	898	526
Future income tax benefit	698	490	698	842
Receivables	10,402	6,347	6,343	6,347
Intangibles	2,130	2,840	-	-
Total non current assets	58,749	47,303	26,506	27,666
TOTAL ASSETS	138,895	163,428	80,301	112,975
CURRENT LIABILITIES				
Creditors	26,089	39,328	543	3,203
Progress payments in advance	9,638	6,969	-	1,841
Provisions	40,575	40,484	32,141	37,152
Borrowings	3,135	35,283	2,993	33,283
Total current liabilities	79,437	122,064	35,677	75,479
NON CURRENT LIABILITIES				
Borrowings	998	1,381	-	383
Total non current liabilities	998	1,381	-	383
TOTAL LIABILITIES	80,435	123,445	35,677	75,862
NET ASSETS	58,460	39,983	44,624	37,113
SHAREHOLDERS' FUNDS				
Share capital	5,191	5,191	5,191	5,191
Reserves	93	93	93	93
Retained profit	52,157	34,699	39,340	31,829
TOTAL SHAREHOLDERS' FUNDS	57,441	39,983	44,624	37,113
Outside equity interest - share capital	1,019	-	-	-
TOTAL SHAREHOLDERS' FUNDS AND				
OUTSIDE INTERESTS	58,460	39,983	44,624	37,113

The accompanying notes form an integral part of this Balance Sheet

Austal Limited and Controlled Entities
Statement of Cashflows

FOR THE YEAR ENDED 30 JUNE 2000

	GROUP		COMPANY	
	2000	1999	2000	1999
	\$000'S	\$000'S	\$000'S	\$000'S
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	374,152	216,351	54,670	136,686
Payments to suppliers and employees	(287,417)	(212,878)	(12,844)	(156,920)
Interest received	1,642	1,536	741	1,028
Interest paid	(2,303)	(682)	(158)	(678)
Tax paid	(3,757)	(9,972)	(3,757)	(9,972)
Net cash from (to) operating activities	82,317	(5,645)	38,652	(29,856)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for plant and equipment	(4,203)	(2,910)	-	-
Payments for land	(2,905)	-	-	-
Payments for building additions	(5,149)	(311)	(231)	(311)
Proceeds from sale of plant and equipment	668	43	-	-
Payments for intangible assets	-	(2,550)	-	-
Purchase of controlled entities	-	(2,351)	(373)	(525)
Loan to controlled entities	-	-	4,323	5,152
Loans advanced - Management Share Plan	-	(6,347)	-	(6,347)
Loans advanced - others	(4,056)	-	4	-
Net cash from (to) investing activities	(15,645)	(14,426)	3,723	(2,031)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds of share issues	1,136	-	-	-
Buy-back of ordinary shares	-	(66)	-	(66)
Repayment of borrowings	(32,900)	(20,411)	(32,900)	(19,412)
Proceeds from borrowings	600	32,900	2,600	32,900
Listing expenses	-	(1,946)	-	(1,946)
Dividends paid	(12,400)	(11,738)	(12,400)	(11,738)
Distribution to external unitholders	-	(666)	-	-
Minority shareholders	142	(6,173)	-	-
ITES Loan	(373)	(352)	(373)	(352)
Net cash from (to) financing activities	(43,795)	(8,452)	(43,073)	(614)
NET INCREASE (DECREASE) IN CASH	22,877	(28,523)	(698)	(32,501)
Cash at the beginning of the year	12,062	40,585	3,666	36,167
Cash at the end of the year	34,939	12,062	2,968	3,666

The accompanying notes form an integral part of this Statement of Cashflows

Austal Limited and Controlled Entities
Notes to and Forming Part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2000

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Statements have been prepared as a general purpose financial report in accordance with Australian Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views). They have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. The carrying amounts of all non-current assets are reviewed annually to determine whether they exceed their recoverable amount. The accounting policies have been consistently applied.

Set out below is a summary of the significant accounting policies adopted by the Group in the preparation of the accounts.

BASIS OF CONSOLIDATION

The economic financial statements include the financial statements of the parent entity, Austal Limited and its controlled entities, referred to collectively as the "Group". All inter-entity balances and transactions have been eliminated. Where an entity either began or ceased to be controlled during the year, the results are only included from the date control commenced or until the date the control ceased.

SALES

In accordance with AASB 1009, sales are brought to account on a percentage of completion basis and comprise vessel contract and bounty income.

FOREIGN CURRENCY

All foreign currency transactions are translated to Australian currency at the rate of exchange ruling at the date of the transaction of the applicable forward contract rate if the transaction has been hedged. Amounts receivable and payable in foreign currencies are translated at the rate of exchange ruling at the balance date. Where a foreign currency contract has been taken out the balance is converted at the forward rate.

The gains and losses from these short-term balances, whether realised or unrealised, are included in the operating results.

INCOME TAX

The Group adopts the liability method of tax effect accounting whereby income tax expense shown in the Profit and Loss account is based on the operating profit before tax adjusted for any permanent differences. The provision for deferred income tax liability and future income tax benefit represent the tax effect (at current rates) of differences between income and expense items recognised in different accounting periods for both book and tax purposes.

The benefit arising from estimated carry forward losses is recorded as a future income tax benefit where realisation of such benefit is considered to be virtually certain.

WORK IN PROGRESS AND STOCK

Construction work in progress is valued at cost, plus profit recognised to date, less any provision for anticipated future losses. Costs include variable costs relating to specific contracts. Construction profits are recognised on the percentage of completion basis. Percentage of completion is determined by reference to actual costs to date as a proportion of estimated total costs to complete each contract. Stock is valued at the lower of cost and net realisable value. Cost is determined on the average cost basis.

PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are capitalised at historical cost and depreciated on a diminishing value basis as outlined below:

Buildings	2.5%pa
Plant and Equipment	18%-40%pa

The valuation of land and buildings is regularly reviewed and, where considered appropriate, revalued amounts are incorporated into the financial statements.

Austal Limited and Controlled Entities
Notes to and Forming Part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2000

DEPRECIATION

Property, plant and equipment, excluding freehold land, is depreciated or amortised over the expected useful life.

GOODWILL

On the acquisition of a business or a controlled entity, the difference between the purchase consideration plus incidental expenses and the fair value of identifiable net assets is initially brought to account as goodwill or discount on acquisition. Goodwill on acquisition is amortised over a period of 5 years on a straight-line basis.

WARRANTIES

Warranty repairs are expensed as the warranty defects are advised and the extent of the repairs is determined. Provision is made for the estimated future cost of warranty on vessels, which are still under warranty where no defects have been advised.

PROVISION FOR EMPLOYEE ENTITLEMENTS

Provision has been made in the financial statements for benefits accruing to employees in relation to matters such as annual leave and long service leave in accordance with AASB 1028 Accounting for Employee Entitlements. All on-costs are included in the determination of these provisions.

MANAGEMENT SHARE PLAN

Certain directors and managers are entitled to participate in the Austal Group Management Share Plan. Loans are provided to the trustee of the plan to assist in the purchase of the shares. No remuneration expense is recognised in respect of employee shares. Interest income is accrued and recognised on employee share loans. Amounts outstanding on loans to the trustee are included in non-current receivables.

	GROUP		COMPANY	
	2000	1999	2000	1999
	\$000'S	\$000'S	\$000'S	\$000'S
2. REVENUE				
Construction contract revenue	352,895	207,547	30,786	176,650
Other Revenues:				
Net foreign exchange gains	-	1,530	-	1,091
Proceeds on sale of fixed assets	668	42	-	-
Rent received	223	145	1,146	145
Scrap sales	1,110	830	-	-
Interest received from unrelated parties	1,642	1,536	741	1,028
Dividend - wholly owned Group	-	-	20,000	-
- other	98	-	98	-
Capital development grant	-	242	-	242
Miscellaneous	1,039	216	91	1,000
Total revenue	357,675	212,088	52,862	180,156

Austal Limited and Controlled Entities
Notes to and Forming Part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2000

	GROUP		COMPANY	
	2000	1999	2000	1999
	\$000'S	\$000'S	\$000'S	\$000'S
3. OPERATING PROFIT BEFORE TAX				
Operating Profit before tax has been determined after:				
CHARGING AS EXPENSES				
Interest paid or payable to unrelated parties	2,303	682	158	677
Depreciation - buildings	747	449	402	394
Depreciation - plant and equipment	2,945	2,954	1,214	1,784
Amortisation of goodwill	710	710	-	-
Auditors remuneration for :				
- audit	93	88	75	81
- other	-	3	-	-
Foreign exchange losses	2,932	-	55	-
Loss on sale of fixed assets	10	19	-	-
Loss on disposal of subsidiary	2	-	-	-
Provision for warranty	347	344	(1,492)	211
Rental expenses on operating leases	405	353	4	10
Patent defence costs	444	1,029	-	-
Abnormal items - Listing expenses (nil tax)	-	1,946	-	1,946
CREDITING AS INCOME				
Interest received from unrelated parties	1,642	1,536	741	1,028
Profit on sale of fixed assets	4	-	-	-
Net foreign exchange gains	-	1,530	-	1,091

4. EARNINGS PER SHARE

Basic Earnings per share	19.3 cents
Diluted earnings per share	19.3 cents

Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted earnings per share 155,000,000

5. SEGMENT INFORMATION

The economic entity operates in one industry - the manufacture of high performance aluminium vessels in Australia.

6. DIVIDENDS

The following dividends of the economic entity have been paid or declared during the financial year:

	TOTAL	AMOUNT
	(\$000'S)	PER SHARE
Final fully franked dividend paid on 25 October 1999	12,400	8.0 cents
Unfranked dividend as declared by the directors and payable on 23 October 2000	12,400	8.0 cents

The Board of Directors of Austal Limited has adopted the following Corporate Governance Policy:

1. RELATIONSHIP BETWEEN THE BOARD AND MANAGEMENT

The relationship between Management and the Board is a partnership that is crucial to the Company's long-term success. The broad separation of responsibilities between Management and the Board as hereunder defined should be respected and clearly understood.

The Board gives direction and exercises judgement in setting the Company's objectives and overseeing their implementation. The Managing Director is responsible to the Board for the day-to-day management of the Company.

2. THE BOARD'S FUNCTIONS

The Board's functions include:

- (a) Adopting a Strategic Plan for the Company, including general and specific goals and comparing actual results with the Plan.
- (b) Selecting the Managing Director, and if necessary replacing him/her, setting an appropriate remuneration package and ensuring adequate succession.
- (c) Adopting clearly defined delegations of authority from the Board to the Managing Director.
- (d) Agreeing performance indicators with Management.
- (e) Taking steps designed to protect the Company's financial position and its ability to meet its debts and other obligations as they fall due.
- (f) Establishing and monitoring policies directed to ensuring that the Company complies with the law and conforms with the highest standards of financial and ethical behaviour.
- (g) Determining that the Company has instituted adequate reporting systems and internal controls (both operations and financial) together with appropriate monitoring of compliance activities.
- (h) Determining that the Company accounts are true and fair and are in conformity with Australian Accounting Standards.

3. COMPOSITION OF THE BOARD

The Board shall comprise of Directors with a range of backgrounds and experience. The selection of the Board members shall always be for the purpose of their ability to add value to the Company. Its function is to provide a good return for shareholders. For the purpose of efficient working the preferred number of directors in office at any one time is between 3 and 10.

4. COMMITTEES OF THE BOARD

The Board shall appoint the following Committees:

Audit Committee, which shall comprise of one Non-Executive and one Executive director to be elected by the Board. The Board shall also elect the Chairman of the Audit Committee. The Chairman of the Board of the Company shall be ineligible for election to the Audit Committee. The function of the audit committee is to:

- (a) Ensure compliance with statutory reporting responsibilities.
- (b) Liaise with, assess the quality and review the scope of work of the external auditors.
- (c) Enable the auditors to communicate any concerns to the Board.
- (d) Advise the Board on the appointment of the external auditors and the results of their work.
- (e) Assess the adequacy of accounting, financial and operating controls.
- (f) Assess the effectiveness of the management of business risk and reliability of management reporting.
- (g) Report to the Board any significant deficiencies identified above.

Remuneration Committee, which shall comprise of two Non-Executive directors. The committee reviews the remuneration of all directors and makes recommendations to the board.

5. OUTSIDE DIRECTORSHIPS

Specific guidelines apply for acceptance of outside directorships by Executive and Non-Executive directors.

6. DEALING IN SECURITIES OF THE COMPANY

A director shall comply with the Company's share trading rules and like rules, which may from time to time be added thereto or substituted therefore by the directors. The rules as at the date of adoption of this Policy are:

- (a) Notwithstanding the requirements of the legislation concerning insider trading, directors are obliged to restrict their trading in securities of Austal Limited shares to a period of four months following the release by Austal Limited of half yearly and preliminary final reports. Directors shall also be restricted from trading in Austal Limited shares for 24 hours following any announcement by the Company to the Australian Stock Exchange.
- (b) Any director intending to buy or sell shares in the Company and in any company in which the Company has an interest, is required to notify the Chairman of his/her intentions before proceeding with the transactions.

7. ETHICAL STANDARDS AND PERFORMANCE

The Board acknowledges the need for continued maintenance of the highest standards of corporate governance practice and ethical conduct by all directors and employees of the Austal Group. A Code of Ethics has been adopted.

A fundamental theme is that all business affairs are conducted legally, ethically and with the strict observance of the highest standards of integrity and propriety. The directors and management have the responsibility to carry out their functions with a view to maximising financial performance of the economic entity. This concerns the propriety of decision making in conflict of interest situations and quality of decision making for the benefit of shareholders.

Independent Audit Report

TO THE MEMBERS OF AUSTAL LIMITED:

SCOPE

We have audited the concise financial report of Austal Limited for the financial year ended 30 June 2000, as set out on pages 14 to 19 and the Management Discussion & Analysis section, as set out on pages 4 to 7 in order to express an opinion on them to the members of the company. The Company's Directors are responsible for the concise financial report.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the concise financial report is free of material misstatement. We have also performed an independent audit of the full financial statements of Austal Limited for the year ended 30 June 2000. Our audit report on the full financial statements was signed on 31 August 2000 and was not subject to any qualification.

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

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

AUDIT OPINION

In our opinion, the concise financial report of Austal Limited complies with Accounting Standard AASB 1039 "Concise Financial Reports".



ARTHUR ANDERSEN
Chartered Accountants



ROBERT A. KIRKBY
Partner
Perth
31 August 2000

Shareholder Information

The following information was extracted from the Company's register as at 15 August 2000.

DISTRIBUTION OF SHARES

<i>SPREAD OF HOLDINGS</i>	<i>NUMBER OF HOLDERS</i>	<i>NUMBER OF UNITS</i>	<i>% OF TOTAL ISSUED CAPITAL</i>
1 - 1,000	308	246,887	0.15
1,001 - 5,000	854	2,637,762	1.70
5,001 - 10,000	245	2,044,007	1.31
10,001 - 100,000	149	3,790,135	2.44
100,001 and over	45	146,281,209	94.40
		155,000,000	100.00

TWENTY LARGEST SHAREHOLDERS

<i>RANK</i>	<i>SHAREHOLDER</i>	<i>TOTAL UNITS</i>	<i>% ISSUED CAPITAL</i>
1	Austro Pty Ltd	32,814,745	21.17
2	Longreach (WA) Pty Ltd	28,595,621	18.45
3	Onyx (WA) Pty Ltd	12,188,521	7.86
4	Pearce Holdings Pty Ltd	9,438,248	6.08
5	Chase Manhattan Nominees	8,444,708	5.44
6	Austal Group Management Share Plan Pty Ltd	7,333,073	4.73
7	Perpetual Trustee Company Limited	6,349,126	4.07
8	National Nominees Limited	5,302,923	3.42
9	Zilon Pty Ltd	3,812,940	2.46
10	Christopher John Norman and Beverley Anne Norman	3,176,973	2.05
11	Garry Heys and Dorothy Heys	3,176,973	2.05
12	Perpetual Trustees Nominees Limited	2,761,927	1.79
13	Permanent Trustee Australia Limited	2,512,328	1.62
14	Permanent Trustee Australia Limited	2,209,304	1.42
15	Pepperwood Holdings Pty Ltd	1,715,737	1.10
16	Westpac Custodian Nominees Limited	1,705,755	1.10
17	Lavinia Shipping	1,414,316	0.91
18	BT Custodial Services Pty Limited	1,375,125	0.88
19	Kevin Stanley & Julie Stanley	1,271,361	0.82
20	Mercantile Mutual Life Insurance Company Limited	1,150,646	0.74
		136,750,350	88.23

SUBSTANTIAL SHAREHOLDERS

<i>NAME</i>	<i>NUMBER OF ORDINARY SHARES</i>
Austro Pty Ltd (J Rothwell)	36,642,685
Longreach (WA) Pty Ltd (C Norman)	31,778,594
Onyx (WA) Pty Ltd (G Heys)	15,365,494
Pearce Holdings Pty Ltd (K Stanley)	10,717,609
Mercantile Mutual Holdings Limited	7,783,893

VOTING RIGHTS

All ordinary shares issued by Austal Limited carry one vote per share without restriction.

DIRECTORS**Executive Directors:**

John Rothwell
Bob McKinnon
Chris Norman
Kevin Stanley
Michael Atkinson

Non-Executive Directors:

William Ferris
Achim Drescher
John Poynton

AUDITORS

Arthur Andersen
Level 18, 225 St George's Terrace
Perth WA 6000

COMPANY SECRETARY

Michael Atkinson

REGISTERED OFFICE

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SHARE REGISTRY

Advanced Share Registry
Level 6, 200 Adelaide Terrace
Perth WA 6000
Telephone: +61 8 9221 7288
Facsimile: +61 8 9221 7869

2000/2001 CALENDAR OF EVENTS**ANNUAL GENERAL MEETING**

The Annual General Meeting of shareholders will be held at 3.00 pm on Wednesday 18 October 2000 at the Fremantle Sailing Club, "Success Harbour", Marine Terrace, Fremantle.

DIVIDEND PAYMENT

The final dividend (unfranked) will be paid to shareholders on 23 October 2000 to those registered at 5 pm, 16 October 2000.





AUSTAL LIMITED

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