TRANSPACIFIC INDUSTRIES GROUP LTD

Transpacific Annual Report 2007

Industrial Solutions Liquid and Hazardous Waste Commercial Vehicles Solid Waste Energy Organics and Remediation Manufacturing

Scorecard.

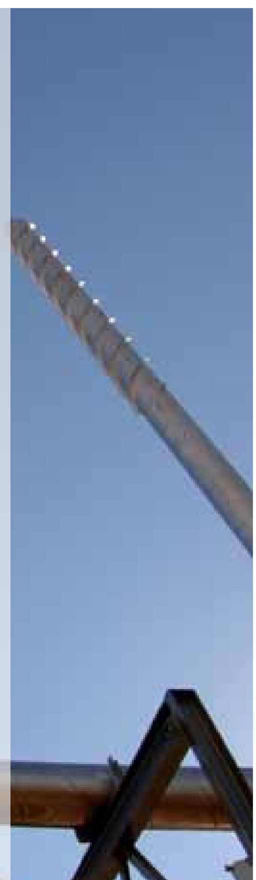
	2007. Growth on 2006	2007. Actual $m	2006. Actual $m	2005. Actual $m
Revenue	99%	1,295.0	649.5	472.0
EBITDA	183%	302.8	106.9	70.2
Depreciation		-70.1	-24.8	-19.2
EBITA	183%	232.7	82.1	51.0
Goodwill amortisation		-	-	-
EBIT	183%	232.7	82.1	51.0
Interest (net)		-88.5	-16.0	-8.8
NPBT, associates and unusuals	118%	144.2	66.1	42.2
Associates NPAT		4.2	1.8	1.3
NPBT and unusuals	119%	148.4	67.9	43.5
One-off costs		-	-1.0	-4.4
Profits on acquisitions		2.9	1.7	4.7
Options expense		-3.2	-1.4	-0.2
NPBT	120%	148.1	67.2	43.6
Tax expense		-33.8	-19.1	-12.0
NPAT	138%	114.3	48.1	31.6
Minority interests		-0.9	-0.6	-2.0
NPAT Transpacific	117%	103.1	47.5	29.6

Contents.

AGM.

Hilton Hotel
Elizabeth Street
Brisbane Queensland 4000
Thursday 8 November 10.00am

Transpacific Industries Group Ltd
ACN 101 155 220



Upstream

Transpacific's view is that all waste is a resource. Our aim is to incorporate recovery, recycling and reuse throughout our operations, with a strong focus on reuse as the end result. Therefore to achieve this Transpacific's business model is based on the provision of tailored services to meet the needs of its customer groups and to provide a comprehensive range of integrated total waste management services.

Industrial Solutions

Australia's leading specialist in industrial cleaning, facilities management, and total waste management business solutions.

- Acids / Alkalis
- Oily Water
- Sludges
- Solvents

Commercial Vehicles

Imports and distributes two premier brands of heavy-duty trucks and associated parts, MAN bus chassis and industrial engines.

- MAN
- Western Star
- New Brands

Manufacturing

Manufacture of vehicle bodies, parts washers, bins and waste compaction units to support our own operations as well as industry.

- Refurbished
- Centrifuges
- Parts Washers
- Waste Bins
- Vehicle Bodies
- Compaction Units
- Scrap

Recover

Energy

Emerging business specialising in recycling used mineral and cooking oil for distribution and reuse.

Waste Oil
Used Cooking Oil
Oily Water

Storage Tanks / Refinery

Solid Waste

Leading business in collection, transportation and disposal of solid commercial and municipal waste, including landfill and transfer station operation.

Household Waste
Commercial / Industrial
Green Waste

Liquid Waste

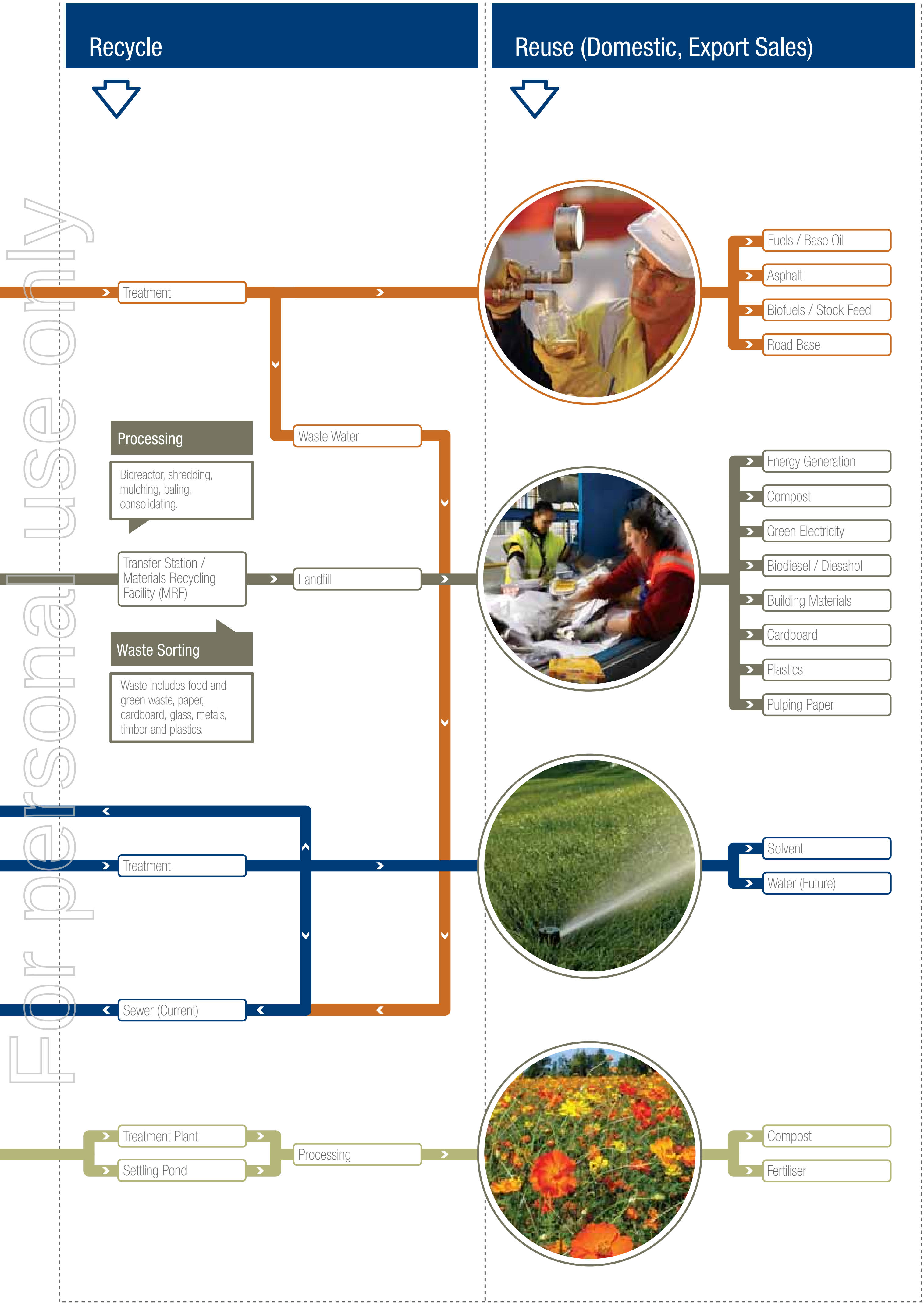
Leading Australian and New Zealand business in collection, treatment and disposal of liquid and hazardous waste.

Acids / Alkalis
Oily Water
Sludges
Solvents

Organics / Remediation

Emerging business specialising in site remediation, contaminated site clean up, dredging, composting and biosolids management.

Biosolids


Recycle
Reuse (Domestic, Export Sales)
Treatment
Waste Water
Fuels / Base Oil
Asphalt
Biofuels / Stock Feed
Road Base
Processing
Bioreactor, shredding, mulching, baling, consolidating.
Transfer Station / Materials Recycling Facility (MRF)
Landfill
Waste Sorting
Waste includes food and green waste, paper, cardboard, glass, metals, timber and plastics.
Energy Generation
Compost
Green Electricity
Biodiesel / Diesahol
Building Materials
Cardboard
Plastics
Pulping Paper
Treatment
Sewer (Current)
Solvent
Water (Future)
Treatment Plant
Settling Pond
Processing
Compost
Fertiliser

Chairman's Letter.

Terry Peabody
Executive Chairman

"One thing you can count on is that we will not stand still and I am already looking forward to sharing more good TPI stories with you over the coming year."

Dear Fellow Shareholders,

Welcome to our third annual report as a public company.

Prior to listing in May 2005, we had been growing Transpacific Industries into a national liquid waste treatment, logistics and industrial services company. At IPO, when asked why we were listing, we answered that we could develop TPI more in the public arena. I believe we have been delivering that to our loyal IPO shareholders and those on board since listing. Through strong organic growth and acquisition, FY06 NPAT grew by some 60% over FY05, FY07 was 117% over FY06 and our recent market guidance forecasts FY08 over FY07 by approximately 75% – or looking at it another way, FY08 is forecast to be some 500% over FY05.

Whichever way you look at it, FY07 stands out as being a very special and very busy year – it will be remembered as the year TPI transformed by entering the solid waste and landfill industry. At the beginning of the year, we acquired Waste Management New Zealand and at the end we acquired Cleanaway. In between we acquired a number of strategic landfill operations through South West Waste, Baxter and Twigg and 18 bolt-on collection businesses. TPI is following the same cradle to grave strategy adopted for the liquid waste operations. The aim is to collect and recycle as much waste as possible. We look at all waste as a potential resource; over time we want to see only the residual that can't possibly be economically recycled to go to landfill. You will see that the theme of this year's annual report is recycling, as this will be a major focus of TPI going forward.

We are now well represented throughout Australia and New Zealand in liquid waste management. We are currently renewing our push into treating our liquid waste to a higher level – currently TPI treats in excess of 700 million litres to a level where it can be safely disposed to sewer or otherwise. We are looking to further that treatment so the majority can be returned to the economy as commercial water to assist with the nation's water shortages. We are also looking at developing waste water treatment plants for councils and business park facilities to further promote water recycling.

You will note last year we extracted the Energy Division from the Liquid Waste Division. It provided excellent returns. Our first Hydrogenation plant at Rutherford, New South Wales, is processing used oil into high grade base oil (as good as virgin oil) and we expect to have our second plant at Dandenong, Victoria, commissioned by August 2008, contributing close to a full year's profit in FY09. We will build a further two plants in Queensland and Western Australia in time for FY10.

We also extracted the biosolids and contaminated soil treatment businesses from the Liquid Division and we are working hard to build that business as we see a lot of opportunity.

In Industrial Solutions we acquired businesses in Victoria and South Australia and now have a national presence. Facilities management opportunities in Australia are huge and we will concentrate on growing in that arena.

Commercial Vehicles had its best year ever in FY07, exceeding the FY06 result by 43%. We are forecasting a further 18% growth for FY08. We have secured a new brand of truck chassis to join our existing marques and expect sales to commence in February 2008. This vehicle will be fitted with the compaction system bodies that our new Manufacturing Division makes. Also, by Christmas we are expecting the Federal Government to announce the outcome of the military truck supply tender and we hope that we are the successful party.

As you can see, FY07 was a very busy but very successful year for TPI and we are well placed to generate strong organic growth going forward. Our strategy also includes further acquisitions, both large, at the right time, and small. As I sit here today writing this address and reflecting on what we achieved in FY07, I am also looking forward at all the things we still have to do. One thing you can count on is that we will not stand still and I am already looking forward to sharing more good TPI stories with you over the coming year.

Thank you for your support as shareholders and I hope that you are as excited as I am with our company's prospects.

Yours faithfully,

Terry Peabody

Executive Chairman

Chief Executive Officer's Review.

Trevor Coonan
Chief Executive Officer

"Our focus on the collection and recycling of waste and our strong emphasis on Recover, Recycle, and Reuse has seen us make some aggressive moves into new markets."

It has been another exciting year of strong growth and delivery of performance across the Transpacific Industries Group of companies.

Our focus on the collection and recycling of waste and our strong emphasis on Recover, Recycle, and Reuse has seen us make some aggressive moves into new markets, none more so than our entry into the solid waste and landfill business across Australia and New Zealand.

The growth across our businesses has also seen the need to further refine our structure, with the inclusion of a new Division we have called Organics and Remediation. This Division was established to harness and take advantage of our growing capability in the areas of biosolids management and contaminated land remediation.

Each of our seven Divisions has delivered strong results for the FY07 financial year, so let me highlight some of the key drivers and attributes that contributed to our FY07 results

Liquid and Hazardous Waste

Following from the acquisition activity within this Division during FY06, these businesses have delivered an extremely solid year now that the integration processes have been finalised.

We are now strategically well positioned on a national basis to build even further with organic growth opportunities coming through from our Group Sales & Business Development team. We are a market leader with service offerings and facilities to accommodate all client and intercompany requirements.

Our regional operations are being progressively merged under the one management structure, enabling us to deliver a seamless and superior service. The synergies we had identified in the Waste Management (WAM) acquisition have been delivered and the expectation of further efficiencies will be met with the introduction of the Smart Transport IT platform.

In New South Wales, the Homebush operation continues to exceed expectations and is now managed together with the quarantine waste business, packaged waste business and the Cleanaway liquid business based in Padstow. We have a strong presence in the Sydney region under the one experienced management structure which is able to deliver more to the client base than any other service provider in this segment.

These businesses will benefit further when proposed legislation is introduced for a rebate on all liquids sent for recycling purposes. Resources have been employed to ensure that we fully embrace the new legislation which will see our facilities change from treatment and disposal sites to treatment, recycling and reuse facilities. We are poised to introduce technologies in this area that will see Transpacific continue to lead the market.

The southeast Queensland businesses are positioned for further organic growth during the next financial year as the Queensland population and, importantly, the manufacturing sector continues to grow. Additional facilities to complement the existing operations across the region are being sourced currently.

Management and staffing restructures have been implemented and are showing improved outcomes at the Technical Services facilities in Adelaide and Newcastle. Early signs in FY08 are extremely positive for successful years in these businesses.

The solvent processing and recycling capability of the Group has been added to the Liquid and Hazardous Waste Division. This was formerly embedded in the Environmental Recovery Services (ERS) business. We believe that the Liquid and Hazardous Waste Division is much better suited with facilities and technical staffing levels to manage this function. As a result, we expect to realise an enhanced recycling capability over the next year through greater efficiencies, with an expectation of increased volumes from fewer facilities nationally.

Organics and Remediation

Although a new and relatively smaller Division, these businesses which are now based in Victoria, New South Wales and Queensland are showing signs of being a greater contributor to the Group. Initially hampered with drought conditions, flooding and some management movements, they are now positioned for an improved year ahead. Tenders and tendering are a big component of this business and, whilst tender lead times did impact the business last year, many of last year's tenders have now been awarded for this financial year. Enquiry levels are high and indicate a renewed confidence since acquisition by Transpacific.

This Division is also now managing many issues on an intercompany basis that would have previously been dealt with externally to the Group. Management appointments have been made in these businesses that will support the expected FY08 growth.

Solid Waste

The acquisition of Waste Management New Zealand in June 2006 provided us with the perfect springboard for entry into the New Zealand and Australian solid waste markets. Throughout the last year we have added considerable size, scope and capability to this Division, with targeted acquisitions in the collection, processing, recycling and disposal sectors. Our largest acquisition thus far of Cleanaway in May has provided us with an industry-leading geographic service with significant capability across both countries. It also presents Transpacific with the opportunity to provide all of our existing and potential customers with a total waste service to cover the containment and collection of all of their waste and recyclables, along with solutions they require to meet ever increasing environmental standards and sustainability outcomes.

Our significant investment in landfills with the assets of Twigg, Baxter and South West Waste recognises the value of having fully integrated service operations to maintain cost competitiveness in all sectors. These facilities with their large land footprints provide valuable bases for acceptance of all waste streams now and into the future, whilst recognising our various stakeholders drive for increased sustainability practices through recovery and recycling.

Cleanaway brings to Transpacific an industry-leading brand, excellent people assets and equipment, vast customer coverage and comprehensive systems and processes which will add considerable value to the Solid Waste Division in Australia. It also provides major opportunities for Transpacific to grow the value of goods and services provided by our other Divisions across this customer base.

Transpacific will continue to add further acquisitions to the solid waste business in Australia as we identify and ultimately capture valuable synergies that present themselves through these acquisitions. The successful integration of Waste Management in New Zealand and the progress with Cleanaway in Australia has shown that we can both absorb and accumulate acquisitions of all sizes to provide future growth in the solid waste industry, to our customers' benefit.

Energy

Transpacific's Energy Division performed well throughout the year despite the closure of a strategic fuel oil market in Western Australia.

One of the largest commodities collected and recycled by the Transpacific Group is used lubricating oil. More then 140 million litres were collected during FY07, with forecast collections expected to deliver approximately 150 million litres in FY08.

Strong results in excess of budget were posted by the Nationwide Oil, NQRR and Bituminous Products businesses. Demand for recycled fuel oil products is improving in some areas and the Bituminous Products business has added yet another avenue for the Energy Division to extract growth and new market potential.

The Hydrogenation facility in Rutherford was completed during FY07 with commissioning works well underway. Delays in permitting necessary plant modifications that were only discovered during commissioning resulted in no contribution from Hydrogenation in FY07, as previously forecast. The plant is now up and running with plans to install a second plant in Victoria. Permitting for the Victorian plant is well underway and approvals are expected in the second quarter of FY08. The Victorian facility will be located on land owned by Transpacific adjacent to an

existing used oil recycling plant. Suitable sites for two additional Hydrogenation facilities are being investigated in Western Australia and Queensland.

Transpacific Bituminous Products made a full year's contribution in FY07 and performed above budget with many opportunities uncovered during the year. We intend to grow this business during FY08 both organically and by acquisition with a view to it becoming a quality supplier of specialised bituminous blends to industry.

Transpacific is committed to the pursuit of biofuels including Biodiesel and Diesohol. We are yet to commit to any major investment in this sector until such time as the Federal Government creates the necessary excise and taxation environment which truly encourages industry participation. The current excise regime is precluding biofuels from major markets and therefore limits the opportunity for this industry.

Industrial Solutions

Industrial Services continued where it left off last financial year with significant progress being made to fully embed acquisitions and improve the organic growth of the business. Additionally, acquisitions throughout the Transpacific Group have enhanced the service capability of the IS business and enabled it to increase its presence on many of its major customer sites. Additional opportunities have also arisen from these new businesses insofar as opening up fresh geographic locations from which the IS business can operate and it has further strengthened our ability to source labour in these areas which is critical to our business.

Throughout the financial year the IS business was heavily involved in major shutdown work across the country. With the resources and mining sectors experiencing record growth, so too have our sites where we are embedded in our customers' process. We have also been heavily involved in a number of expansion projects and there are no signs that either shutdown or expansion projects are going to slow in FY08.

The IS business has also implemented the use of cutting-edge technology emanating from within our own vacuum tanker manufacturing capability in South Australia, as well as innovative high pressure water cleaning solutions from around the world to assist in improving our service offerings and turnaround times. We have also introduced the use of the latest high pressure water recycling units from Germany which are seen as critical in many parts of the country where water use is now a major concern when used for cleaning. From a commercial perspective, we have been successful throughout the year in securing a number of significant new contracts and renewing and enhancing many of our existing contracts.

Business processes have also been reviewed and improved throughout the year. Regular performance reviews with clients have provided IS with the opportunity to improve our customers' planning process and in doing so minimise the amount of time major process equipment is off-line. Finally, and indeed most importantly, our safety performance has been outstanding. Despite the significant growth in the business and the vastly increased employee base, we have improved all our OH&S KPIs from those of the previous year. This is an excellent outcome and testament to the dedication of all levels of management and staff within the business to ensuring we maintain our "Zero Harm" philosophy.

Commercial Vehicles

The Commercial Vehicles Division has had its strongest year ever in terms of increased market share and financial results. The full impact of the 26 Metre B-Double legislation has now been realised, with the new 4800 FXB model contributing to increased unit sales for the past financial year. We have increased our dealer network, now totalling 65 Sales, Parts and Service Dealers, which is the largest in the heavy-duty truck industry. The introduction of the new Western Star Stratosphere sleeper, the largest and most comfortable in the industry, has gained popularity amongst not only owner operators but also fleet operators, contributing to our market share gains.

The MAN heavy-duty truck product range has gained significant increases in

market share and popularity. The all-wheel drive product is a market leader and was well positioned to capture the growth experienced in the Australian resource sector. The MAN TGA on-highway truck is receiving favourable acceptance as a leader in technology, driver comfort and fuel efficiency.

The bus business continues to perform well with sustained unit growth. The business is well supported by ongoing major contracts with various large customers and statutory authorities. We recently introduced Australia's first CNG articulated bus which was purchased under contract by the Brisbane City Council.

The Commercial Vehicles Division will see future growth with the introduction of a new medium- and heavy-duty truck chassis suitable to the waste and construction industries. The chassis is based upon the tried and proven American driveline philosophy.

Manufacturing

As the newest Division in the Transpacific Industries Group, Manufacturing faces the challenges of meeting both the demands of the internal group requirements and the external waste equipment market, with our limited current capacities.

Manufacturing started the acquisition growth in December 2006 when bringing on Superior Pak, a premier waste equipment brand in the market, followed by the acquisition of another premium brand through Compaction Systems in early 2007. These two new businesses complemented our existing capability in Transpacific Manufacturing Systems and now form the platform for the Manufacturing Division. Several further acquisitions are planned for the later part of 2007.

The financial result was very satisfying across all three businesses, as they all either met budgets or pre-acquisition targets. This strong financial performance is set to continue in FY08 with a high focus on acquisition synergy development, continuous improvement programs and significant growth in revenues. A major project over the next 12 months will be the consolidation of our waste truck body manufacturing to a new facility in Bundaberg. This new venture will see $2.7 million in new equipment and fixtures, create 130 new jobs over three years and will provide capacity to meet 60% of the current overall market requirements. To complement the extra capacity opportunities, we will also be launching an aggressive service and parts strategy, all under the Superior Pak brand.

This is an exciting year with strong growth and new products coming into the Manufacturing Division and will quickly see us achieve our market objective to be the premier waste equipment provider in the Australian and New Zealand markets.

Corporate Services

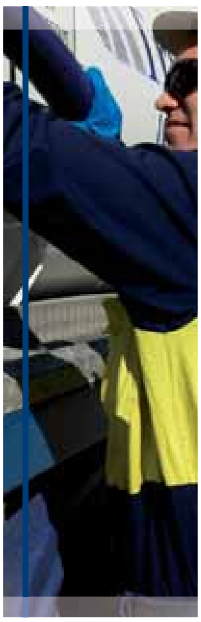
A strong commitment to protecting the environment is fundamental to all of Transpacific's operations. As Australasia's leader in waste management, we proudly accept the responsibility to collect, treat, recycle and dispose of waste through practices that promote environmental sustainability. It is the mandate of every one of our locations to comply with all environmental laws and to identify ways in which we can mitigate the environmental impact of the wastes that we handle. Our Environmental Group supports this effort through training, audits and consultation and by driving continuous improvement in our environmental practices.

Equally, Transpacific is committed to protecting the safety of our employees and our clients. Our Occupational Health & Safety Group has been instrumental in establishing our Zero Harm culture and in continuously reviewing our practices to identify ways in which we can minimise workplace risks. The OH&S Group has also developed and implemented a National Integrated Management System whereby our policies and procedures are standardised across the corporate group.

As a result of acquisitions, we have nearly twice as many employees as we did one year ago. Our Human Resources Group has been working diligently in successfully integrating our new employees into the Transpacific family. Similarly, our Information Technology Group has been dedicated to effecting a smooth transition of our acquisitions into the corporate group. Those acquisitions have created opportunities for cost savings and efficiencies. Our Continuous Improvement Group has been successful in identifying the best business practices and buying opportunities for each of our companies, new and old, and bringing the benefits to the entire corporate group.

Of course our staff are the most important asset we have and I'd like to thank them for their efforts and support in FY07. We're well into FY08 and it will be another busy year – but also a rewarding year. So I look forward to working with you all in my new capacity and, together, growing our company.

Trevor Coonan
CEO




Outstanding Growth.

Transpacific's business model is based on the provision of tailored services to meet the needs of its customer groups and to provide a comprehensive range of integrated total waste management and facility management services. Transpacific currently has business operations throughout Australia and New Zealand, including 45 major processing facilities.

Integrated Total Waste Management Solutions

Industrial Solutions	Australia's and New Zealand's leading specialist in industrial cleaning and total waste management business solutions.
Liquid Waste	Leading Australian and New Zealand business in collection, treatment and disposal of liquid and hazardous waste.
Commercial Vehicles	Imports and distributes two premier brands of heavy-duty trucks and associated parts, MAN bus chassis and industrial engines.
Solid Waste	Australia's and New Zealand's leader in collection, transportation and disposal of solid commercial and municipal waste, including landfill and transfer station operation, resource recovery and recycling.
Energy	Specialises in recycling used mineral and cooking oil for distribution and reuse.
Organics/Remediation	Emerging business specialising in site remediation, contaminated site clean-up, dredging, composting and biosolids management.
Manufacturing	Manufacture of vehicle bodies, parts washers, bins and waste compaction units to support our own operations as well as industry.

Industrial Solutions

Division 1.

Business Activity:
Australia's leading specialist in industrial cleaning and total waste management business solutions.

Acquisitions:
In FY07 the Group acquired major operations in South Australia, New Zealand, Victoria and New South Wales, adding $11.1 million to EBITDA annually.

Liquid and Hazardous Waste

Division 2.

Business Activity:
Leading Australian and New Zealand business in collection, treatment and disposal of liquid and hazardous waste.

Acquisitions:
Acquisitions to the Liquid Division will add $8.3 million to EBITDA annually, with a major new business acquired in New Zealand as well as others in Victoria and New South Wales.

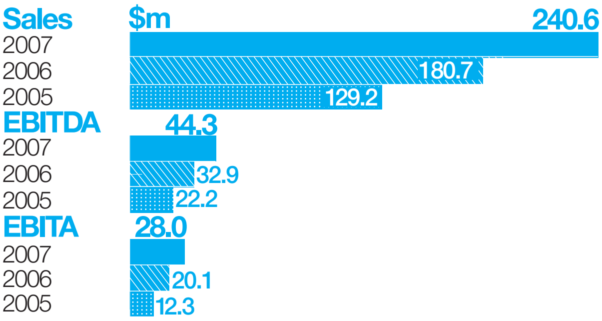
Commercial Vehicles

Division 3.

Business Activity:
Imports and distributes two premier brands of heavy-duty trucks and associated parts, MAN bus chassis and industrial engines.

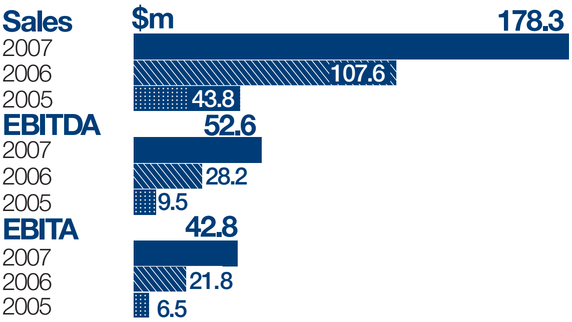
Acquisitions:
The Commercial Vehicles Division continues to develop its presence in the marketplace, with impressive growth in market share.

Organic Growth:
EBITDA grew by 16% over last year (including Manufacturing).



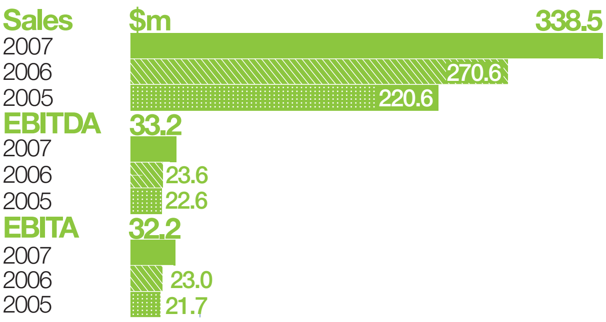
The Future:
Will continue to seek strategic acquisitions and, in particular, expansion of our facilities management capabilities.

Organic Growth:
EBITDA grew by 27% over last year (including BioSolids).



The Future:
Continued focus on the investigation of opportunities around waste water treatment and for recycling of our liquid waste into water.

Organic Growth:
EBITDA grew by 39% over last year.



The Future:
The Division will continue to grow due to demand for vehicles arising from changed emission standards, the release of the new waste vehicle and potential tender opportunities. We have also commenced a search for a new mid size truck to fill a gap in the product range.

Division
Summary

Solid Waste

Division 4.

Business Activity:
Leading business in collection, transportation and disposal of solid commercial and municipal waste, including landfill and transfer station operation.

Acquisitions:
The Group acquired Waste Management New Zealand in July 2007 and is now established as the largest player in Australasia after the major acquisitions during the year of Cleanaway, Baxter and Twigg. Other smaller strategic acquisitions also extended the Group's footprint across Australia and New Zealand.

Energy

Division 5.

Business Activity:
Emerging business specialising in recycling used mineral and cooking oil for distribution and reuse.

Acquisitions:
The Group's first state-of-the-art Hydrogenation facility commenced production in New South Wales during the year with further plants planned.

Organics/Remediation

Division 6.

Business Activity:
Emerging business specialising in site remediation, contaminated site clean-up, dredging, composting and biosolids management.

Acquisitions:
Businesses acquired in Queensland and New South Wales added to this new Division.

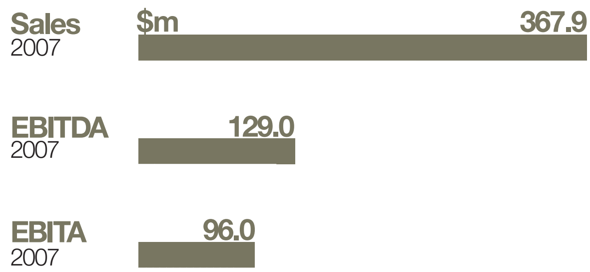
Manufacturing

Division 7.

Business Activity:
Manufacture of vehicle bodies, parts washers, bins and waste compaction units to support our own operations as well as industry.

Acquisitions:
Acquired two major players in the waste compaction manufacturing sector to position Transpacific as a leading manufacturer of waste compaction systems and bins.

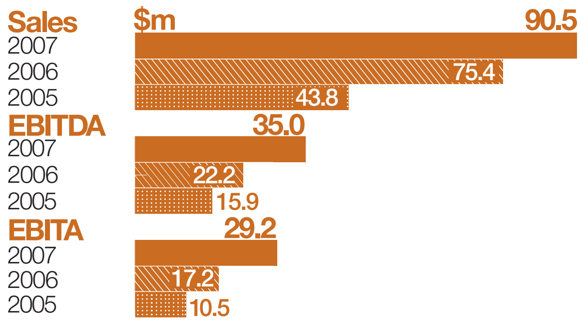
Organic Growth:
This is a new division.



The Future:
The acquisition of part of Envirowaste has been approved and will contribute in FY08. The focus continues to expand the Group's solid waste presence through strategic acquisitions, particularly collection, landfill and transfer station businesses. The recycling of solid waste will continue to be a key strategic focus both internally and by acquisition. The Group continues to develop an extensive and valuable land bank of properties across Australia and New Zealand.

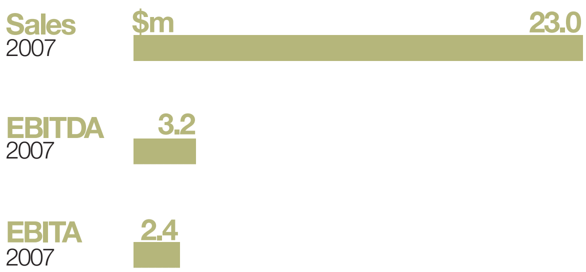
Organic Growth:
EBITDA grew by 54% over last year.

(Note: Sales exclude PSO subsidy)



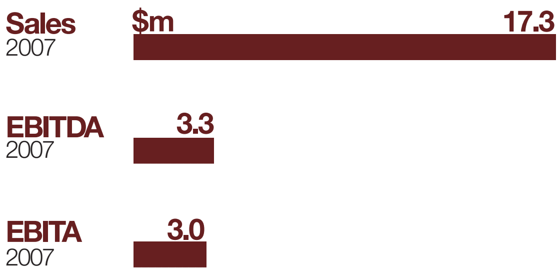
The Future:
Hydrogenation will continue to drive growth. Approval is being sought for a new facility in Victoria while others are planned for Western Australia and Queensland. Biodiesol and Diesohol will be pursued should government change excise rules.

Organic Growth:
This is a new division. For comparative purposes, growth is included in Liquid and Hazardous Waste.



The Future:
Continue to develop growth via further strategic acquisitions and separate management focus.

Organic Growth:
This is a new division. For comparative purposes, growth is included in Industrial Solutions.



The Future:
Significant growth through further acquisitions is planned. Expansion of existing facilities has commenced to assist with demand (for waste vehicle bodies, bins and skips) from both within and outside the Group.

Board of Directors.

Terry Peabody
Executive Chairman

Bruce Allan
Non-Executive Director

Graham Mulligan
Non-Executive Director

Trevor Coonan
Chief Executive Officer
Executive Director

Bruce Brown
Non-Executive Director

Harold Grundell
Chief Executive Officer –
Transpacific Industries
Executive Director

Terry Peabody
Executive Chairman

Terry Peabody has been involved in the importation and distribution of Western Star trucks into Australia since 1983. The waste management operations of Transpacific were formed in 1987 by Mr Peabody, following the successful public float of Pozzolanic Industries, listed on the ASX by Mr Peabody and his family in 1985.
In 1991, business interests associated with Mr Peabody acquired the North American parent company of Western Star, successfully listing the company on the Toronto Stock Exchange in 1994. In 2000, the North American company was purchased by Freightliner LLC (a DaimlerChrysler group company) with the Australian operations retained by business interests associated with Mr Peabody, and now forming part of Transpacific. Mr Peabody has had extensive international success in building waste management, transportation and manufacturing companies. He has held the position of Executive Chairman of Transpacific since its incorporation in 1987.

Trevor Coonan
Chief Executive Officer
Executive Director

Trevor joined Transpacific as Chief Financial Officer in 2004 prior to its listing on the ASX. Since that time Trevor has overseen and been actively involved in Transpacific strategy and acquisitions and in conveying the acquisitions and expectations to shareholders and the market. On 1 July 2007, Trevor was appointed CEO replacing Howard Wilson. Prior to joining the company Mr Coonan was a director with PriceWaterhouseCoopers.

Bruce Allan
Non-Executive Director

Bruce Allan is a mining engineer who has some 45 years experience working in the Australian resources industry. Mr Allan is currently Managing Director of Bruce Allan Corporate Services, a specialist services consultant to the mining industry. He is currently Chairman of the Queensland Mines Rescue Service, a private industry organisation providing specialist services to the Queensland coal industry. Mr Allan is a Director of the Illawarra Retirement Trust, a large retirement organisation based in NSW.

Throughout his career, Mr Allan has held senior industry management positions with major organisations such as Rio Tinto and BHP Billiton, retiring from BHPB – Illawarra Coal as Vice President Operations in 2004, to form his own consulting business. He has served as Chairman of the NSW Minerals Council underground research committee, advising industry and government on direction and expenditure for coal research. He has travelled extensively overseas in both technical and marketing roles for both the mining industry and government. Mr Allan brings to the Board an in-depth knowledge of the Australian resources industry.

Bruce Brown
Non-Executive Director

Bruce Brown is currently Non-Executive Chairman of Flight Centre Limited and a non-executive director of Campbell Brothers Limited. Mr Brown was until recently Managing Director of Campbell Brothers Limited, an ASX listed company with diversified operations including the manufacture and distribution of chemicals and the provision of analytical laboratory services. Mr Brown had held finance and senior management positions with that company since 1976.
In 1990, Mr Brown was appointed Chief Executive Officer of Campbell Brothers Limited and three years later became its Chief Executive Officer and Managing Director. During the last 15 years, Mr Brown has been integral to that company's significant growth and ongoing success in a broad range of industries.

Graham Mulligan
Non-Executive Director

Graham Mulligan has had extensive experience at the top management positions in major infrastructure and resource companies. He is the managing director of International Infrastructure Ventures which specialises in providing management services to major projects. Recently he has managed the CrossCity Motorway Group of companies in Sydney, and previously held the position of Chief Executive Officer of the Port of Brisbane Corporation, and prior to that was the Managing Director of Port Wellington Ltd in New Zealand.
Mr Mulligan has previously held senior management and publicly listed company director positions in the petroleum exploration and production industries in Australia and New Zealand

Harold Grundell
Chief Executive Officer – Transpacific Industries
Executive Director

Harold Grundell joined Transpacific in 1990 in an operations role and has since held several senior management positions throughout Australia with the Transpacific Group. Mr Grundell was appointed to the role of Chief Executive Officer for Nationwide Oil in June 2001 before being appointed to the position of Managing Director in February 2004. Mr Grundell is a director of the Australian Oil Recyclers Association and sits on the Oil Stewardship Advisory Committee, which advises the Federal Minister for the Environment in relation to matters concerning used oil collection and recycling. Mr Grundell is also a director of several Transpacific companies and heads the Energy Division of Transpacific.

Stephen Barnard
Kellie Smith
Bradley Stam

Greg Campbell
Paul Glavac
Terry Woods

Nick Badyk
Stewart Smith
Tony Roderick









"All of our senior management bring something different to the table. Individually, they all have very strong track records. As a team their skills and experience complement each other's, creating a dynamic which has played an integral part in getting results from the existing businesses and acquisitions."

Senior Management.

Stephen Barnard
Chief Financial Officer
and Investor Relations
Transpacific Industries Group Ltd

Stephen joined the Group in August 2007 as Chief Financial Officer. An experienced Chartered Accountant and Chartered Company Secretary, Stephen has held senior finance and management positions with a number of listed public companies and has worked in the banking and finance, funds management and property industries. Stephen began his career with KPMG.

Kellie Smith
Company Secretary

Kellie joined the Transpacific Group in 2004, as Group Corporate Accountant. Prior to this Ms Smith specialised in manufacturing and service companies in her role as Client Services Manager in the Corporate Advisory Services Division for a chartered accounting firm.

Bradley Stam
Managing Director
Corporate Services and
Government Affairs

Bradley joined Transpacific Industries Group in 2005. Prior to this Bradley was General Counsel, President and Director of Western Star Trucks and Senior Vice President, Legal and Asset Management, Alderwoods Group Inc. He also has extensive private legal practice experience.
In senior roles, Mr Stam has been responsible for legal, compliance, corporate development, and real estate and risk management.

Greg Campbell
Chief Executive Officer
Solid Waste & New Zealand

Greg joined Transpacific in 2005 in his current role, following a long career in the oil, infrastructure and public transit industries both internationally and in New Zealand. Delivering both growth and stakeholder outcomes in a sustainable fashion are the hallmark of Greg's business focus. Mr Campbell holds a number of directorships and positions with not for profit organisations.

Paul Glavac
Managing Director
Commercial Vehicles

Paul joined Transpacific in 2003 as General Manager of Industrial Solutions. In 2004 he took up his current position of responsibility for Western Star Trucks and MAN Automotive Imports. Prior to joining Transpacific Mr Glavac worked with Ateco Holdings and later held a senior position at Brambles Industrial Services.

Terry Woods
Managing Director
Mergers and Acquisitions

Terry joined Transpacific in 2001 as Queensland State Manager for Nationwide Oil and became Chief Operating Officer of Nationwide and ERS in 2003. He has an extensive background in the business of alternative fuels, concrete, fly ash and quarrying. Mr Woods was appointed to his present position in 2006.

Nick Badyk
Managing Director
Industrial Solutions

Nick joined Transpacific as Group Business Development Manager in 2001 and was appointed Managing Director of Industrial Solutions in 2004. Mr Badyk has been involved in the restructure of Western Star Trucks and MAN Automotive Imports, along with numerous group acquisitions. Prior to Transpacific Nick held positions with Chemtrans, Orica and Incitec Pivot.

Stewart Smith
Executive Adviser

Stewart provides advice to the senior executive on financial and commercial matters including major acquisitions. He joined Transpacific Group at inception in 1987, spending time in the early 1990s on secondment to Western Star Trucks. Mr Smith was Company Secretary of Pozzolanic Industries prior to joining Transpacific.

Tony Roderick
Managing Director
Liquid and Hazardous Waste
and Biosolids

Tony joined the Group from the position of General Manager of Nuplex Environmental Services Australia and New Zealand, following its acquisition by Transpacific. Mr Roderick holds qualifications in Civil Engineering and Environmental Management, with 20 years' experience in the environment and waste management industry.

Corporate Governance Statement.

Transpacific Industries Group Ltd (the Company) and the Board are highly committed to appropriate levels of corporate governance. An extensive review of the Company's corporate governance framework was completed during 2005 in light of best practice recommendations released by the Australian Stock Exchange Corporate Governance Council (ASXCGC).

Transpacific Industries Group Ltd (Transpacific or the Company) and its Board of Directors are highly committed to appropriate levels of corporate governance. The Company's corporate governance practices have been in place since listing and are continually reassessed and updated in the light of experience (within the Company and other organisations) and best practice guidelines.

The Board supports the Principles of Good Corporate Governance and Best Practice Recommendations released by the Australian Stock Exchange Corporate Governance Council (ASXCGC). The Board confirms that the current corporate governance practices of the Company meet the recommendations, with the exception of Recommendations 2.1 and 2.2. Explanations for these departures are set out in Section 2 below.

A description of the Company's main corporate governance practices is set out in this statement. For further details please visit the investor section of our website at www.transpacific.com.au.

1. The Role of the Board

The Transpacific Board is responsible for providing strategic guidance to the Company and effective oversight of its executive and senior management on behalf of shareholders.

To achieve this, the Board is engaged in the following activities:

- input into and final approval of senior management's corporate strategy and performance objectives;
- monitoring of executive and senior management performance, including the implementation of corporate strategies, and ensuring appropriate resources are available;
- appointing and reviewing the performance of the Chief Executive Officer;
- ensuring that the Company has appropriate systems of risk management and internal compliance and control;
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestments; and
- other matters required to be dealt with from time to time depending on the circumstances of the Company.

The Board operates under a Charter that is regularly reviewed to ensure it remains consistent with the Board's objectives and responsibilities. A full copy can be viewed on the Transpacific website.

2. Composition of the Board

The Company's Constitution calls for at least three but not more than 10 Directors. The Board is presently comprised of three executive directors and three non-executive directors. Profiles of each director, outlining their skills, experience and expertise, are set out on page 15 of the Annual Report. The Board has a broad range of relevant operational, regulatory, risk management, financial and other skills and expertise to meet its objectives and effectively govern the Company.

ASXCGC Best Practice Recommendation 2.1 states the majority of the board should be independent directors. The current Board believes six Directors is an optimal number of directors for a company the size and growth profile of the Group. It believes the skills and industry knowledge of the three Executive Directors are required to lead the Company forward.

The composition of the Board is determined by the Nomination and Remuneration Committee through a process of reviewing the current range of skills, experience and expertise of the Board and identifying the needs of the Company. Advice may also be sought from independent consultants.

Chairman

The Chairman is responsible for leading the Board, ensuring Directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationships with the Company's senior executives.

ASXCGC Best Practice Recommendation 2.1 states the Chairperson should be an independent Director. The current Board believes Transpacific's founder and major shareholder, Terry Peabody, has the vision, skills and deep industry knowledge required to lead the Company, clearly communicate the Company's objectives and strategy, and to set market expectations.

Re-election of directors

In accordance with Transpacific's Constitution, one third of the Directors (excluding the Managing Director) must stand for re-election at each Annual General Meeting. In addition, no Director (other than the Managing Director) may hold office for more than three years without standing for re-election, and any Director appointed by the board since the last Annual General Meeting must stand for re-election at the next Annual General Meeting. All retiring Directors are eligible for re-election.

3. Independence of Directors

The Board acknowledges the importance of directors who are independent from management and free of any business or other relationship that could interfere, or reasonably be perceived to interfere, with the exercise of their independent judgement and ability to act in the best interests of Transpacific and its shareholders.

In applying the definition of independence outlined in the recommendations of the ASXCGC, it has been determined that the following Directors constitute the independent Directors of the Company:

Mr Bruce Brown – Deputy Chairman and Non-Executive Director
Mr Graham Mulligan – Non-Executive Director
Mr Bruce Allan – Non-Executive Director

The current Board members (with the exception of Mr Bruce Allan, who was appointed in August 2006) have been in office since Transpacific listed on the ASX in May 2005. The Board has overseen the growth and development of Transpacific since listing and in the Board's view the Company derives benefits from having long serving directors with a detailed knowledge of its operations. The Board does not consider that the independence of any of the current Directors is impacted by their length of service.

4. Conflicts of Interest

Directors are required to disclose to the Board on an on-going basis any relationships from which a conflict of interest might arise. A Director who has an actual or potential conflict of interest or a material personal interest in a matter is required to declare that conflict to the Board, and if the Board determines there is a material conflict of interest that Director:

- is not entitled to receive any relevant Board papers or other documents in reference to the matter;
- must not be present at the meeting while the matter is considered; and
- must not participate in any decision on the matter.

The Board may resolve to permit a Director to have an involvement in a matter involving a potential or actual conflict of interest. In such instances the Board must minute full details of the basis of the determination and the nature of the conflict, including a formal resolution concerning the matter.

5. Access to Independent Advice

Directors and the Board Committees have the right in connection with their duties and responsibilities to seek independent professional advice at the Company's expense. Prior written approval of the Chairman is required, but this will not be unreasonably withheld. Where appropriate, Directors share such advice with the other Directors.

6. Board Meetings

The Board meets at least eight times each year for scheduled meetings, and in addition meets wherever necessary to deal with specific matters that require attention between the scheduled meetings.

Together with the Board Committees, the Directors use the Board meetings to challenge and fully understand the business and its operational issues. To assist in this, the Board regularly conducts its meetings at Transpacific's operating sites, followed by management presentations and tours of the facilities.

The number of meetings of the Board and of each Board Committee held during the year ended 30 June 2007, and the number of meetings attended by each Director is disclosed on page 26.

7. Board Committees

The Board has two standing Committees to assist in carrying out its duties and responsibilities as outlined in the Board Charter.

The standing Board Committees are:

(a) Audit and Risk Management and Compliance Committee

This Committee consists of the following Non-Executive Directors:

B R Brown (Chairman)
G D Mulligan
B S Allan

Details of these Directors' qualifications and attendance at meetings are set out earlier and in the Directors' Report on page 26. The Committee has appropriate financial expertise and all members are financially literate and have an appropriate understanding of the industries in which Transpacific operates.

The Committee was established in March 2005 and is governed by a Charter which outlines the Committee's role and responsibilities, composition and membership requirements. The Charter is regularly reviewed to ensure it remains consistent with the Board's objectives and responsibilities. The current Charter is available under the Corporate Governance section of the Company's website.

The External Auditor, Chairman, Chief Executive Officer, Chief Financial Officer, Company Secretary and other Transpacific executives attend meetings of the Committee as required, to present the relevant statutory information, financial statements, reports, and to answer the questions of the Committee members.

The main responsibilities of the Committee include:

- review of financial statements and external financial reporting prior to consideration by the Board of Directors to ensure they represent a true and fair view of Transpacific's financial position and performance;
- assess the management processes supporting external reporting;
- review of the process the Executive Chairman, Chief Executive Officer and Chief Financial Officer have in place to support its certifications to the Board;
- recommend to the Board the appointment, reappointment or replacement of the External Auditor, and review the terms of its engagement, the scope and quality of the audit and consider the auditor's independence on an on-going basis;
- review and monitor risk management and internal compliance and control systems;
- determine the scope of the internal audit function (if any); and
- report to the Board on matters relevant to the Committee's role and responsibilities.

At the Committee meeting to consider the half and full year financial results, the Committee members will meet with the External Auditor without management present.

(b) Nomination and Remuneration Committee

This Committee consists of the following Directors:

G D Mulligan
(Chairman, Non-Executive Director)
B R Brown (Non-Executive Director)
T E Peabody (Executive Director)

The Committee meets as required and attendances at meetings are set out in the Directors' Report on page 26.

The Committee was established in March 2005 and is governed by a Charter which outlines the Committee's role and responsibilities, composition and membership requirements. The Charter is regularly reviewed to ensure it remains consistent with the Board's objectives and responsibilities. The current Charter is available under the Corporate Governance section of the Company's website.

The main responsibilities of the Committee include:

- review and assessment of the necessary and desirable competencies of Board members and relevant Board Committees;
- evaluation of the performance and contributions of Board members;
- overseeing the selection and appointment practices for Directors and senior executives; and
- assisting the Board in relation to the remuneration policy for the Company and the application of the policy to senior executives.

In performing its responsibilities, the Committee receives appropriate advice from external consultants and other advisors as required.

8. Code of Conduct and Securities Trading Policy

The Company conducts its business with the highest standards of personal and corporate integrity. To assist employees in achieving this objective, the Company has developed a Statement of Values and Corporate Code of Conduct (the Code) which guides the behaviour of Directors, officers and employees and demonstrates the commitment of the Company to ethical practices.

The Code is fully endorsed by the Board, and is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity.

The Code states the values and policies of the Company and complements the Company's risk management and internal control practices. It details the key principles of the Company's Trade Practices and Fair Trading polices.

Additionally the Code reinforces the Company's Securities Trading policy. The securities trading policy permits Directors and employees to buy and sell Company securities during the six week period following release of the half-yearly and annual financial results to the market and the six-week period following the Annual General Meeting. Trading outside the permitted trading windows is permitted only with the prior consent of the Executive Chairman, Chief Executive Officer or Company Secretary. At all times, if an employee possesses unpublished insider information about the Company, that person is prohibited from trading.

The Code requires employees who are aware of unethical practices within the Company or breaches of the trading policy to report these to the Company Secretary or Audit and Risk Management and Compliance Committee.

Appropriate training programs on the Company's internal policies including workplace health and safety, environmental law compliance, trade practices legislation and equal opportunity employment support the Code.

The Directors are satisfied that the Company has complied with its policies on ethical standards, including trading in securities.

A copy of the Code and the securities trading policy are available under the Corporate Governance section of the Company's website.

9. Risk Management and Internal Controls

The Board recognises that effective risk management processes are imperative to the Company achieving its business objectives and to the Board meeting its corporate governance responsibilities.

The Board, through the Audit and Risk Management and Compliance Committee, is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal controls to ensure strategic, operational, legal, regulatory and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

Detailed control procedures cover management accounting, financial reporting, project appraisal, environment, health and safety, IT security, compliance and other risk management issues. Numerous risk management controls are embedded in the Company's management and reporting systems, including:

- policies and procedures for the management of financial risk and treasury operations, including hedging exposure to foreign currencies and interest rates;
- annual budgeting and monthly reporting systems for all divisions which enable monitoring of progress against performance targets, evaluation of trends and variances to be acted upon;
- health and safety programs and targets; and
- due diligence procedures for acquisitions.

In view of the divisional structure of the Company with divisional accounting functions, and considering cost effectiveness, the Company relies on its financial management team to perform internal audit functions.

(a) Occupational Health, Safety and Environment (OHSE)

The Company recognises the importance of OHSE issues and is committed to the highest levels of performance and review. The Company:

- monitors its compliance with all relevant legislation;
- continually assesses and improves the impact of its operations on the environment; and
- encourages employees to actively participate in the management of OHSE issues.

The OHSE department conducts management systems, operational and licensing audits throughout the Company as part of the Compliance Management Strategy. Transpacific has also undertaken a major initiative with the implementation of a National Integrated Management System covering all areas of ISO 14001 (Environment), AS/NZS (Occupational Health and Safety) and ISO 9001 (Quality) relevant to the business processes, products and services provided by the Company. External certification has been obtained in a number of the Company's operating divisions and audits are well under way to achieve certification in the remaining divisions in the coming year.

Information on compliance with significant environmental regulations is set out in the Directors' Report.

(b) Certification of Risk Management Controls

In conjunction with the certification of financial reports the Chairman, Chief Executive Officer and Chief Financial Officer state in writing to the Board each reporting period that in their opinion:

- the statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

This statement is based on a formal sign-off framework established throughout the Company and reviewed by the Audit and Risk Management and Compliance Committee as part of the six-monthly financial reporting process.

10. Audit and Auditor Independence

The Board recognises the importance of an independent audit firm to ensure that the audit function delivers, for the benefit of the Board and all other stakeholders, an unbiased confirmation of both the financial statements and the state of affairs of the Company.

Consistent with this commitment a policy has been prepared and approved by the Board on the Role of the External Auditor, which is designed to ensure the independence of the external audit function.

Bentleys MRI Brisbane Partnership was appointed as the external auditor in 2002. Bentleys MRI has declared its independence to the Board through its representations to the Audit and Risk Management Committee and provision of its Lead Auditor Independence Declaration, stating that there have been no contraventions of auditor independence requirements as set out in the Corporations Act or any auditor's professional code. The lead engagement partner will rotate after completion of the 30 June 2007 audit.

11. Continuous Disclosure and Communication with Shareholders

Transpacific is committed to ensuring shareholders are provided with full, open and timely material information about its activities. This is achieved by the following:

- complying with the continuous disclosure obligations contained in the ASX Listing Rules and the Corporations Act 2001. Written policies and procedures are in place to ensure the Company complies with the continuous disclosure requirements and to ensure accountability at the executive and senior management level for that compliance;
- ensuring that all communications with shareholders (including the annual report and notice of annual general meeting) satisfy statutory requirements and are easily understandable;
- ensuring that all shareholders have the opportunity to receive external communications issued by the Company. All Company announcements and information released are posted to the investor section of the Transpacific website following confirmation of its release by the ASX to the market. This section of the website also outlines the Corporate Governance practices of the Company and other relevant information;
- encouraging shareholders to attend Annual General Meetings and to use this opportunity to ask questions. If shareholders are unable to attend in person, they are encouraged to participate through the appointment of a proxy or proxies; and
- the Company's external auditor attends the Annual General Meeting to answer questions from shareholders about the conduct of the audit and the preparation and content of the Independent Audit Report. Shareholders attending the meeting are made aware that they may ask such questions of the auditor.

The Board is committed to the continued development and enhancement of electronic communications with shareholders. The Board will continue to monitor market practices and is currently reviewing the recent legislative changes relating to the electronic distribution of annual reports.

Financial Report.

Financial Year Ended 30 June 2007

Contents

Transpacific Industries Group Ltd
ABN 74 101 155 220

Directors' Report

The directors present their report together with the financial report of Transpacific Industries Group Ltd ("the Company") and of the consolidated entity, being the Company and its controlled entities, for the financial year ended 30 June 2007 and the auditor's report thereon.

Directors

The names of directors of the Company at any time during or since the end of the financial year are as follows. Directors were in office for this entire period unless otherwise stated.

T E Peabody – Executive Chairman

H L Wilson – Executive Director (resigned 25 July 2007)

B R Brown – Non-Executive Director (appointed Deputy Chairman 23 August 2006)

J J Richards – Non-Executive Director and Deputy Chairman (resigned 23 August 2006)

G D Mulligan – Non-Executive Director

H W Grundell – Executive Director

B S Allan – Non-Executive Director (appointed 23 August 2006)

T J Coonan – Executive Director (appointed 25 July 2007)

The office of company secretary is held by K L Smith, B.Com (Hons), CA.

Particulars of directors' qualifications, experience and special responsibilities are detailed on pages 14 to 15 and page 20 of the Annual Report.

Principal Activities

During the financial year the principal continuing activities of the consolidated entity consisted of:

- management of liquid waste, including its collection, transportation, treatment and disposal;
- the collection, re-refining, processing and sale of hydrocarbon and cooking oils;
- industrial solutions including industrial cleaning, high pressure water blasting and manufacture and lease out of parts washers;
- commercial vehicles and parts importing and sales;
- solid waste, including its collection, transportation, recycling, disposal at, and management of landfills;
- manufacturing of parts washer machines, waste systems and bins; and
- Soil remediation and Biosolids management.

The consolidated entity commenced operations in the solid waste industry throughout the year as outlined in the review of operations on page 25. The manufacturing activities have also been expanded as a result of this.

With the exception of the above, there were no significant changes in the nature of the activities of the consolidated entity during the year.

Dividends and distributions

Details of dividends in respect of the financial year are as follows:

	2007 $'000	2006 $'000
ORDINARY SHARES:		
Final dividend for the year ended 30 June 2006 – 5.1 cents per share fully paid on 27 October 2006	11,597	-
Interim dividend for the year ended 30 June 2007 – 5.0 cents per share fully paid on 4 May 2007 (2006: 4.2 cents)	12,218	8,515
TOTAL DIVIDENDS PAID	23,815	8,515

	2007 $'000	2006 $'000
SPS PREFERENCE SECURITIES:		
Distribution of $4.14 per unit paid on 18 April 2007	10,350	-
TOTAL DISTRIBUTIONS PAID	10,350	-
TOTAL DIVIDENDS AND DISTRIBUTIONS PAID	34,165	-

In addition to the above dividends and distributions, since the end of the financial year the directors have recommended the payment of a final ordinary dividend of $18,767,000 (6.7 cents per share) to be paid on 27 October 2007. The payment of the SPS preference securities distribution for the period ending 30 September 2007 of $8,850,000 ($3.54 per unit) is to be paid on 15 October 2007.

The financial effect of this dividend and distribution has not been brought to account in the financial statements for the year ended 30 June 2007 and will be recognised in subsequent financial reports.

All dividends and distributions paid and proposed are fully franked.

Review of Operations, Financial Position, Business Strategies and Prospects

Net profit after income tax attributable to ordinary equity holders of Transpacific Industries Group Ltd for the year ended 30 June 2007 was approximately $103.1 million (2006: $47.5 million). This represents an improvement of 117% over the financial year. The improvement has been foreshadowed and disclosed in a number of ASX market releases.

The Company made a number of acquisitions during the year of which the market is aware. Details of these acquisitions are set out in note 24 to the financial statements.

The consolidated entity commenced operations in the solid waste industry during the year through the following acquisitions:

- 3 July 2006 - the consolidated entity amalgamated with Waste Management NZ Ltd;
- 3 January 2007 - Baxter Group Ltd was acquired through an off-market takeover;
- 2 April 2007 - the Twigg operations were acquired.
- 16 May 2007 - the Cleanaway operations were acquired.

Further bolt on acquisitions were also completed in this division throughout the year.

The Company has a sound financial position at 30 June 2007 generating strong cash flows to fund its working capital requirements and day to day cash flows. All debt covenants have been satisfied and the Company has approximately $400 million available in unused debt facilities.

Significant Changes in the 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.

Events Subsequent to Reporting Date

Subsequent to the balance date, the Company and its consolidated entities have acquired a number of businesses.

Other than the matter above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

Directors' Report (continued)

Likely Developments and Expected Results of Operations

Material likely developments and expected results of operations of the consolidated entity have been notified to the market and include our investigation of further acquisitions and market opportunities.

Further information about likely developments in the operations of the consolidated entity and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental Regulation

The consolidated entity's operations are subject to significant environmental regulation.

The consolidated entity holds environmental licences for its sites throughout Australia and New Zealand.

The consolidated entity is committed to achieving the highest standards of environmental performance. There were no material breaches of environmental statutory requirements and no material prosecutions during the year.

Meetings of Directors

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

	BOARD MEETINGS		AUDIT RISK MANAGEMENT AND COMPLIANCE COMMITTEE		NOMINATION & REMUNERATION COMMITTEE	
DIRECTOR	MEETINGS HELD WHILE A DIRECTOR	NUMBER ATTENDED	MEETINGS HELD WHILE A MEMBER	NUMBER ATTENDED	MEETINGS HELD WHILE A MEMBER	NUMBER ATTENDED
T E Peabody	16	16	*	*	3	3
H L Wilson	16	16	*	*	3	3
J J Richards	2	1	0	0	1	1
B R Brown	16	13	5	5	3	3
G D Mulligan	16	16	5	5	2	3
B S Allan	14	14	5	5	*	*
H W Grundell	16	16	*	*	*	*

* Not a member of the relevant committee.

Directors' Interests

The relevant interest of each director in the shares and options over such instruments issued by the Company, as notified by the directors to the Australian Stock Exchange in accordance with s205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	ORDINARY SHARES	OPTIONS OVER UNISSUED ORDINARY SHARES
EXECUTIVE		
T E Peabody	76,269,039	6,950,000
T J Coonan	1,092,049	616,669
H W Grundell	292,380	434,334
NON-EXECUTIVE		
B R Brown	100,000	50,000
G D Mulligan	31,750	50,000
B S Allan	5,000	50,000

REMUNERATION REPORT

REMUNERATION POLICY

The key driver of Transpacific's remuneration policy is to attract and retain top quality directors and executives to ensure the continued success of the Group for the benefit of all our stakeholders.

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration

B Details of remuneration

C Service agreements

D Share-based compensation.

A Principles used to determine the nature and amount of remuneration

The objective of the company's executive remuneration framework is to ensure remuneration for performance is competitive and appropriate for the results delivered. The framework aligns executive remuneration with achievement of strategic objectives and the creation of value for shareholders, and conforms with market practice for delivery of reward. In our business it is assumed that all environmental and safety requirements are satisfied but there are penalties in our remuneration framework if they are not. The Board ensures that executive remuneration satisfies the following key criteria for good remuneration governance practices:

- competitiveness and reasonableness;
- acceptability and transparency to shareholders; and
- performance linkage/alignment of executive compensation to financial results, safety requirements, environmental compliance and contribution to continuous improvement initiatives.

The company has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- has economic profit as a core component of plan design;
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price;
- delivering constant return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracts and retains high calibre executives.

Alignment to program participants' interests:

- rewards capability and experience;
- reflects competitive reward for contribution to growth in shareholder wealth;
- provides a clear structure for earning rewards; and
- provides recognition for contribution.

The framework provides a mix of fixed and variable pay, and a blend of short and long-term incentives.

As executives gain seniority with the Group, the balance of this mix shifts to a higher proportion of "at risk" remuneration.

The overall level of executive remuneration takes into account the performance of the consolidated entity over a number of years, with greater emphasis given to the current and prior year.

The Nomination & Remuneration Committee is responsible for reviewing remuneration and performance and may refer to external information on remuneration to establish remuneration policy and levels.

Directors' Report (continued)

Non-Executive Directors

Non-executive directors are paid directors' fees. The payment of directors' fees is to reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board and are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at $750,000 per annum, to be apportioned among the Non-executive directors as the Board determines in its absolute discretion.

The Non-executive directors were also granted TPI share options which are discussed below.

Executives

Executive remuneration has four components:

- base salary and benefits;
- short-term performance incentives;
- long-term incentives through participation in the Transpacific Executive Share Option Plan; and
- other remuneration such as superannuation.

Base salary

Executives are offered a competitive base salary that is structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion. Base salary for senior executives' is reviewed annually to ensure it is competitive with the market. An executive's salary is also reviewed on promotion. There are no guaranteed base pay increases included in any senior executives' contracts.

Benefits

Executives may receive benefits including car allowances, mobile phone and car parking.

Retirement benefits

Retirement benefits are not provided with the exception of statutory superannuation. Other retirement benefits may be provided directly by the company if approved by shareholders but there are none at this time.

Short-term incentives (Incentive Compensation – IC)

Should the company achieve a pre-determined profit target set by management and approved by the Board then an IC pool is available for allocation to executives during the annual review. Using a profit target ensures variable reward is only available when value has been created for shareholders and when profit is consistent with the business plan.

Each executive has a target IC opportunity depending on the accountabilities of the role and organisation or business unit performance. For senior executives the maximum target IC bonus opportunity is 50% of total base salary. Each year, the Remuneration Committee considers the appropriate targets and key performance indicators (KPIs) to link the IC plan and the level of payout if targets are met. This includes setting any maximum payout under the IC plan, and minimum levels of performance to trigger payment of an IC.

For the years ended 30 June 2007 and 30 June 2006, the KPIs linked to short-term incentive plans were based on group and individual business objectives. These KPIs are generic across the senior executive team. ICs paid to the senior executive team are disclosed on page 30.

The Nomination and Remuneration Committee is responsible for assessing whether the KPIs are met. To help make this assessment, the committee receives detailed reports on performance from management.

ICs may be adjusted up or down in line with under or over achievement against the target performance levels, but cannot be adjusted to exceed the maximum payable. This is at the discretion of the Nomination and Remuneration Committee.

Cash IC (bonuses) are payable in September each year after the financial year's results are compiled, audited and released to the market. This ensures transparency and shareholders can see the link between shareholder returns and employee remuneration.

Long-term incentives (Transpacific Executive Share Option Plan)

Information on the Transpacific Executive Share Option Plan is set out on page 63. In short, however, the options granted to the Non-executive directors and certain executives vest in equal tranches over two or three years. 75% of the options vest if total shareholder return (TPI share price increment over offer price plus dividend) totals at least 15% per annum on a cumulative basis and 25% vest if the volume weighted average price of TPI shares has outperformed the S&P/ASX200 (less financials) by 5% on a cumulative basis since the date the Company listed on the ASX. The options granted to date were issued for no consideration. From time to time, the Board will recommend that further options be issued in order to attract, incentivise and reward executives and Non-executive directors. Staff eligible to participate in the plan are senior management and Non-executive directors nominated by the Nomination and Remuneration committee.

B Details of remuneration

Details of the remuneration of the directors and the key management personnel (as defined in AASB 124 *Related Party Disclosures)* of the Company and consolidated entity are set out in the following tables. You will see the base fixed components and the "at risk" performance related components discussed above. The options have been costed in accordance with methodology set out in D below.

REMUNERATION OF DIRECTORS OF TRANSPACIFIC INDUSTRIES GROUP LTD

			SHORT-TERM		SHARE-BASED PAYMENTS	POST EMPLOY-MENT		
		SALARY AND FEES $	STI CASH BONUS $	NON-MONETARY BENEFITS $	OPTIONS $	SUPER-ANNUATION BENEFITS $	TOTAL $	% OF REMUN-ERATION PERFORMANCE RELATED
EXECUTIVE								
T E Peabody	– 2007	504,597	-	27,526	-	45,414	577,537	-
	– 2006	347,944	-	27,192	-	31,315	406,451	-
H L Wilson*	– 2007	460,706	150,240	4,349	124,595	52,825	792,715	19.0% (E)
	– 2006	366,171	146,905	4,553	195,429	47,645	760,703	19.3% (A)
H W Grundell	– 2007	305,089	68,598	30,847	80,869	33,092	518,495	13.2% (D)
	– 2006	209,479	96,330	28,857	97,714	27,523	459,903	20.9% (A)
NON-EXECUTIVE								
J J Richards**	– 2007	6,822	-	-	922	614	8,358	-
	– 2006	45,871	-	-	9,771	4,128	59,770	-
B R Brown	– 2007	55,046	-	-	6,230	4,954	66,230	-
	– 2006	45,871	-	-	9,771	4,128	59,770	-
G D Mulligan	– 2007	55,046	-	-	6,230	4,954	66,230	-
	– 2006	45,871	-	-	9,771	4,128	59,770	-
B S Allan ***	– 2007	49,895	-	-	11,184	4,491	65,570	-
	– 2006	-	-	-	-	-	-	-
R J Ruston****	– 2007	-	-	-	-	-	-	-
	– 2006	29,166	-	-	5,700	-	34,866	-
Total	– 2007	1,437,201	218,838	62,722	230,030	146,344	2,095,135	
Total	– 2006	1,090,373	243,235	60,602	328,156	118,867	1,841,233	

* H L Wilson resigned as director on 25 July 2007. He ceased as CEO on 30 June 2007 and will cease employment 31 October 2007.

** J J Richards resigned as director on 23 August 2006.

*** B S Allan was appointed as director on 23 August 2006.

**** R J Ruston resigned as director on 25 January 2006.

Directors' Report (continued)

REMUNERATION OF THE KEY MANAGEMENT PERSONNEL OF THE CONSOLIDATED ENTITY

		SHORT-TERM			SHARE-BASED PAYMENTS	POST EMPLOYMENT		
		SALARY AND FEES $	STI CASH BONUS $	NON-MONETARY BENEFITS $	OPTIONS $	SUPER-ANNUATION BENEFITS $	TOTAL $	% OF REMUNERATION PERFORMANCE RELATED
T J Coonan*	– 2007	364,374	156,132	5,467	99,490	33,435	658,898	23.7% (A)
	– 2006	218,917	113,636	3,344	97,714	32,255	465,866	24.4% (A)
S G Smith	– 2007	183,753	-	10,575	93,446	15,278	303,052	- (C)
	– 2006	178,928	76,147	18,452	146,571	22,957	443,055	17.2% (A)
P A Glavac	– 2007	241,748	116,152	26,104	80,869	32,211	497,084	23.4% (A)
	– 2006	200,004	-	26,123	97,714	18,000	341,841	- (C)
T A A Woods	– 2007	323,089	137,196	6,086	80,869	39,266	586,506	23.4% (A)
	– 2006	223,578	96,330	1,680	97,714	26,793	446,095	21.6% (A)
N M Badyk	– 2007	264,679	58,077	1,680	80,869	28,016	433,321	13.4% (D)
	– 2006	215,829	94,312	16,151	97,714	27,209	451,215	20.9% (A)
G F Sparks	–2007	230,280	-	20,836	62,298	20,725	334,139	- (C)
	– 2006	205,204	31,193	17,953	97,714	21,275	373,339	8.4% (B)
G S Campbell**	–2007	305,217	152,610	43,296	229,280	-	730,403	20.9% (A)
	– 2006	144,820	61,279	-	14,918	-	221,017	27.7% (A)
A G Roderick***	– 2007	277,216	58,076	7,283	277,443	35,613	655,631	8.9% (D)
	– 2006	94,835	26,758	5,959	15,803	13,328	156,683	17.1% (D)
Total	– 2007	2,190,356	678,243	121,327	1,004,564	204,544	4,199,034	
Total	– 2006	1,482,115	499,655	89,662	665,862	161,817	2,899,111	

* T J Coonan was appointed Chief Executive Officer on 1 July 2007 and an executive director on 25 July 2007. During the 2006 and 2007 years he was Chief Financial Officer.

** G S Campbell commenced employment on 17 October 2005.

*** A G Roderick commenced employment on 1 December 2005.

Notes relating to short-term incentives

Amounts included in remuneration for the financial year represents the amount that vested in the financial year based on achievement of personal goals and satisfaction of specified performance criteria. No amounts vest in future financial years in respect of the bonus schemes for the 2007 financial year.

(A) Executives received 100% of their applicable IC (short-term incentive);

(B) Executive received 33% of their applicable IC (short-term incentive);

(C) Executive received 0% of their applicable IC (short-term incentive);

(D) Executive received 50% of their applicable IC (short-term incentive);

(E) Executive received 75% of their applicable IC (short-term incentive)

The amounts of ICs forfeited are due to the performance or service criteria not being met in relation to the current financial year.

C Service agreements

Remuneration and other terms of employment for the Executive Chairman, Chief Executive Officer and the executives specified above are formalised in executive service agreements. Each of these agreements provide for a performance-related cash IC (bonuses), other benefits including car allowances, and participation, when eligible, in the Transpacific Executive Share Option Plan. The agreements are ongoing and reviewed on a periodic basis. The Executive Chairman and Chief Executive Officers' agreements may be terminated on six months' notice. The other agreements may be terminated by the Company or the executive at any time on one months' notice. There are no non-statutory termination benefits provided for in the service agreements.

D Share based compensation

Details on options over ordinary shares in the Company that were granted as compensation to each key management person during the reporting period and details on options that were vested during the reporting period are as follows:

	NUMBER OF OPTIONS GRANTED DURING THE YEAR		NUMBER OF OPTIONS VESTED DURING THE YEAR	
	2007	2006	2007	2006
Directors				
H L Wilson	200,000	-	333,333	-
H W Grundell	100,000	-	166,666	-
B S Allan	50,000	-	-	-
Other key management personnel				
T J Coonan	200,000	-	166,666	-
S G Smith	-	-	250,000	-
P A Glavac	100,000	-	166,666	-
T A A Woods	100,000	-	166,666	-
N M Badyk	100,000	-	166,666	-
G F Sparks	-	-	166,666	-
G S Campbell	100,000	150,000	50,000	-
	100,000	150,000	-	-
A G Roderick	100,000	150,000	-	-
	100,000	150,000	-	-

The assessed fair value at grant date of options granted to individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Options are granted for no consideration. 75% of the options vest if total shareholder return (TPI share price increment over offer price plus dividend) totals at least 15% per annum on a cumulative basis and 25% vest if the volume weighted average price of TPI shares has outperformed the S&P/ASX200 (less financials) by 5% on a cumulative basis since the date the Company listed on the ASX.

A further 700,000 options have been granted to key management subsequent to year end. The options were provided at no cost to the recipients.

No terms of equity-settled share-based payment transactions have been altered or modified by the issuing entity during the reporting period.

Directors' Report (continued)

Details of ordinary shares in the company provided as a result of the exercise of remuneration options to each director and key management personnel are set out below.

	DATE OF EXERCISE OF OPTIONS	AMOUNT PAID PER SHARE	NUMBER OF ORDINARY SHARES ISSUED ON EXERCISE OF OPTIONS DURING THE YEAR 2007	2006
EXECUTIVE DIRECTORS				
H L Wilson	27 September 2006	$2.40	333,333	-
H W Grundell	27 September 2006	$2.40	166,666	-
OTHER KEY MANAGEMENT PERSONNEL				
T J Coonan	27 September 2006	$2.40	166,666	-
S G Smith	23 October 2006	$2.40	250,000	-
P A Glavac	20 September 2006	$2.40	166,666	-
T A A Woods	27 September 2006	$2.40	166,666	-
N M Badyk	20 September 2006	$2.40	166,666	-
G F Sparks	20 September 2006	$2.40	166,666	-
G S Campbell	20 September 2006	$4.26	50,000	-

No amounts are unpaid on any shares issued on the exercise of options.

Details of the vesting profile of the options granted as remuneration to each director of the Company and each of the key management executives of the consolidated entity are set out below. No options will vest if performance conditions detailed earlier are not satisfied, hence the minimum value of the option to vest is nil. The maximum value of the options yet to vest has been determined as the fair value amount of the options at grant date that is yet to be expensed.

	VALUE OF OPTIONS AS PROPORTION OF REMUN-ERATION	FINANCIAL YEAR GRANTED	NUMBER	% VESTED	% FORFEITED	FINANCIAL YEARS IN WHICH OPTIONS VEST	MINIMUM TOTAL VALUE YET TO VEST $	MAXIMUM TOTAL VALUE YET TO VEST $
EXECUTIVE DIRECTORS								
T E Peabody	-	-	-	-	-	-	-	-
H L Wilson	15.7%	2005	1,000,000	33%	See note 31(E)	A	-	67,405
		2007	200,000	-	See note 31(E)	C	-	330,858
H W Grundell	15.6%	2005	500,000	33%	-	A	-	33,702
		2007	100,000	-	-	C	-	330,858
NON-EXECUTIVE DIRECTORS								
B R Brown	9.4%	2005	50,000	33%	-	A	-	3,370
G D Mulligan	9.4%	2005	50,000	33%	-	A	-	3,370
B S Allan	17.1%	2007	50,000	-	-	B	-	35,842
KEY MANAGEMENT PERSONNEL								
T J Coonan	15.1%	2005	500,000	33%	-	A	-	33,702
		2007	200,000	-	-	C	-	330,858
S G Smith	30.8%	2005	750,000	33%	-	A	-	50,554
P A Glavac	16.3%	2005	500,000	33%	-	A	-	33,702
		2007	100,000	-	-	C	-	165,429

	VALUE OF OPTIONS AS PROPORTION OF REMUN-ERATION	YEAR GRANTED	NUMBER	% VESTED	% FORFEITED	FINANCIAL YEARS IN WHICH OPTIONS VEST	MINIMUM TOTAL VALUE YET TO VEST $	MAXIMUM TOTAL VALUE YET TO VEST $
KEY MANAGEMENT PERSONNEL								
T A A Woods	13.8%	2005	500,000	33%	-	A	-	33,702
		2007	100,000	-	-	C	-	165,429
N M Badyk	18.7%	2005	500,000	33%	-	A	-	33,702
		2007	100,000			C		165,429
G F Sparks	18.6%	2005	500,000	33%	-	A	-	33,702
G S Campbell	31.4%	2006	150,000	33%	-	A	-	11,747
		2006	150,000	-	-	B	-	134,570
		2007	100,000	-	-	C	-	63,155
		2007	100,000	-	-	D	-	165,429
A G Roderick	42.3%	2006	150,000	-	-	B	-	68,008
		2006	150,000	-	-	B	-	134,570
		2007	100,000	-	-	C	-	63,155
		2007	100,000	-	-	D	-	165,429

A – Options vest in equal tranches over three years commencing financial year beginning 1 July 2006.

B – Options vest in equal tranches over three years commencing financial year beginning 1 July 2007.

C – Options vest in equal tranches over two years commencing financial year beginning 1 July 2009.

D – Options vest in equal tranches over three years commencing financial year beginning 1 July 2008

Shares Under Option

At the date of this report unissued ordinary shares of the Company under option are:

DATE OPTIONS GRANTED	EXPIRY DATE	EXERCISE PRICE	NUMBER UNDER OPTION
3 May 2005 – Non-executive Directors and Executives *	31 July 2009	$2.40	3,575,006
3 May 2005 – Brenzil Pty Ltd	31 July 2009	$2.76 to $3.65	6,950,000
8 November 2005 – Executives	31 July 2009	$4.26	100,000
17 February 2006 – Executives	31 July 2010	$5.40	350,000
24 April 2006 – Executives	31 July 2010	$8.53	708,334
13 September 2006 - Executives	31 July 2010	$7.25	833,333
20 September 2006 - Executives	31 July 2010	$7.28	300,000
23 October 2006 - Executives	31 July 2010	$8.20	40,000
10 November 2006 - Executives	31 July 2010	$8.09	50,000
14 December 2006 - Executives	31 July 2010	$8.81	83,334
12 March 2007 - Executives	31 July 2010	$9.98	1,250,000
12 March 2007 - Executives	31 July 2011	$9.98	1,425,000
3 May 2007 - Executives	31 July 2011	$12.51	190,000
16 May 2007 - Executives	31 July 2011	$13.06	1,300,000
			17,155,007

* Includes two retired directors.

These options do not entitle the holder to participate in any share issue of the Company or any other entity.

Directors' Report *(continued)*

Shares Issued on the Exercise of Options

During or since the end of the financial year to the date of this report, the Company issued ordinary shares as a result of the exercise of options as follows (there were no amounts unpaid on the shares issued):

NUMBER OF SHARES	AMOUNT PAID ON EACH SHARE
1,116,665	$2.40
16,667	$7.25
16,666	$8.53
20,000	$8.20
16,666	$8.81

Directors' and Officers' Insurance

During the financial year the Company paid insurance premiums to insure the directors and officers of the Company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the consolidated entity, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the consolidated entity are important. During financial years 2007 and 2006 non-audit services included taxation compliance services and advice and due diligence services.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit, Risk Management and Compliance Committee is satisfied that the provision of the non-audit services is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit, Risk Management and Compliance Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

Details of the amounts paid or payable to the auditor (Bentleys MRI Brisbane Partnership), and its related practices for audit and non-audit services is set out below.

	CONSOLIDATED		THE COMPANY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
1. Audit services:				
Bentleys MRI Brisbane Partnership	394	406	-	-
Overseas auditors associated with Bentleys MRI	184	84	-	-
Total audit services	578	490	-	-
2. Non-audit services:				
Due diligence services:				
Bentleys MRI Brisbane Partnership and Bentleys MRI (Qld) Pty Ltd	105	21	-	-
Overseas auditors associated with Bentleys MRI	-	68	-	-
	105	89	-	-
Taxation services:				
Bentleys MRI (Qld) Pty Ltd	126	58	-	-
Overseas auditors associated with Bentleys MRI	8	11	-	-
	134	69	-	-
Total non-audit services	239	158	-	-

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 36.

Rounding of Amounts

The Company is of a kind referred to in ASIC Class Order 98/100 issued by the Australian Securities and Investment Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of the directors.

T E Peabody

Chairman

Brisbane, 21 September 2007

Lead Auditor's Independence Declaration under section 307c of the Corporations Act 2001 to the Directors of Transpacific Industries Group Limited

CHARTERED
ACCOUNTANTS
& BUSINESS
ADVISORS

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I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2007, there have been:

(a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

Yours faithfully,
Bentleys MRI
Brisbane Partnership

Martin Power

P M Power (Partner)
Brisbane, 17 September 2007

Income Statements

For the Year Ended 30 June 2007

		CONSOLIDATED		THE COMPANY	
	NOTES	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Revenue from continuing activities	2	1,287,918	647,189	109,801	45,797
Other income	3	7,113	2,330	-	-
EXPENSES					
Cost of sales		(568,022)	(393,437)	-	-
Employee expenses		(261,824)	(91,299)	(3,354)	(1,606)
Depreciation and amortisation expenses		(70,143)	(24,826)	-	-
Finance costs		(98,435)	(16,520)	(50,958)	(11,534)
Repairs and maintenance		(41,557)	(16,817)	-	-
Fuel purchases		(24,957)	(12,891)	-	-
Leasing charges		(14,258)	(10,510)	-	-
Freight costs		(13,314)	(6,894)	-	-
Other expenses		(58,649)	(10,920)	(852)	(779)
Share of net profits of associates accounted for using the equity method		4,241	1,807	-	-
Profit before income tax		148,113	67,212	54,637	31,878
Income tax expense	5	(33,811)	(19,142)	(29,850)	(15,500)
Profit from continuing operations		114,302	48,070	24,787	16,378
Net profit attributable to minority interests		(897)	(595)	-	-
Profit attributable to equity holders		113,405	47,475	24,787	16,378
Distribution to step up preference security holders		(10,350)	-	-	-
Profit attributable to ordinary equity holders of the parent		103,055	47,475	24,787	16,378
Earnings per share for profit attributable to the ordinary equity holders of the company:					
Basic earnings per share	30	44.1	23.6		
Diluted earnings per share	30	41.4	22.1		

The above income statements should be read in conjunction with the accompanying notes.

Statements of Recognised Income and Expense

For the Year Ended 30 June 2007

		CONSOLIDATED		THE COMPANY	
	NOTES	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Cash flow hedges					
Gain/(loss) taken to equity	20	(253)	2,748	4,888	1,467
Translation of foreign operations					
Exchange differences taken to equity	20	44,480	(9,873)	-	-
Revaluation of assets					
Asset revaluation taken to equity	20	-	-	-	-
Net (loss)/income recognised directly in equity		44,227	(7,125)	4,888	1,467
Profit for the period		114,302	48,070	24,787	16,378
Total recognised income and expense for the period		158,529	40,945	29,675	17,845
Attributable to:					
Equity holders of the parent		157,632	40,350	29,675	17,845
Minority interest		897	595	-	-
Total recognised income and expense for the period		158,529	40,945	29,675	17,845

Other movements in equity arising from transactions with owners as owners are set out in note 20.

The above statements of recognised income and expense should be read in conjunction with the accompanying notes.

Balance Sheets

As at 30 June 2007

		CONSOLIDATED		THE COMPANY	
	NOTES	2007 $'000	2006 $'000	2007 $'000	2006 $'000
ASSETS					
Cash and cash equivalents	6	222,459	55,336	10,789	16,646
Trade and other receivables	7	309,167	96,409	2,145,405	220,717
Current tax assets		4,040	-	-	-
Inventories	8	128,521	69,710	-	-
Other assets	9	12,264	8,934	3,165	700
TOTAL CURRENT ASSETS		676,451	230,389	2,159,359	238,063
Investments accounted for using the equity method	10	32,988	9,242	-	-
Other financial assets	11	27,733	82	466,530	109,242
Property, plant and equipment	12	793,056	214,527	-	-
Intangible assets	13	2,480,479	146,276	-	-
Deferred tax assets	5	16,754	9,204	13,918	8,971
TOTAL NON-CURRENT ASSETS		3,351,010	379,331	480,448	118,213
TOTAL ASSETS		4,027,461	609,720	2,639,807	356,276
LIABILITIES					
Trade and other payables	14	242,295	95,776	14,331	162
Borrowings	15	23,277	23,772	-	-
Current tax liabilities	16	-	7,495	3,010	7,545
Employee benefits		29,041	10,534	-	-
Provisions	17	15,987	10,897	6,500	6,500
Other	18	30,223	6,873	-	-
TOTAL CURRENT LIABILITIES		340,823	155,347	23,841	14,207
Other payables	14	-	656		
Borrowings	15	2,275,832	260,181	1,738,572	212,203
Deferred tax liabilities	5	29,591	6,620	12,795	5,550
Employee benefits		10,036	3,803	-	-
Provisions	17	74,276	288	-	-
Deferred government grants		1,273	1,400	-	-
TOTAL NON-CURRENT LIABILITIES		2,391,008	272,948	1,751,367	217,753
TOTAL LIABILITIES		2,731,831	428,295	1,775,208	231,960
NET ASSETS		1,295,630	181,425	864,599	124,316
EQUITY					
Issued capital	20	1,106,220	121,921	856,374	121,921
Reserves	20	40,418	(1,476)	7,183	2,326
Retained earnings	20	139,183	57,640	1,042	69
Parent entity interest		1,285,821	178,085	864,599	124,316
Minority interest	20	9,809	3,340	-	-
TOTAL EQUITY		1,295,630	181,425	864,599	124,316

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

Cash Flow Statements

For the Year Ended 30 June 2007

	NOTES	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	THE COMPANY 2007 $'000	THE COMPANY 2006 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers (inclusive of GST)		1,322,378	673,993	-	-
Payments to suppliers and employees (inclusive of GST)		(1,115,748)	(570,503)	(1,321)	(533)
		206,630	103,490	(1,321)	(533)
Other revenue		5,841	1,029	1,203	-
Interest received		9,966	613	48,598	10,797
Interest paid		(78,662)	(15,628)	(34,161)	(11,287)
Income taxes paid		(25,423)	(15,604)	(15,218)	(11,045)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	23	118,352	73,900	(899)	(12,068)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for purchase of equity and other investments, net of cash acquired	24	(2,165,846)	(60,415)	(357,288)	-
Payments for purchase of businesses	24	(268,309)	(66,568)	-	-
Payments for property, plant and equipment		(87,170)	(22,146)	-	-
Proceeds from disposal of property, plant and equipment		17,840	3,524	-	-
NET CASH (USED IN) INVESTING ACTIVITIES		(2,503,485)	(145,605)	(357,288)	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of equity		824,273	-	574,273	-
Payment of dividend to pre-IPO shareholders		-	(12,000)	-	(12,000)
Payment of dividend to minority shareholders		(227)	-	-	-
Payment of step-up securities distribution		(10,350)	-	-	-
Ordinary equity dividends paid		(23,815)	(8,515)	(23,815)	(8,515)
Dividend reinvestment plan and underwrite		23,815	8,515	23,815	8,515
Net movement in trade and vendor finance		(14,842)	(13,218)	-	-
Payment of equity raising costs		(14,292)	(2,893)	(14,138)	(2,893)
Payment of debt raising costs		(8,606)	(4,800)	(8,606)	(4,800)
Repayment of bank loans		(1,062,974)		(615,500)	-
Proceeds from bank loans		2,842,551	129,032	2,148,146	110,700
Repayment of lease liabilities		(9,799)	(8,176)	-	-
Repayment of loans by/(to) related parties		1,431	2,047	-	-
Loans made to controlled entities		-	-	(1,731,845)	(74,902)
NET CASH FROM FINANCING ACTIVITIES		2,547,165	89,992	352,330	16,105
NET INCREASE IN CASH HELD		162,032	18,287	(5,857)	4,037
Cash at the beginning of the financial year		55,336	37,754	16,646	12,609
Net foreign exchange differences		5,091	(705)	-	-
CASH AT THE END OF THE FINANCIAL YEAR	6	222,459	55,336	10,789	16,646

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

Notes to the Financial Statements

For the Financial Year Ended 30 June 2007

1 Summary of Significant Accounting Policies

Transpacific Industries Group Ltd (the "Company") is a listed public company, incorporated in Australia and operating in Australia, New Zealand and South East Asia. The consolidated financial report of the Company for the financial year ended 30 June 2007 comprises the Company and its subsidiaries (together referred to as the 'consolidated entity') and the consolidated entity's interest in associates.

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.

Australian Accounting Standards include Australian Equivalents to International Financial Reporting Standards (AIFRSs). Compliance with AIFRS ensures that the consolidated financial statements and notes comply with International Financial Reporting Standards (IFRS). The parent entity financial statements and notes also comply with IFRS except that it has elected to apply the relief provided to parent entities in respect of certain disclosure requirements contained in AASB 132 Financial instruments: Disclosure and Presentation.

The consolidated entity has elected to apply the following pronouncement to the annual reporting period beginning 1 July 2006:

- revised AASB 101 Presentation of Financial Statements (issued October 2006)

This includes applying the pronouncement to the comparatives in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. No adjustments to any of the financial statements were required for the above pronouncement, but certain disclosures are no longer required and have therefore been omitted.

The financial report was authorised for issue by the directors on 21 September 2007.

The financial report is presented in Australian dollars and is prepared on the historical cost basis, except for certain assets which, as noted, are at valuation.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

The preparation of financial statements in accordance with AIFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, their results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the consolidated entity.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report.

(A) BASIS OF CONSOLIDATION

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Transpacific Industries Group Ltd ("company" or "parent entity") as at 30 June 2007 and the results of all subsidiaries for the year then ended. Transpacific Industries Group Ltd and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2007 (continued)

(A) BASIS OF CONSOLIDATION (CONTINUED)

(i) Subsidiaries (continued)

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of voting rights. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of identifiable net assets of the subsidiary.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements.

(ii) Associates

Associates are all entities over which the Group has significant influence, but not control, over the financial and operating policies. Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

Where the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions with associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

(B) BUSINESS COMBINATIONS

The purchase method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is the published market price as at the date of exchange. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer to note 1(L). If the cost of the acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

(C) INCOME TAX

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to used tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from intial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation legislation

The company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Transpacific Industries Group Ltd is the head entity in the tax consolidation group, and as a consequence recognises current and deferred tax amounts relating to transactions, events and balances of the wholly-owned Australian controlled entities in this group as if those transactions, events and balances were its own, in addition to the current and deferred tax amounts arising in relation to its own transactions, events and balances. The tax consolidated group has not entered into a tax sharing agreement.

(D) FOREIGN CURRENCY

(i) Foreign currency transactions and balances

Foreign currency transactions are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2007 (continued)

(ii) Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Australian dollars at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to Australian dollars at rates approximating to the foreign exchange rates ruling at the dates of the transactions. The revenues and expenses of foreign operations in hyperinflationary economies are translated to Australian dollars at the foreign exchange rates ruling at the balance sheet date. Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity.

(iii) Net investment in foreign operations

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the income statement, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(E) DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange and interest rate risk, including forward foreign exchange contracts and interest rate swaps.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where the derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward foreign exchange contacts is their quoted market price at the balance sheet date, being the present value of the quoted forward price. On entering into a hedging relationship, the Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions (cash flow hedges), or hedges of net investments in foreign operations.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedge item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts accumulated in equity are recycled in profit or loss in the periods when the hedged item is affects profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

(ii) Cash flow hedge (continued)

When the hedging instrument expires or is sold, or terminated, or when a hedge no longer qualifies for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is recognised immediately in profit or loss.

(iii) Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in the foreign currency translation reserve, the gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Gains and losses deferred in the foreign currency translation reserve are recognised immediately in profit or loss when the foreign operation is disposed of.

(iv) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in profit or loss.

(F) REVENUE

Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of goods to customers. Revenue from the rendering of services is recognised upon delivery of services to the customer. Revenue is recognised for the major business activities as follows:

(i) Liquid waste and biosolids

Revenue from the collection and treatment of liquid waste is recognised after the waste has been collected and treated and the related costs incurred.

(ii) Energy

Revenue is recognised on the sale of oil and by-products to customers.

(iii) Industrial solutions

Contract revenue is measured by reference to labour hours incurred to date and actual costs incurred. Other revenue is recognised upon the delivery of goods or services to customers.

(iv) Commercial vehicles

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of goods to customers.

(v) Solid waste

Revenue is recognised when the service has been provided to customers.

(vi) Manufacturing

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of goods to customers.

(vii) Interest

Interest revenue is recognised on an accruals basis taking into account the interest rates applicable to the financial assets.

(viii) Dividends

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates are accounted for in accordance with the equity method of accounting.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2007 (continued)

(vii) Government Grants

Grants from the government are recognised at their fair value when there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate. Grants relating to the purchase of property, plant and equipment are included in liabilities as deferred income and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

(viii) Other revenue

Other revenue is recognised when the right to receive the revenue has been established.

(G) TRADE AND OTHER RECEIVABLES

All trade debtors are recognised and carried at original invoice amount as they are due for settlement no more than 30 days from the date of invoice. On special occasions the commercial vehicles group may give extended terms. Collectibility of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when collection of the full amount is no longer probable.

(H) INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory. Commercial vehicles are valued at actual cost, with the remainder of inventory valued at standard cost.

(I) IMPAIRMENT OF ASSETS

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(J) PROPERTY, PLANT AND EQUIPMENT

Land and buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. The fair values are recognised in the financial statements of the consolidated entity, and are reviewed at the end of each reporting period to ensure that the carrying value of land and buildings is not materially different from their fair values.

Any revaluation increase arising on the revaluation of land and buildings is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in profit or loss, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land and buildings is charged as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the asset revaluation reserve, net of any related deferred taxes, is transferred directly to retained earnings.

(J) PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Landfill development, plant and equipment, and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable in bringing the asset to the location and condition necessary for its intended use. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land.

Depreciation of landfill development costs is based upon the total anticipated waste volume of the landfill. The depreciation amount is calculated on that portion of total landfill costs represented by the waste volume consumed for the financial year as compared to total anticipated waste volume. Future landfill site restoration and aftercare costs capitalised are depreciated at rates that match the pattern of benefits expected to be derived from use of the respective sites. Depreciation of all other assets is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to the consolidated entity. Leasehold improvements are depreciated over the period of the lease or estimated useful lives, whichever is the shorter, using the straight line method. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives are as follows:

Buildings and site improvements	15 – 40 years
Plant and equipment	2.5 – 20 years
Leasehold improvement	5.0 – 10 years

(K) LEASES

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(i) Finance leases

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the consolidated entity's general policy on finance costs. Refer to note 1 (O).

Finance leases are depreciated on over the shorter of the estimated useful life of the asset or the lease term.

(ii) Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(L) INTANGIBLES

(i) Goodwill.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired business, subsidiary or associate at the date of acquisition. Goodwill on the acquisition of businesses or subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is not amortised. Instead goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2007 (continued)

(L) INTANGIBLES (CONTINUED)

(ii) Research and Development

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the consolidated entity has sufficient resources to complete development. The expenditure capitalised includes the costs of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses (see note 1(I)).

(iii) Other intangible assets

Other intangible assets include customer contracts recognised on business combinations and licences. Other intangible assets that are acquired by the consolidated entity are stated at cost less accumulated amortisation (see below) and impairment losses (see note 1(I)).

(iv) Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Licences	5 to 10 years
Other	3 to 5 years

(M) TRADE AND OTHER PAYABLES

Trade and other payables are stated at their amortised cost.

Trade payables are non-interest bearing and are normally settled on 30 day terms.

(N) BORROWINGS

Borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs incurred. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised costs with any difference between costs and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Borrowings are removed from the balance sheet when the obligation specificed in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

(O) BORROWING COSTS

Borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs include:

- interest on bank overdrafts and short-term and long-term borrowings, including amounts paid or received on interest rate swaps;
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- finance lease charges.

There have been no qualifying assets and related debt to which borrowing costs could have been applied, and as a result no borrowing costs have been capitalised to qualifying assets.

(P) REPAIRS AND MAINTENANCE

Part of the consolidated entity is required to be overhauled on a regular basis. This is managed as part of an ongoing major cyclical maintenance program. The costs of this maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated in accordance with note 1(J). Other routine operating maintenance, repair and minor renewal costs are also charged as expenses as incurred.

(Q) EMPLOYEE BENEFITS

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and vesting sick leave expected to be settled within 12 months of the reporting date are recognised in other creditors and provision for employee entitlements in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long Service Leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is measured in accordance with (i) above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Short-term incentive compensation (IC's)/bonus plans

A liability for employee benefits in the form of IC's is recognised when the nomination and remuneration committee determines that IC criteria has been achieved and an amount is payable in accordance with the terms of the IC plan.

Liabilities for IC's are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(iv) Employee benefit on-costs

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(v) Share-based payment transactions

Share-based payments are provided to directors and employees via the Transpacific Industries Group Executive Share Option Scheme.

Share-based compensation payments are measured at fair value at the date of grant and expensed to employee benefit expense with a corresponding increase in equity over the period during which the employees become unconditionally entitled to the options. Fair value is measured by an external valuer using a binomial model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2007 (continued)

(R) PROVISIONS

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(i) Warranties

A provision for warranties is recognised when the underlying products are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their probabilities.

(ii) Closure and post closure

A provision for future site restoration and landfill aftercare costs is recognised when the activities giving rise to the need for site restoration and aftercare have commenced. The provision is stated at the present value of the future cash outflows expected to be incurred, which increases each period due to the passage of time. The annual change in the net present value of the provision due to the passage of time is recognised in the income statement as a time value adjustment.

Future landfill site restoration and aftercare costs provide for are initially capitalised in the balance sheet. Any change in the provision for future landfill site restoration and aftercare costs arising from a change in estimate of those costs is also recognised in non-current assets in the balance sheet.

(S) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances, short term bills and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the consolidated entity's cash management position are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(T) INVESTMENTS AND OTHER FINANCIAL ASSETS

All investments are initially recorded at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. After initial recognition, interests in listed and unlisted securities, other than controlled entities and associates in the consolidated financial statements, are measured at fair value.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date. For investments where there in no quoted market price, fair value is calculated based on the expected cash flows from the underlying net asset base of the investment.

Controlled entities and associates are accounted for in the consolidated financial statements as set out in Note 1(A).

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

(U) ISSUED CAPITAL

Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any transaction costs incurred by the company arising on the issue of capital are recognised directly in equity as a reduction of the share proceeds received.

(V) EARNINGS PER SHARE

(i) Basic earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(W) GOODS AND SERVICES TAX

Revenue, 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 taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part 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 balance sheet.

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

(X) ISSUED STANDARDS NOT EARLY ADOPTED

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2007 reporting periods. The Group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below:

(i) AASB 7 Financial Instruments: Disclosures, AASB 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 and AASB 1038], AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]

AASB 7, AASB 2005-10, AASB 8 and AASB 2007-3 are applicable to reporting periods ending on or after 1 January 2007. The Group has not adopted the standards early. Application of the standards will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Group's and the parent entity's financial instruments.

(ii) AASB-I 10 Interim Financial Reporting and Impairment

AASB-I 10 is applicable to reporting periods commencing on or after 1 November 2006. The Group has not recognised an impairment loss in relation to goodwill, investments in equity instruments or financial assets carried at cost in an interim reporting period but subsequently reversed the impairment loss in the annual report. Application of this interpretation will therefore have no impact on the Group's or the parent entity's financial statements.

(Y) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Significant key estimates in the financial report are:

(i) Impairment: Details of the key estimates used in assessing value-in-use calculations and impairment generally are disclosed in Note 13.

(ii) Post-closure provisions: The group assesses provisions for closure and post-closure costs in respect of its landfill sites by reference to external and internal sources to determine the best estimate of costs required to remediate the landfill sites. Further details are disclosed in note 1(R)(ii).

Notes to the Financial Statements

For the Financial Year Ended 30 June 2007 (continued)

	CONSOLIDATED		THE COMPANY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
2 Revenue				
REVENUE				
Sale of Goods and Services	1,256,138	634,294	-	-
Product Stewardship Oil benefits	15,947	6,271	-	-
Interest	9,966	551	48,598	10,797
Dividends	-	-	60,000	35,000
Other revenue	5,867	6,073	1,203	-
	1,287,918	647,189	109,801	45,797
3 Other income				
Profit on acquisition of businesses	2,863	1,713	-	-
Foreign currency exchange gains	1,724	-	-	-
Gain on disposal of property, plant and equipment	2,526	617	-	-
	7,113	2,330	-	-
4 Significant (income) and expense items				
Write off costs associated with bid for Brambles Industrial Services and Cleanaway	-	1,042	-	-
	-	1,042	-	-
5 Income Tax				
(A) RECOGNISED IN THE INCOME STATEMENT				
Current tax expense				
Current year	19,109	14,982	11,486	13,302
Adjustments for prior years	-	(39)	-	-
	19,109	14,943	11,486	13,302
Deferred tax expense				
Origination and reversal of temporary differences	14,702	4,760	18,364	2,759
Benefit of tax losses recognised	-	(561)	-	(561)
	14,702	4,199	18,364	2,198
Total income tax expense in income statement	33,811	19,142	29,850	15,500

	NOTES	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	THE COMPANY 2007 $'000	THE COMPANY 2006 $'000

5 Income Tax (continued)

(B) NUMERICAL RECONCILIATION BETWEEN TAX EXPENSE AND PRE-TAX NET PROFIT

	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	THE COMPANY 2007 $'000	THE COMPANY 2006 $'000
Profit before tax	148,113	67,212	54,637	31,878
Income tax using the domestic corporation tax rate of 30% (2006: 30%)	44,434	20,164	16,391	9,563
Increase/(decrease) in income tax expense due to:				
Rebateable dividends	-	-	(18,000)	(10,500)
Share of associates' net profits	(1,272)	(542)	-	-
Non-deductible expenses/non-assessable income	(794)	(118)	949	420
Effect of tax losses recognised	-	(561)	-	(561)
Tax liabilities assumed by ultimate Australian parent entity	-	-	30,510	18,623
Income tax expense/(benefit) on transfer of deferred tax balances on application of tax consolidation	-	-	-	(2,045)
Under/(over) provision in prior years	(4,000)	(39)	-	-
Other	(3,864)	88	-	-
Change in overseas tax rate	(852)			
Differential tax rate on overseas income	159	150	-	-
Income tax expense on pre-tax net profit	33,811	19,142	29,850	15,500

Deferred income tax in the Balance Sheet at 30 June 2007 relates to the following:

	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	THE COMPANY 2007 $'000	THE COMPANY 2006 $'000
Deferred tax assets				
Employee benefits	8,315	3,537	4,810	3,526
Provisions	5,669	1,891	5,536	1,828
Finance leases	623	492	619	490
Tax losses	177	626	-	321
IPO Costs – blackhole expenditure	534	801	534	801
Other	1,436	1,857	2,419	2,005
	16,754	9,204	13,918	8,971
Deferred tax liabilities				
Property, plant and equipment	22,585	1,456	865	1,443
Deferred income	3,141	867	3,141	867
Other	874	319	6,979	443
Revaluation of land and buildings to fair value	2,991	3,978	1,810	2,797
	29,591	6,620	12,795	5,550

Notes to the Financial Statements

For the Financial Year Ended 30 June 2007 (continued)

		CONSOLIDATED		THE COMPANY	
	NOTES	2007 $'000	2006 $'000	2007 $'000	2006 $'000
5 Income Tax (continued)					
Deferred income tax expense in the Income Statement for the year ended 30 June 2007 relates to the following:					
Deferred tax assets					
Employee post employment benefits		(2,072)	(538)	(937)	(537)
Provisions		(464)	420	(463)	430
Finance leases		10	(30)	(49)	(30)
Tax losses		(64)	3,674	-	3,816
Blackhole expenditure		18,766	267	18,766	267
Other		(265)	526	535	(1,122)
Deferred tax liabilities					
Property, plant and equipment		229	(503)	(500)	(408)
Change in overseas tax rate		(852)	-	-	-
Other		(586)	383	1,012	1,827
Transfer of deferred taxes to head entity		-	-	-	(2,045)
		14,702	4,199	18,364	2,198
6 Cash					
Cash at bank and on hand		52,452	22,874	737	-
Short-term deposits		170,757	32,462	10,052	16,796
Bank overdrafts		(750)	-	-	(150)
Cash and cash equivalents in the cash flow statement		222,459	55,336	10,789	16,646

Cash at bank and on hand earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are at call, and earn interest at the respective short-term deposit rates.

In 2007 short-term deposits include a deposit of $120,090,000, which was security in relation to a drawn bank guarantee.

In 2006 short-term deposits include a deposit of $16,796,000, which was security in relation to a bank loan.

7 Trade and Other Receivables					
Trade receivables		284,704	91,268	-	-
Less: Provision for doubtful debts		(8,929)	(629)	-	-
		275,775	90,639	-	-
Other receivables		33,392	5,128	69	-
Amounts owing - related parties and associates	27b & c	-	642	2,145,336	220,717
		309,167	96,409	2,145,405	220,717

In 2007 other receivables includes an interest bearing receivable of $8,848,000 arising from the Cleanaway acquisition. Interest is payable on the balance at 7.0%.

	NOTES	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	THE COMPANY 2007 $'000	THE COMPANY 2006 $'000
8 Inventories					
Raw materials and consumables – at cost		2,712	373	-	-
Work in progress – at cost		4,432	1,027	-	-
Finished goods – at cost		122,327	69,143	-	-
Less provision for obsolescence		(950)	(833)	-	-
		128,521	69,710	-	-
9 Other Assets					
Derivatives		3,805	700	3,165	700
Prepayments		5,995	1,652	-	-
Other current assets		2,464	6,582	-	-
		12,264	8,934	3,165	700
10 Investments Accounted for Using the Equity Method					
Investments in associates		32,988	9,242	-	-
11 Other Financial Assets					
Investments in controlled entities at cost		-	-	466,530	109,242
Other investments at cost		27,733	82	-	-
		27,733	82	466,530	109,242
12 Property, Plant and Equipment					
LAND					
Balance at beginning of year		34,524	19,320	-	-
Additions through business combinations		78,552	7,100	-	-
Additions		10,916	9,409	-	-
Disposals		(2,776)	(270)	-	-
Transfer to assets held for sale		0	-	-	-
Revaluation		0	-	-	-
Effect of movements in foreign exchange		1,276	(1,035)	-	-
Balance at end of year		122,492	34,524	-	-

Notes to the Financial Statements

For the Financial Year Ended 30 June 2007 (continued)

	NOTES	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	THE COMPANY 2007 $'000	THE COMPANY 2006 $'000
12 Property, Plant and Equipment (continued)					
LANDFILL					
Balance at beginning of year		-	-	-	-
Additions through business combinations		88,820	-	-	-
Additions		6,038	-	-	-
Disposals		(1,017)	-	-	-
Depreciation		(7,925)	-	-	-
Effect of movements in foreign exchange		1,090	-	-	-
Balance at end of year		87,006	-	-	-
BUILDINGS					
Balance at beginning of year		34,385	27,808	-	-
Additions through business combinations		21,896	6,691	-	-
Additions		4,100	2,473	-	-
Disposals		(7,065)	(748)	-	-
Transfer between categories		(607)			
Depreciation		(1,321)	(826)	-	-
Effect of movements in foreign exchange		1,441	(1,013)	-	-
Balance at end of year		52,829	34,385	-	-
LEASEHOLD IMPROVEMENTS					
Balance at beginning of year		257	311	-	-
Additions		4,404	43	-	-
Disposals		(269)	(15)	-	-
Depreciation		(280)	(82)	-	-
Effect of movements in foreign exchange		158	(82)	-	-
Balance at end of year		4,270	257	-	-
PLANT AND EQUIPMENT					
Balance at beginning of year		133,885	100,509	-	-
Additions through business combinations		345,527	41,767	-	-
Additions		80,956	19,148	-	-
Disposals		(4,187)	(1,873)	-	-
Transfer between categories		607	-	-	-
Depreciation		(57,242)	(23,480)	-	-
Effect of movements in foreign exchange		4,781	(2,186)	-	-
Balance at end of year		504,327	133,885	-	-
CAPITAL WORK IN PROGRESS					
Balance at beginning of year		11,476	7,033	-	-
Net movement		10,656	4,443	-	-
Balance at end of year		22,132	11,476	-	-

	NOTES	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	THE COMPANY 2007 $'000	THE COMPANY 2006 $'000

12 Property, Plant and Equipment (continued)

TOTAL PROPERTY PLANT AND EQUIPMENT				
Balance at beginning of year	214,527	154,981	-	-
Additions through business combinations	534,795	55,558	-	-
Additions	106,411	31,073	-	-
Disposals	(15,314)	(2,906)	-	-
Depreciation	(66,768)	(24,388)	-	-
Net movement in capital WIP	10,656	4,443	-	-
Effect of movement in exchange rates	8,749	(4,234)	-	-
Balance at end of year	793,056	214,527	-	-

VALUATIONS

On 28 February 2005 an independent valuation was obtained to determine fair value of land and buildings which was determined by reference to an open market basis, being the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arms length transaction at the valuation date. The revaluations of land and buildings were based on independent assessments by a member of the Australian Property Institute. Fair value is determined by reference to market-based evidence, which is the amounts for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the balance sheet. Any revaluation deficit directly offsetting a previous surplus in the same asset is directly offset against the surplus in the asset revaluation reserve, otherwise it is charged to the net profit or loss.

If land and buildings were measured using the cost model the carrying amounts would be as follows:

	NOTES	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	THE COMPANY 2007 $'000	THE COMPANY 2006 $'000
LAND (EXCLUDING LANDFILL)					
Cost		93,269	27,402	-	-
BUILDINGS					
Cost		59,119	39,354	-	-
Accumulated depreciation		(6,290)	(4,969)	-	-
Net carrying amount		52,829	34,385	-	-

LEASED PLANT AND EQUIPMENT

The carrying amount of plant and equipment held under finance lease and hire purchase contracts at 30 June 2007 is $51,747,000 (2006: $34,254,000). Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase liabilities.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2007 (continued)

	CONSOLIDATED		THE COMPANY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
13 Intangibles				
GOODWILL				
Balance at beginning of year	114,552	64,265	-	-
Additions through business combinations	2,088,015	55,219	-	-
Effect of movements in foreign exchange	72,897	(4,932)	-	-
Balance at end of year	2,275,464	114,552	-	-
PATENTS AND LICENCES				
Balance at beginning of year	1,529	1,860	-	-
Additions through business combinations	74,728	-	-	-
Additions	-	99	-	-
Amortisation	(430)	(430)	-	-
Balance at end of year	75,827	1,529	-	-
OTHER INTANGIBLES				
Balance at beginning of year	30,195	4,745	-	-
Additions through business combinations	99,590	25,525	-	-
Amortisation	(597)	(75)	-	-
Balance at end of year	129,188	30,195	-	-
TOTAL INTANGIBLES				
Balance at beginning of year	146,276	70,870	-	-
Acquisitions through business combinations	2,262,333	80,843	-	-
Effect of movements in foreign exchange	72,897	(4,932)	-	-
Amortisation	(1,027)	(505)	-	-
Balance at end of year	2,480,479	146,276	-	-

Other Intangibles includes customer contracts valued at $42,036,000 (2006: $22,364,000) which are considered to have an indefinite life as the contracts are evergreen contracts and have no expiry dates.

During the financial year ended 30 June 2007, all intangible assets were tested for impairment as required by AASB 136 Impairment of Assets. No impairment loss was charged for continuing operations in the 2007 financial year.

The consolidated entity has multiple cash generating units. The cash generating units with significant goodwill, and the goodwill attributable to them are:

	CONSOLIDATED		THE COMPANY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
CASH GENERATING UNIT				
Transpacific Industries Group (NZ) Ltd	752,460	-	-	-
Baxter Group Ltd	196,436	-	-	-
Transpacific Cleanaway Ltd	1,033,732	-	-	-
	1,982,628	-	-	-

There are no other individual cash generating units with significant goodwill.

13 Intangibles (continued)

The recoverable amounts of the cash generating units have been based on value in use calculations. These calculations use cash flow projections based on actual operating results and financial budgets approved by management. Cash flows are extrapolated over 10 years using a 3% growth rate for the first 3 years and nil growth thereafter. Both of these assumptions are deemed conservative as there are no intentions to dispose of any businesses and the historic growth rate of the consolidated entity is greater than 3%. A pre-tax discount rate of 7.5% has been used in discounting the projected cash flows. Management believes that any possible change in the key assumptions on which recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

14 Trade and Other Payables

		CONSOLIDATED		THE COMPANY	
	NOTES	2007 $'000	2006 $'000	2007 $'000	2006 $'000
CURRENT:					
Trade payables		164,380	59,387	-	-
Other payables and accruals		74,164	22,710	14,331	162
Payables to related parties and associates	27c	-	1,900	-	-
Deferred settlements		3,751	11,779	-	-
		242,295	95,776	14,331	162
NON-CURRENT:					
Deferred settlements		-	-	-	-
Amounts payable to related parties	27c	-	656	-	-
		-	656	-	-

15 Borrowings

		CONSOLIDATED		THE COMPANY	
	NOTES	2007 $'000	2006 $'000	2007 $'000	2006 $'000
CURRENT:					
UNSECURED:					
Bank loans		3,399	-	-	-
Loans to related parties and associates	27c	5,824	-	-	-
Trade and vendor finance		-	14,843	-	-
		9,223	14,843	-	-
SECURED:					
Obligations under finance leases and hire purchase liabilities		14,054	8,929	-	-
		23,277	23,772	-	-

Notes to the Financial Statements

For the Financial Year Ended 30 June 2007 (continued)

	NOTES	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	THE COMPANY 2007 $'000	THE COMPANY 2006 $'000
15 Borrowings (continued)					
NON-CURRENT:					
UNSECURED:					
Bank loans		2,230,755	213,738	1,738,572	212,203
Loans from related parties	27c	4,636	2,479	-	-
		2,235,391	216,217	1,738,572	212,203
SECURED:					
Bank loans		-	16,796	-	-
Obligations under finance leases and hire purchase liabilities		40,441	27,168	-	-
		40,441	43,964	-	-
		2,275,832	260,181	1,738,572	212,203

FINANCING FACILITIES

The Company and its 100% owned subsidiaries had unrestricted access at 30 June 2007 to an unsecured $2.1 billion syndicated multi-option facility (2006: $280 million). The Facility Agreement with CBA, ANZ and NAB is for a period of seven months from 16 May 2007. These banks have advised this facility will be syndicated out around December 2007.

In addition at 30 June 2007 the Company and its 100% owned subsidiaries had bridging facilities for draw downs made in connection with the Cleanaway acquisition. These additional facilities represented an unsecured $400 million bridge which is to be replaced by a US private placement of debt, and a $250 million bridge facility which is to be replaced by a convertible bond.

The Company and consolidated entity can also borrow outside the facility.

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

	NOTES	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	THE COMPANY 2007 $'000	THE COMPANY 2006 $'000
DEBT FACILITIES					
Total facilities available		2,919,982	308,633	-	-
Facilities utilised at balance date		(2,537,488)	(283,883)	-	-
Facilities not utilised at balance date		382,494	24,750	-	-

Facilities used at balance date include $237.3 million (2006: $11.7 million) in guarantees and letters of credit which are off the balance sheet. Refer Note 25.

	NOTES	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	THE COMPANY 2007 $'000	THE COMPANY 2006 $'000
16 Current Tax Liabilities					
Income tax payable		-	7,495	3,010	7,545
17 Provisions					
CURRENT					
Provision for warranty					
Balance at beginning of year		3,209	2,751	-	-
Provisions made during the year		2,763	2,831	-	-
Provisions used during the year		(1,733)	(1,985)	-	-
Provisions reversed during the year		(455)	(388)	-	-
Balance at end of year		3,784	3,209	-	-
Provision – Other					
Balance at beginning of year		961	1,421	-	-
Provisions acquired in business combinations		2,699	-	-	-
Provisions made during the year		5,933	3,231	-	-
Provisions used during the year		(3,603)	(3,524)	-	-
Provisions reversed during the year		(287)	(167)	-	-
Balance at end of year		5,703	961	-	-
Provision – Dividend and distributions					
Balance at beginning of year		6,727	12,047	6,500	12,000
Provisions made during the year		34,165	8,515	-	8,515
Provision acquired in business combinations		-	180	-	-
Transfer from non-current provision		-	6,500	-	6,500
Provisions used during the year		(34,392)	(20,515)	-	(20,515)
Balance at end of year		6,500	6,727	6,500	6,500
Total current provisions					
Balance at beginning of year		10,897	16,219	6,500	12,000
Provisions made during the year		42,861	14,577	-	8,515
Provision acquired in business combinations		2,699	180	-	-
Transfer from non-current provision		-	6,500	-	6,500
Provisions used during the year		(39,728)	(26,024)	-	(20,515)
Provisions reversed during the year		(742)	(555)	-	-
Balance at end of year		15,987	10,897	6,500	6,500

Notes to the Financial Statements

For the Financial Year Ended 30 June 2007 (continued)

	NOTES	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	THE COMPANY 2007 $'000	THE COMPANY 2006 $'000
17 Provisions (continued)					
NON-CURRENT					
Provision – Dividend					
Balance at beginning of year		-	6,500	-	6,500
Transfer to current provision		-	(6,500)	-	(6,500)
Balance at end of year		-	-	-	-
Provision – Site restoration					
Balance at beginning of year		288	647	-	-
Provisions made during the year		798	-	-	-
Provision acquired in business combinations		74,546	-	-	-
Provisions used during the year		(1,356)	(359)	-	-
Balance at end of year		74,276	288	-	-
Total non-current provisions					
Balance at beginning of year		288	7,147	-	6,500
Provisions made during the year		798	-	-	-
Provision acquired in business combinations		74,546	-	-	-
Provisions used during the year		(1,356)	(359)	-	-
Transfer to current provision		-	(6,500)	-	(6,500)
Balance at end of year		74,276	288	-	-
18 Other Liabilities					
Deferred income		24,605	6,819	-	-
Derivatives		5,618	54	-	-
		30,223	6,873	-	-

19 Share based payments

The Company operates an executive share Option Plan ('the Option Plan") approved by shareholders of the Company in March 2005. Under the Option Plan the Board of Directors may issue options to non-executive directors and executives of the Company. The Board determines the price, number, exercise price, expiry date and relevant performance hurdles of options to be issued. There are no voting or dividend rights attached to the options.

Upon exercise of the options and payment of the exercise price, the executives are allotted one fully paid ordinary share in the Company for each option held.

On termination of employment of a participant generally the option lapses. In certain circumstances, the Board may elect to allow the terminating participant to retain their options.

The following share-based payment arrangements were in existence during the current and comparative reporting periods:

DATE OPTIONS GRANTED	FIRST EXERCISE DATE ON OR AFTER	EXPIRY DATE	EXERCISE PRICE	NUMBER UNDER OPTION
(1) 3 May 2005	31 August 2006	31 July 2009	$2.40	6,950,000
(2) 8 November 2005	31 August 2006	31 July 2009	$4.26	150,000
(3) 17 February 2006	31 August 2007	31 July 2010	$5.40	350,000
(4) 24 April 2006	31 August 2007	31 July 2010	$8.53	725,000
(5) 13 September 2006	31 August 2007	31 July 2010	$7.25	850,000
(6) 20 September 2006	31 August 2007	31 July 2010	$7.28	300,000
(7) 23 October 2006	31 August 2007	31 July 2010	$8.20	60,000
(8) 10 November 2006	31 August 2008	31 July 2010	$8.09	50,000
(9) 14 December 2006	31 August 2008	31 July 2010	$8.81	100,000
(10) 12 March 2007	31 August 2008	31 July 2010	$9.98	1,250,000
(11) 12 March 2007	31 August 2009	31 July 2011	$9.98	1,425,000
(12) 3 May 2007	31 August 2008	31 July 2011	$12.51	190,000
(13) 16 May 2007	31 August 2008	31 July 2011	$13.06	1,300,000

Options issued under the option plan are exercisable in three equal tranches and will vest when the exercise conditions have been met. 75% of each tranche of options vest if total shareholder return (TPI share price increment over share price at grant date plus dividends paid) totals at least 15% per annum on a cumulative basis. 25% of each tranche of options vest if the volume weighted average price of TPI shares has outperformed the S&P/ASX200 (less financials) by 5% on a cumulative basis. The fair value of the options are estimated at the date of grant using the binomial model incorporating a Monte-Carlo simulation.

The number and weighted average exercise prices of share options are as follows:

	WEIGHTED AVERAGE EXERCISE PRICE 2007	NUMBER OF OPTIONS 2007	WEIGHTED AVERAGE EXERCISE PRICE 2006	NUMBER OF OPTIONS 2006
Outstanding at the beginning of the period	$3.11	8,175,000	$2.40	6,950,000
Granted during the period	$10.17	5,525,000	$7.11	1,225,000
Exercised during the period (i)	$2.44	(2,276,663)	-	-
Outstanding at the end of the period (ii)	$6.65	11,423,337	$3.11	8,175,000
Exercisable at the end of the period	$2.40	90,004	-	-

Notes to the Financial Statements

For the Financial Year Ended 30 June 2007 (continued)

19 Share based payments (continued)

(i) Exercised during the financial year

OPTION SERIES	NUMBER EXERCISED	EXERCISE DATE	SHARE PRICE AT EXERCISE DATE
(1) 3 May 2005	66,666	31/08/2006	$7.25
(1) 3 May 2005	125,000	11/09/2006	$7.33
(1) 3 May 2005	76,667	13/09/2006	$7.37
(1) 3 May 2005	599,998	20/09/2006	$7.30
(2) 8 November 2005	50,000	20/09/2006	$7.30
(1) 3 May 2005	1,033,332	27/09/2006	$7.45
(1) 3 May 2005	16,667	28/09/2006	$7.80
(1) 3 May 2005	250,000	23/10/2006	$8.15
(1) 3 May 2005	25,000	01/12/2006	$8.84
(1) 3 May 2005	16,666	11/12/2006	$8.70
(1) 3 May 2005	16,667	09/01/2007	$9.15
	2,276,663		

(ii) Balance at end of the financial year

The options outstanding at 30 June 2007 have an exercise price in the range of $2.40 to $13.06 (2006: $2.40 to $8.53) and a weighted average contractual life of 3.2 years (2006: 3.2 years).

The total share-based payment expense included in the income statement is set out in note 20(F).

The following table gives the assumptions made in determining the value of the options granted during the year:

		13/9/06	20/9/06	23/10/06	10/11/06	14/12/06	12/3/07	12/3/07	3/5/07	16/5/07
Expected life	Tranche 1	1.0	0.9	1.0	1.0	1.0	1.5	2.5	1.3	1.3
	Tranche 2	2.0	1.9	2.0	2.0	2.0	2.5	3.5	2.3	2.3
	Tranche 3	3.0	2.9	3.0	3.0	3.0	-	-	-	3.3
Volatility – Transpacific (%)		28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0
Volatility – S&P/ASX200 (%)		10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Risk free interest rate (%)	Tranche 1	5.97	5.96	6.12	6.05	6.06	6.06	6.03	6.06	6.06
	Tranche 2	5.79	5.84	6.05	5.93	6.03	6.03	5.95	6.03	6.03
	Tranche 3	5.72	5.77	5.97	5.84	5.95	-	-	-	5.95
Dividend yield – Transpacific (%)		2.4	2.4	2.2	2.3	2.0	2.0	2.0	2.0	2.0
Dividend yield – S&P/ASX200 (%)		4.6	4.6	4.4	4.3	4.2	4.2	4.2	4.2	4.2

20 Equity

	CONSOLIDATED		THE COMPANY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
(A) ISSUED CAPITAL				
Ordinary shares - Issued and fully paid	856,374	121,921	856,374	121,921
Step-up preference securities	249,846	-	-	-
	1,106,220	121,921	856,374	121,921

	2007		2006	
	NUMBER OF SHARES	$'000	NUMBER OF SHARES	$'000
(B) MOVEMENTS IN ORDINARY SHARES				
Balance at the beginning of the year	203,756,701	121,921	200,000,000	96,673
Issued during the financial year:				
- shares issued for business acquisitions	15,993,416	149,734	2,777,193	16,733
- dividend reinvestment plan and underwrite agreement	2,454,824	23,814	979,508	8,515
- equity placements and share purchase plan	54,672,742	568,716	-	-
- exercise of employee share options	2,276,663	6,327	-	-
- transaction costs	-	(14,138)	-	-
BALANCE AT THE END OF THE YEAR	279,154,346	856,374	203,756,701	121,921

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company. Ordinary shares have no par value.

(C) MOVEMENTS IN STEP-UP PREFERENCE SECURITIES

		2007		2006	
	NOTES	NUMBER OF UNITS	$'000	NUMBER OF UNITS	$'000
Balance at the beginning of the year		-	-	-	-
Issued during the financial year:					
- under product disclosure statement		2,500,000	250,000	-	-
- transaction costs		-	(154)	-	-
BALANCE AT THE END OF THE YEAR		2,500,000	249,846	-	-

(D) DIVIDEND REINVESTMENT PLAN

The company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than being paid in cash. Shares are issued under the plan at the 15 trading day VWAP from the second trading day after the record date.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2007 (continued)

20 Equity (continued)

(E) SHARE OPTIONS

Executive Share Option Plan

The details of the Executive Share Option Plan are set out at Note 19.

Brenzil Pty Ltd Option Deed

The Company entered into an option deed with Brenzil Pty Ltd, an entity associated with the Peabody family interests, in March 2005. These options are intended to enable the Peabody family to retain effective control as the Non-executive director and executive options are exercised. There are no voting or dividend rights attached to the options. Details of these options are as follows.

DATE OPTIONS GRANTED	EXERCISE DATE ON OR AFTER	EXPIRY DATE	EXERCISE PRICE	OPTIONS GRANTED	NUMBER OF OPTIONS AT END OF YEAR	
					ON ISSUE	VESTED
BRENZIL PTY LTD SHARE OPTIONS						
3 May 2005	31 August 2006	31 July 2009	$2.76	2,316,667	2,316,667	2,316,667
3 May 2005	31 August 2007	31 July 2009	$3.17	2,316,667	2,316,667	-
3 May 2005	31 August 2008	31 July 2009	$3.65	2,316,666	2,316,666	-
Outstanding at the end of the period				6,950,000	6,950,000	-

	NOTES	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	THE COMPANY 2007 $'000	THE COMPANY 2006 $'000
(F) RESERVES					
Foreign currency translation reserve		34,208	(10,272)	-	-
Employee equity benefits reserve		4,018	1,626	4,018	1,626
Hedging reserve		(2,031)	645	3,165	700
Asset revaluation reserve		4,223	6,525	-	-
		40,418	(1,476)	7,183	2,326

Foreign Currency Translation Reserve

NATURE AND PURPOSE OF RESERVE

The foreign currency translation reserve is used to record differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record the net investment hedged in these securities.

MOVEMENTS:

Foreign currency translation reserve:				
Opening balance	(10,272)	(399)	-	-
Exchange differences taken to equity	44,480	(9,873)	-	-
CLOSING BALANCE	34,208	(10,272)	-	-

	NOTES	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	THE COMPANY 2007 $'000	THE COMPANY 2006 $'000

20 Equity (continued)

(F) RESERVES (CONTINUED)

Asset Revaluation Reserve

Nature and purpose of reserve

The asset revaluation reserve is used to record revaluations of non-current assets.

Movements:

	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	THE COMPANY 2007 $'000	THE COMPANY 2006 $'000
Asset revaluation reserve:				
Opening balance	6,525	6,525	-	-
Transfer to retained earnings	(2,302)	-	-	-
CLOSING BALANCE	4,223	6,525	-	-

Hedging Reserve

Nature and purpose of reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedge transactions that have not yet occurred.

Movements:

	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	THE COMPANY 2007 $'000	THE COMPANY 2006 $'000
Hedging reserve:				
Opening balance	645	(2,103)	700	(767)
Transfer to net profit	(2,423)	-	(2,423)	-
Net gain/(loss) taken to equity	(253)	2,748	4,888	1,467
CLOSING BALANCE	(2,031)	645	3,165	700

Employee Equity Benefits Reserve

Nature and purpose of reserve

The employee equity benefits reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration. Refer to note 19 for further details of these plans

Movements:

	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	THE COMPANY 2007 $'000	THE COMPANY 2006 $'000
Employee equity benefits reserve:				
Opening balance	1,626	226	1,626	226
Share based payment expense	3,163	1,400	3,163	1,400
Transfer to issued capital	(771)	-	(771)	-
CLOSING BALANCE	4,018	1,626	4,018	1,626

Notes to the Financial Statements

For the Financial Year Ended 30 June 2007 (continued)

	NOTES	2007 AMOUNT PER SHARE/UNIT	2007 TOTAL $'000	2006 AMOUNT PER SHARE/UNIT	2006 TOTAL $'000
20 Equity (continued)					
(G)DIVIDENDS AND DISTRIBUTIONS					
Ordinary shares					
Interim dividend: fully franked at 30% tax rate		5.0c	12,218	4.2c	8,515
Final dividend: fully franked at 30% tax rate		5.1c	11,597	-	-
TOTAL DIVIDENDS PAID			23,815		8,515
Step-up preference securities					
Period ended 31 March: fully franked at 30% tax rate		$4.14	10,350	-	-
TOTAL DISTRIBUTION PAID			10,350	-	-

After the balance sheet date the following dividend and distribution was proposed by the directors. The dividend has not been provided for. The declaration and subsequent payment of the dividend has no income tax consequences.

	2007 AMOUNT PER SHARE/UNIT	2007 TOTAL $'000	2006 AMOUNT PER SHARE/UNIT	2006 TOTAL $'000
Proposed for :				
Ordinary shares				
Final dividend: fully franked at 30% tax rate	6.7c	18,767	5.1c	11,597
Step-up preference securities				
Period ended 30 September: fully franked at 30% tax rate	$3.54	8,850	-	-

	THE COMPANY 2007 $'000	THE COMPANY 2006 $'000
(H) FRANKING CREDIT BALANCE		
30% franking credits available to shareholders of Transpacific Industries Group Ltd for subsequent financial years	21,259	13,230

The above available amounts are based on the balance of the franking account at year-end, adjusted for:

a) franking credits that will arise from the payment of current tax liabilities;

b) franking debits that will arise from the payment of dividends recognised as a liability at the year-end;

c) franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at the year-end; and

d) franking credits that the entity may be prevented from distributing in subsequent years.

The impact on the franking account of dividends proposed after balance date but not recognised as a liability is to reduce it by $8,043,000. In accordance with the tax consolidation legislation, the Company as the head entity in the tax-consolidated group has also assumed the benefit of $6,067,000 (2006: $1,297,000) franking credits as a result of business combinations.

	CONSOLIDATED		THE COMPANY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000

20 Equity (continued)

(I) RETAINED PROFITS

	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Retained profits at beginning of year	57,640	18,680	69	(7,794)
Net profit attributable to members of the parent entity	113,405	47,475	24,787	16,378
Dividends paid – ordinary shares	(23,814)	(8,515)	(23,814)	(8,515)
Distributions paid – step-up preference securities	(10,350)	-	-	-
Transfer from asset revaluation reserve	2,302	-	-	-
Retained profits at end of year	139,183	57,640	1,042	69

(J) MINORITY INTEREST

	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Interest in:				
Contributed equity	8,232	2,406	-	-
Retained profits	1,577	934	-	-
	9,809	3,340	-	-

21 Consolidated entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

ENTITY	COUNTRY OF INCORPORATION	INTEREST HELD BY CONSOLIDATED ENTITY 2007 %	2006 %	COST OF THE COMPANY'S INVESTMENT 2007 $'000	2006 $'000
Transpacific Industries Group Ltd – parent	Australia				
Transpacific Innovations Pty Ltd	Australia	100	-	157,231	-
Transpacific Co Pty Ltd*	Australia	100	100	20,853	20,853
Transpacific Resources Ltd*	Australia	100	100		
Transpacific Industries Group Finance (NZ)Ltd	New Zealand	100	100	200,000	-
Transpacific Industries Group (NZ) Ltd	New Zealand	100	100		
Western Star Trucks Australia Pty Ltd*	Australia	100	100	53,220	53,220
Man Automotive Imports Pty Ltd*	Australia	100	100		
Man Imports Pty Ltd	Australia	100	100		
MAN Automotive Imports (NZ) Ltd	New Zealand	100	100		
Transpacific Industries Pty Ltd*	Australia	100	100		
Australian Resource Recovery Pty Ltd	Australia	100	100		
Associated Oils Pty Ltd	Australia	100	100		
Environmental Recovery Services Pty Ltd*	Australia	100	100		
ERS Australia Pty Ltd*	Australia	100	100		
Transpacific Oil Pty Ltd	Australia	100	100		
Transpacific Energy Pty Ltd	Australia	100	100		
Kleenparts Pty Ltd	Australia	100	100		

Notes to the Financial Statements

For the Financial Year Ended 30 June 2007 (continued)

21 Consolidated entities (continued)

ENTITY	COUNTRY OF INCORPORATION	INTEREST HELD BY CONSOLIDATED ENTITY 2007 %	2006 %	COST OF THE COMPANY'S INVESTMENT 2007 $'000	2006 $'000
ERS New Zealand Ltd	New Zealand	100	100	35,226	35,169
Time (NZ) Ltd	New Zealand	100	100		
Transpacific Technical Services (NZ) Ltd	New Zealand	100	100		
Healthcare Waste Ltd	New Zealand	100	100		
ERS Singapore Pte Ltd	Singapore	100	100		
ERS Services (Malaysia) Sdn Bhd	Malaysia	100	100		
ERS Taiwan Ltd	Taiwan	100	100		
Transpacific Industrial Solutions (NZ) Ltd	New Zealand	100	100		
Transpacific Group (NZ) Ltd	New Zealand	100	100		
Australian Terminal Services Pty Ltd	Australia	73	63.08		
ATS Developments Pty Ltd	Australia	70	70		
NQ Resource Recovery Pty Ltd*	Australia	100	100		
Nationwide Oil Pty Ltd*	Australia	100	100		
Oil & Fuel Salvaging (Qld) Pty Ltd	Australia	100	100		
Transpacific Refiners Pty Ltd (i)	Australia	50	50		
Transpacific Bituminous Products Pty Ltd	Australia	100	100		
Transpacific Industrial Solutions Pty Ltd *	Australia	100	100		
Transpacific Paramount Services Pty Ltd	Australia	85	-		
ACN 122 808 324 Pty Ltd	Australia	100	-		
ACN 123 001 061 Pty Ltd	Australia	100	-		
Transpacific Waste Management Pty Ltd*	Australia	100	100		
Rubus Holdings Pty Ltd*	Australia	100	-		
Rubus Intermediate Two Pty Ltd*	Australia	100	-		
Transpacific Cleanaway Holdings Ltd*	Australia	100	-		
Rubus Intermediate One Pty Ltd*	Australia	100	-		
Transpacific Cleanaway Ltd*	Australia	100	-		
Cleanaway T&E Pty Ltd	Australia	100	-		
Baxter Group Ltd*	Australia	100	-		
Baxter Business Pty Ltd*	Australia	100	-		
A J Baxter Pty Ltd	Australia	100	-		
Baxter Recyclers Pty Ltd	Australia	100	-		
Max T Pty Ltd	Australia	100	-		
Clarinda Landfill Pty Ltd	Australia	100	-		
Ashrye Pty Ltd	Australia	100	-		
Waste Management Pacific Pty Ltd*	Australia	100	-		
Waste Management Pacific (S.A) Pty Ltd	Australia	100	-		
Transwaste Technologies Pty Ltd	Australia	100	100		
Transwaste Technologies (1) Pty Ltd	Australia	100	100		
Australian Pollution Engineering Pty Ltd	Australia	100	100		
Solidsep Pty Ltd	Australia	100	100		

21 Consolidated entities (continued)

ENTITY	COUNTRY OF INCORPORATION	INTEREST HELD BY CONSOLIDATED ENTITY 2007 %	2006 %	COST OF THE COMPANY's INVESTMENT 2007 $'000	2006 $'000
Transpacific Superior Pak Pty Ltd*	Australia				
Mann Waste Management Pty Ltd	Australia	100	50		
Transpacific All-Brite Pty Ltd	New Zealand	80	-		
Transpacific Environmental Services Pty Ltd	Australia	51	-		
QORS Pty Ltd	Australia	100	51		
Olmway Pty Ltd [(i)]	Australia	50	50		
L V Rawlinson & Associates Pty Ltd	Australia	80	80		
Transpacific Biofuels Pty Ltd[(i)]	Australia	50	50		
Transpacific Manufacturing Systems P/L	Australia	51	51		
				466,530	109,242

(i) Wholly-owned subsidiaries of the Company have management control and the casting vote of Transpacific Refiners Pty Ltd, Olmway Pty Ltd and Transpacific Biofuels Pty Ltd and thus the Company has the capacity to dominate decision making in relation to the financial and operating policies so as to enable those entities to operate as part of the consolidated entity in pursuing its objectives.

* These wholly owned subsidiaries have entered into a deed of cross guarantee with Transpacific Industries Group Ltd on 29 June 2007 pursuant to ASIC Class Order 98/1418 and are relieved from the requirement to prepare and lodge an audited financial report.

The consolidated income statement and balance sheet of the entities party to the deed of cross guarantee are:

INCOME STATEMENT	2007 $'000
Revenue from continuing activities	871,863
Other income	3,476
Cost of sales	(375,473)
Employee expenses	(193,447)
Depreciation and amortisation expenses	(42,567)
Finance costs	(34,197)
Repairs and maintenance	(26,015)
Fuel purchases	(17,929)
Leasing charges	(3,928)
Freight costs	(10,102)
Other expenses	(61,673)
Share of net profits of associates accounted for using the equity method	1,359
Profit before income tax	111,367
Income tax expense	(31,399)
Profit from continuing operations	79,968

Notes to the Financial Statements

For the Financial Year Ended 30 June 2007 (continued)

21 Consolidated entities (continued)

BALANCE SHEET	2007 $'000
ASSETS	
Cash and cash equivalents	73,808
Trade and other receivables	255,045
Inventories	98,389
Other assets	6,836
TOTAL CURRENT ASSETS	434,078
Investments accounted for using the equity method	18,799
Investments	519,382
Property, plant and equipment	508,333
Intangible assets	1,799,3595
Deferred tax assets	16,317
TOTAL NON-CURRENT ASSETS	2,862,190
TOTAL ASSETS	3,296,268
LIABILITIES	
Trade and other payables	200,165
Interest-bearing loans and borrowings	13,034
Income tax payable	1,662
Employee benefits	27,885
Provisions	7,996
Other	12,385
TOTAL CURRENT LIABILITIES	263,127
Interest-bearing loans and borrowings	1,806,203
Deferred tax liabilities	15,229
Employee benefits	5,667
Provisions	49,541
Deferred government grants	1,273
TOTAL NON-CURRENT LIABILITIES	1,877,913
TOTAL LIABILITIES	2,141,040
NET ASSETS	1,155,228
EQUITY	
Issued capital	1,041,241
Reserves	9,248
Retained earnings	104,739
TOTAL EQUITY	1,155,228

22 Investments Accounted for Using the Equity Method

(A)DETAILS OF INTERESTS IN ASSOCIATES ARE AS FOLLOWS:

			OWNERSHIP INTEREST		CARRYING VALUE OF INVESTMENT	
ENTITY	COUNTRY	REPORTING DATE	2007 %	2006 %	2007 $'000	2006 $'000
Truck and bus dealership:						
Western Star Truck Centre Trust	Australia	30 June	50	50	(800)	-
Liquid waste management:						
Total Waste Management Pty Ltd	Australia	31 December	50	50	5,165	4,778
Western Resource Recovery Pty Ltd	Australia	31 December	50	50	3,339	2,646
Mann Waste Management Pty Ltd	Australia	30 June	100	50	-	1,818
Daniels Sharpsmart New Zealand Ltd	New Zealand	30 June	50	50	58	33
Solid waste management:						
Otago Southland Waste Services Ltd	New Zealand	31 December	50	-	1,090	-
Canterbury Waste Services Ltd	New Zealand	31 December	50	-	7,188	-
Living Earth Ltd	New Zealand	31 December	50	-	1,879	-
Midwest Disposals Ltd	New Zealand	31 December	50	-	2,510	-
Pikes Point Transfer Station Ltd	New Zealand	31 December	50	-	1,502	-
Wellington Waste Disposal Pty Ltd	Australia	30 June	50	-	2,333	-
Wonthaggi Recyclers Pty Ltd	Australia	30 June	50	-	37	-
Enviroguard Pty Ltd	Australia	30 June	50	-	8,172	-
Enviroway Ltd	New Zealand	31 December	50	-	515	-
					32,988	9,242

The reporting dates for those entities noted as 31 December is a result of that being the reporting date of the other 50% shareholder.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2007 (continued)

22 Investments Accounted for Using the Equity Method (continued)

(B)SHARE OF ASSOCIATES BALANCE SHEET

	CONSOLIDATED	
	2007 $'000	2006 $'000
Total assets	122,960	23,401
Total liabilities	(56,984)	(4,917)
Net assets as reported by associates	65,976	18,484
Share of associate's net assets equity accounted	32,988	9,242

(C) SHARE OF ASSOCIATES' REVENUE AND PROFIT

Revenues (100%)	51,667	25,461
Profit before income tax(100%)	12,462	5,162
Share of associates profit before income tax	6,231	2,581
Share of income tax expense	(1,990)	(774)
Share of associates net profit/(loss) recognised	4,241	1,807

(D) IMPAIRMENT LOSSES AND COMMITMENTS

There were no impairment losses relating to the investment in associates and no capital commitments or other commitments relating to the associate.

	CONSOLIDATED		THE COMPANY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
23 Reconciliation of cash flows from operating activities				
Cash flows from operating activities				
Profit for the period	114,302	48,070	24,787	16,378
ADJUSTMENTS FOR:				
Share options expensed	3,163	1,400	3,163	1,400
Other non-cash items	-	-	2,329	-
Profits on acquisition of businesses	(2,863)	(1,713)	-	-
Depreciation	65,920	17,212	-	-
Amortisation	4,223	7,614	-	-
Bad and doubtful debt expense	-	21	-	-
Foreign exchange gain on loan	-	-	-	-
Dividends received from associates	-	-	(60,000)	(35,000)
Share of associates' net profits	(4,241)	(1,807)	-	-
Net (gain)/loss on disposal of property, plant and equipment	(2,526)	(617)	-	-
Operating profit before changes in assets and liabilities	177,978	70,180	(29,721)	(17,222)
CHANGES IN ASSETS AND LIABILITIES				
(Increase)/decrease in receivables	(86,739)	(27,423)	(69)	-
(Increase)/decrease in other assets	6,814	(243)	-	-
(Increase)/decrease in inventories	(49,946)	15,857	-	-
Increase/(decrease) in payables	63,902	10,619	14,169	(221)
Increase/(decrease) in income tax payable	(9,502)	(499)	(4,535)	1,862
Increase/(decrease) in deferred taxes	20,229	3,190	19,257	3,513
Increase/(decrease) in other liabilities	5,673	766	-	-
Increase/(decrease) in other provisions	(10,057)	1,453	-	-
NET CASH FROM OPERATING ACTIVITIES	118,352	73,900	(899)	(12,068)

Non-cash financing and investing activities

During the 2007 year the consolidated entity acquired plant and equipment with an aggregate fair value of $22,452,673 (2006: $13,151,402) by means of finance lease. These acquisitions are not reflected in the statement of cash flows.

During the year ended 30 June 2007 2,777,193 (2006: 2,777,193) ordinary shares were issued for a value of $149,734,000 (2006: $16,733,000) as part settlement for business combinations and repayment of loans. These share issues are not reflected in the statement of cash flows as they were not cash flows.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2007 (continued)

24 Business combinations

On 3 July 2006, the consolidated entity amalgamated with the solid waste company Waste Management NZ Ltd (WMNZ), a listed public company in New Zealand with Australian operations.

From the date of acquisition, the business combination has contributed $106,400,000 to the EBITDA of the consolidated entity.

The fair value of the identifiable assets and liabilities of the business combination as at the date of acquisition are:

	CONSOLIDATED	
	RECOGNISED ON ACQUISITION $'000	CARRYING VALUE $'000
Cash and cash equivalents	(142,494)	(142,494)
Receivables	35,906	35,906
Inventories	1,545	1,545
Other current assets	2,916	2,916
Investment in Associates	14,000	14,000
Property, plant and equipment	177,354	173,354
Deferred tax assets	708	708
Intangibles	95,198	95,198
	185,133	181,133
Trade creditors and other payables	(25,028)	(25,028)
Employee entitlements	(12,295)	(12,295)
Deferred income	(10,031)	(10,031)
Provisions	(11,958)	(11,958)
Deferred tax liabilities	(9,322)	(9,322)
	(68,634)	(68,634)
Fair value of net assets	116,499	112,499
Goodwill arising on acquisition	592,550	
Total consideration paid	709,049	
The cash outflow on acquisition is as follows:		
Net debt acquired with subsidiary	(142,494)	
Cash paid for equity	(709,049)	
	(851,543)	

24 Business combinations (continued)

On 3 January 2007, the consolidated entity acquired 100% of the voting shares of Baxter Group Ltd, a listed public company in Australia specialising in solid waste.

The contribution of this business combination to the results of the consolidated entity need to be viewed in conjunction with the Twigg acquisition on page 78. Together these two business combinations have contributed $22,700,000 to the EBITDA of the consolidated entity.

The fair value of the identifiable assets and liabilities of the business combination as at the date of acquisition are:

	CONSOLIDATED	
	RECOGNISED ON ACQUISITION $'000	CARRYING VALUE $'000
Cash and cash equivalents	878	878
Receivables	9,431	9,431
Inventories	506	506
Other current assets	470	470
Investment in Associates	2,113	2,113
Assets held for sale	20,000	-
Property, plant and equipment	53,895	68,728
Deferred tax assets	3,286	-
Intangibles	10,128	10,128
	100,707	92,254
Trade creditors and other payables	(8,648)	(8,648)
Employee entitlements	(874)	(874)
Deferred income	-	-
Provisions	(11,825)	(11,825)
Borrowings	(23,245)	(23,245)
Deferred tax liabilities	(4,361)	(9,647)
	(48,953)	(54,239)
Fair value of net assets	51,754	38,015
Goodwill arising on acquisition	190,240	
Total consideration paid	241,994	
Consideration:		
Shares issued, at fair value	114,398	
Costs associated with the acquisition	127,596	
Total consideration paid	241,994	
The cash outflow on acquisition is as follows:		
Net cash acquired with subsidiary	878	
Costs associated with the acquisition	(127,596)	
	(126,718)	

A total of 12,529,890 ordinary shares were issued as part settlement of the business combination. The shares were issued at $8.86, being the five day volume weighted average price up to an including the date on which the off-market takeover offer was declared unconditional. The fair value of the shares at the date of acquisition was $9.13.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2007 (continued)

24 Business combinations (continued)

On 2 April 2007, the consolidated entity acquired the solid waste businesses of the Twigg Group of companies based in Australia, together with a number of subsidiaries.

The contribution of this business combination to the results of the consolidated entity need to be viewed in conjunction with the Baxter Group acquisition on page 77. Together these two business combinations have contributed $22,700,000 to the EBITDA of the consolidated entity.

The fair value of the identifiable assets and liabilities of these entities as at the date of acquisition are:

	CONSOLIDATED	
	RECOGNISED ON ACQUISITION $'000	CARRYING VALUE $'000
Receivables	35	35
Inventories	1,000	1,000
Assets held for sale	8,460	-
Property, plant and equipment	37,878	46,338
Deferred tax assets	200	200
Intangibles	74,728	-
	122,301	47,573
Employee entitlements	(666)	(666)
Provisions	(10,000)	-
	(10,666)	(666)
Fair value of net assets	111,635	46,907
Goodwill arising on acquisition	47,777	
Total consideration paid	159,412	
Consideration:		
Shares issued, at fair value	30,000	
Costs associated with the acquisition	129,412	
Total consideration paid	159,412	
The cash outflow on acquisition is as follows:		
Costs associated with the acquisition	(129,412)	
	(129,412)	

A total of 2,780,352 ordinary shares were issued as part settlement of the business combination. The shares were issued at $10.79, being the market closing price of the shares on 30 March 2007.

24 Business combinations (continued)

On 16 May 2007, the consolidated entity acquired the solid waste businesses of Cleanaway which are based in Australia, together with a number of subsidiaries.

From the date of acquisition, the business combination has contributed $16,400,000 to the EBITDA of the consolidated entity.

The fair value of the identifiable assets and liabilities of the business combination as at the date of acquisition are:

	CONSOLIDATED	
	RECOGNISED ON ACQUISITION $'000	CARRYING VALUE $'000
Cash and cash equivalents	33,314	33,314
Receivables	80,932	89,678
Inventories	1,635	1,635
Other current assets	2,030	2,030
Investment in Associates	9,045	9,045
Assets held for sale	5,000	-
Property, plant and equipment	176,501	177,401
Deferred tax assets	20,574	-
Intangibles	514,387	429,340
	843,418	742,443
Trade creditors and other payables	(53,760)	(53,760)
Employee entitlements	(22,140)	(22,140)
Deferred income	(477)	(477)
Provisions	(42,112)	(42,112)
Borrowings	(175,029)	(173,323)
Deferred tax liabilities	(6,503)	(6,503)
	(300,021)	(298,406)
Fair value of net assets	543,397	444,037
Goodwill arising on acquisition	604,574	
Total consideration paid	1,147,971	
The cash outflow on acquisition is as follows:		
Net cash acquired with business	33,314	
Total consideration paid	(1,147,971)	
	(1,114,657)	

The consolidated entity acquired the Cleanaway group of companies. In doing so it acquired a number of assets and liabilities, including ASX listed exchangeable instalment notes (EINs). These EINs were subsequently redeemed in June 2007 and are treated as repayment of debt in the cash flow statement.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2007 (continued)

24 Business combinations (continued)

Throughout the year the consolidated entity has acquired a number of businesses which are individually immaterial.

The fair value of the identifiable assets and liabilities of these entities as at the date of acquisition are:

	CONSOLIDATED	
	RECOGNISED ON ACQUISITION $'000	CARRYING VALUE $'000
Inventories	6,118	6,118
Other current assets	1,623	1,623
Property, plant and equipment	55,706	55,706
Intangibles	10,429	10,429
Deferred tax assets	187	187
	74,063	74,063
Trade creditors and other payables	(398)	(398)
Employee entitlements	(1,083)	(1,083)
Deferred income	(1,478)	(1,478)
Provisions	(1,150)	-
	(4,109)	(2,959)
Fair value of net assets	69,954	71,104
Profit arising on acquisition	(2,863)	
Goodwill arising on acquisition	123,086	
	190,177	
Consideration:		
Shares issued, at fair value	5,246	
Costs associated with the acquisition	184,931	
Total consideration paid	190,177	
The cash outflow on acquisition is as follows:		
Costs associated with the acquisition	(184,931)	
Deferred settlements	600	
Minority interests	6,037	
	(178,294)	

Included in the goodwill recognised on all of the business combinations detailed above are certain intangible assets that cannot be individually separated and reliably measured from the acquiree due to their nature. Assets included in this balance consist of customer loyalty.

A total of 683,174 ordinary shares were issued as part settlement of these business combinations. The shares were issued at the three day volume weighted share price prior to settlement date.

The consolidated entity has a history of turning businesses around, and as a result it is impracticable due to the different ownership to measure the contribution the above business combinations would have made to profit of the consolidated entity for the financial year had the businesses been held for the full period.

	NOTES	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	THE COMPANY 2007 $'000	THE COMPANY 2006 $'000

25 Commitments and Contingencies

(A) OPERATING LEASE COMMITMENTS

The consolidated entity leases property, plant and equipment under operating leases expiring over terms of up to six years. Leases generally provide the consolidated entity with a right of renewal at which time all terms are renegotiated.

	NOTES	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	THE COMPANY 2007 $'000	THE COMPANY 2006 $'000
Non-cancellable operating lease rentals are payable as follows:					
Within one year		14,752	5,752	-	-
Between one and five years		26,440	13,124	-	-
More than five years		25,221	1,407	-	-
		66,413	20,283	-	-

(B)FINANCE LEASE AND HIRE PURCHASE COMMITMENTS

The consolidated entity leases plant and equipment under finance leases and hire purchase agreements expiring over terms of up to six years. At the end of the lease term the consolidated entity generally has the option to purchase the equipment at a percentage of market value.

	NOTES	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	THE COMPANY 2007 $'000	THE COMPANY 2006 $'000
Commitments in relation to finance leases are payable as follows:					
Within one year		16,029	10,751	-	-
Between one and five years		46,513	30,839	-	-
More than five years		1,509	308	-	-
Minimum lease payments		64,051	41,898	-	-
Less:					
Future finance charges		(9,556)	(5,801)	-	-
TOTAL LIABILITIES		54,495	36,097	-	-
Representing:					
Current	15	14,054	8,929	-	-
Non-current	15	40,441	27,168	-	-
TOTAL LIABILITIES		54,495	36,097	-	-

(C) CAPITAL EXPENDITURE AND OTHER COMMITMENTS

	NOTES	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	THE COMPANY 2007 $'000	THE COMPANY 2006 $'000
Commitments in relation to capital expenditure and purchase commitments entered into:					
Within one year		10,302	1,464	-	-
COMMITMENTS NOT RECOGNISED IN THE FINANCIAL STATEMENTS		10,302	1,464	-	-

Notes to the Financial Statements

For the Financial Year Ended 30 June 2007 (continued)

	NOTES	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	THE COMPANY 2007 $'000	THE COMPANY 2006 $'000

25 Commitments and Contingencies (continued)

(C) CAPITAL EXPENDITURE AND OTHER COMMITMENTS(CONTINUED)

Envirowaste acquisition

This note reflects the latest position on Transpacific's purchase from Ironbridge of all the New Zealand South Island solid waste interests of Envirowaste Services and 50% of the shares in Manawatu Waste Limited. Earlier advice was provided to the ASX on 30 May and 2 July 2007. The following is the latest position as at the date the financial report was authorised for issue. There is the prospect that part of this transaction may complete between this report going to print and its publication. Transpacific recommends that these disclosures be read in conjunction with any announcements made to the ASX (subsequent to the date of this financial report) relating to this transaction.

(a) Transpacific has agreements to purchase certain Envirowaste assets and companies from Ironbridge for NZD 127,166,000. The transaction is subject to the review by two New Zealand government authorities (Commerce Commission "ComCom" and Overseas Investment Office "OIO")

(b) On 2 July 2007 TPI announced that ComCom's report opened the way for TPI to increase its 50% ownership in Canterbury Waste Services Limited to 100% and to purchase the Dunedin landfill and transfer station operations. This comprises approximately NZD 63 million but remained subject to OIO approval. On 12 September 2007 TPI announced that the OIO has consented to the acquisitions. As of the date of this report going to print, TPI expects the transactions to settle in September 2007. Upon settlement, we will announce the acquisition to the ASX.

(c) In respect of the balance of the Envirowaste assets, since ComCom's initial decision TPI has both submitted revised applications to ComCom and also submitted an appeal to the High Court of New Zealand. As of the date of this report going to print, these matters are outstanding. OIO will also review these assets.

(d) Bank guarantees covering the purchase price have been drawn in favour of Ironbridge and they are backed by TPI bank deposits in New Zealand. As the purchases are approved, the guarantees will be withdrawn and Ironbridge will be paid from TPI's bank deposits.

(D) GUARANTEES

The consolidated entity is, in the normal course of business, required to provide guarantees and letters of credit on behalf of controlled entities and associates in respect of their contractual performance related obligations.
These guarantees and indemnities only give rise to a liability where the entity concerned fails to perform its contractual obligations.

Letters of credit issued to suppliers	70	80	-	-
Bank guarantees outstanding at balance date in respect of financing facilities	141,342	3,713	-	-
Bank guarantees outstanding at balance date in respect of contractual performance	95,853	7,916	-	-
	237,265	11,709	-	-

(E) CONTINGENT LIABILITIES

The directors are of the opinion that there are no contingent liabilities relating to current or threatened litigation or other matters that require disclosure in the financial report.

26 Auditors' Remuneration

	CONSOLIDATED		THE COMPANY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
1. Audit services:				
Bentleys MRI Brisbane Partnership	394	406	-	-
Overseas auditors associated with Bentleys MRI	184	84	-	-
Total audit services	578	490	-	-
2. Non-audit services:				
Due diligence services:				
Bentleys MRI Brisbane Partnership and Bentleys MRI (Qld) Pty Ltd	105	21	-	-
Overseas auditors associated with Bentleys MRI	-	68	-	-
	105	89	-	-
Taxation services:				
Bentleys MRI (Qld) Pty Ltd	126	58	-	-
Overseas auditors associated with Bentleys MRI	8	11	-	-
	134	69	-	-
Total non-audit services	239	158	-	-

27 Related Parties

(A)KEY MANAGEMENT PERSONNEL

Disclosures relating to key management personnel are set out in Note 31.

(B) WHOLLY-OWNED GROUP TRANSACTIONS

The wholly-owned group consists of Transpacific Industries Group Ltd and its wholly-owned entities listed at Note 21.

Transactions between Transpacific Industries Group Ltd and other entities in the wholly-owned group during the years ended 30 June 2007 and 2006 consisted of:

a) loans advanced by Transpacific Industries Group Ltd and other wholly-owned entities;

b) loans repaid to Transpacific Industries Group Ltd and other wholly-owned entities;

c) the payment of interest on the above loans;

d) the payment of dividends to Transpacific Industries Group Ltd and other wholly-owned entities;

e) management fees charged to wholly-owned entities; and

f) sales between wholly-owned entities.

The above transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of principal on loans advanced. The average interest rate charged on the loans during the year was 6.75% (2006 – 6.5%).

Notes to the Financial Statements

For the Financial Year Ended 30 June 2007 (continued)

27 Related Parties (continued)

Aggregate amounts included in the determination of profit before tax that resulted from transactions with entities in the wholly-owned group:

	THE COMPANY	
	2007 $'000	2006 $'000
Interest revenue	47,580	10,642
Dividend revenue	60,000	35,000

Aggregate amounts receivable from entities in the wholly-owned group at balance date:

	THE COMPANY	
	2007 $'000	2006 $'000
Current receivables (loans)	2,145,336	220,717

(C) OTHER RELATED PARTIES

	CONSOLIDATED		THE COMPANY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Aggregate amounts included in the determination of profit before tax that resulted from transactions with each class of other related parties:				
Interest revenue				
Associates	-	58	-	-
Interest expense				
Director-related parties	-	-	-	-
Minority shareholders	154	173	-	-
Aggregate amounts brought to account in relation to other transactions with each class of other related parties:				
Loans advanced to/(from):				
Associates	-	-	-	-
Minority shareholders	(3,587)	(343)	-	-
Loan repayments (from):				
Associates	(642)	(1,525)	-	-
Loan repayments to:				
Associates	1,900	-	-	-
Minority shareholders	892	189	-	-

	CONSOLIDATED		THE COMPANY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000

27 Related Parties (continued)

(C) OTHER RELATED PARTIES (CONTINUED)

	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Aggregate amounts receivable from, and payable to, each class of other related parties at balance date:				
Current receivables:				
Associates	-	392		
Director-related entities	-	-		
Minority shareholders	-	250		
	-	642		
Current payables:				
Associates	-	1,900		
Director-related entities	-	-		
Minority shareholders	-	-		
	-	1,900		
Non-current payables:				
Director-related entities	-	-		
Minority shareholders	-	656		
	-	656		
Current borrowings:				
Associates	5,824	-		
	5,824	-		
Non-current borrowings:				
Minority shareholders	4,636	2,479		
	4,636	2,479		

Transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of loans between the parties. Interest was charged at 6.5% (2006 – 6.5%).

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Company or its subsidiaries in the reporting period. The terms and conditions of the transactions with management persons and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arms-length basis.

During financial year 2007 the consolidated entity expensed $135,650 (2006: $158,000) for the hire of aircraft from Brenzil Pty Ltd (an entity related to Terry Peabody) which was used to fly Transpacific executives in connection with the acquisition of businesses, bank negotiations and investor relations. There was substantial travel for senior executives throughout the year as a result of the Waste Management (NZ), Baxter, Twigg, Cleanaway and significant number of bolt on acquisitions - $430,000 of charter costs has been capitalised to the costs of these acquisitions. At 30 June 2007 the consolidated entity owed $261(2006: $86,870) to the related party.

The consolidated entity performs a small amount of administrative work in relation to Brenzil Pty Ltd. No charter revenue or costs, other than when Transpacific hires the aircraft, are borne by Transpacific. Transpacific charges the related party $10,000 per annum for administration time.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2007 (continued)

27 Related Parties (continued)

(C) OTHER RELATED PARTIES (CONTINUED)

The consolidated entity performed a small amount of administrative work for Craggy Range Australia Pty Ltd, an entity related to Terry Peabody, throughout the year. At 30 June 2007 the related party owed $214,867 (2006: $105,144) in respect of the business and its employees. The consolidated entity incurs no profit or loss on these transactions.

The Company administered charters and costs in relation to an entity related to Terry Peabody. At 30 June 2007, the related party owed $398,155 to the Company (2006: $193,477). The Company incurs no profit or loss on these transactions.

The Company trades on normal commercial terms and conditions on an arm's-length basis with companies connected with two Non-executive directors – JJ Richards and Sons Pty Ltd and Campbell Brothers Limited. J J Richards resigned as a non-executive director on 23 August 2006.

28 Segment Information

Segment information is presented in respect of the consolidated entity's business and geographical segments. The primary format, business segments, is based on the consolidated entity's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

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 comprise mainly options expense and profits on business combinations.

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.

PRIMARY REPORTING – BUSINESS SEGMENTS

The consolidated entity comprises the following main business segments:

Liquid waste management	Includes collection, transportation, treatment and sale or disposal of liquid waste
Energy	Includes collection, transportation, treatment and sale or disposal of waste mineral oil and cooking oil
Industrial solutions	Includes industrial cleaning, high pressure water blasting and manufacture and lease out of parts washers
Commercial vehicles	Importation and distribution of commercial vehicles and parts
Solid waste management	Includes collection, transportation, recycling and disposal of solid waste. This segment was established 1 July 2006 and therefore there are no comparatives.
Other	Includes the manufacturing and biosolids divisions. These have not been disclosed separately in FY07 due to immateriality. These segments was established 1 July 2006 and therefore there are no comparatives.

28 Segment Information (continued)

2007	LIQUID WASTE MANAGEMENT $'000	ENERGY $'000	INDUSTRIAL SOLUTIONS $'000	COMMERCIAL VEHICLES $'000	SOLID WASTE $'000	OTHER $'000	CONSOLIDATED $'000
Revenue							
Sales - external	178,349	90,487	240,575	338,481	367,909	40,337	1,256,138
Inter-segment sales	16,359	10,203	11,445	-	2,159	8,321	48,487
TOTAL SALES	194,708	100,690	252,020	338,481	370,068	48,658	1,304,625
Other revenue	1,751	16,531	359	785	1,185		20,611
TOTAL SEGMENT REVENUE	196,459	117,221	252,379	339,266	371,253	48,658	1,325,236
Inter-segment elimination							(48,487)
Unallocated revenue							11,169
TOTAL CONSOLIDATED REVENUE							1,287,918
Result							
Segment result	38,298	23,221	17,515	30,286	38,411	3,655	151,386
Unallocated revenue less unallocated expenses							(7,514)
Share of profit of associates	1,285	-	-	-	2,955		4,241
PROFIT BEFORE INCOME TAX							148,113
Income tax expense							(33,811)
NET PROFIT							114,302
Segment assets	385,152	122,977	255,780	186,856	3,124,767	50,542	4,126,074
Investments in associates	8,504	-	-	-	24,484		32,988
Unallocated assets							2,049,155
Eliminations							(2,180,756)
TOTAL ASSETS							4,027,461
Segment liabilities	276,372	77,071	185,666	100,048	2,154,691	26,733	2,820,581
Unallocated liabilities							499,104
Eliminations							(587,854)
TOTAL LIABILITIES							2,731,831
Depreciation and amortisation expense	9,912	5,780	16,277	966	33,008	1,071	67,014
Unallocated							3,129
Total depreciation and amortisation							70,143
Acquisition of property, plant and equipment *	60,533	21,930	82,731	1,920	481,048	3,700	651,862

Notes to the Financial Statements

For the Financial Year Ended 30 June 2007 (continued)

28 Segment Information (continued)

PRIMARY REPORTING – BUSINESS SEGMENTS (CONTINUED)

2006	LIQUID WASTE MANAGEMENT & RECYCLING $'000	ENERGY $'000	INDUSTRIAL SOLUTIONS $'000	COMMERCIAL VEHICLES $'000	CONSOLIDATED $'000
Revenue					
Sales - external	107,610	75,471	180,691	270,522	634,294
Inter-segment sales	13,767	9,486	5,101	-	28,354
TOTAL SALES REVENUE	121,377	84,957	185,792	270,522	662,648
Other revenue	5,042	6,313	204	785	12,344
TOTAL SEGMENT REVENUE	126,419	91,270	185,996	271,307	674,992
Inter-segment elimination					(28,354)
Unallocated revenue					551
TOTAL CONSOLIDATED REVENUE					647,189
Result					
Segment result	21,830	17,238	20,088	23,007	82,163
Unallocated revenue less unallocated expenses					(789)
Net Financing costs *					(15,969)
PROFIT BEFORE INCOME TAX					65,405
Share of profit of associates	1,807	-	-	-	1,807
Income tax expense					(19,142)
NET PROFIT					48,070
Segment assets	299,720	46,055	168,406	193,591	707,772
Investments in associates	9,242	-	-	-	9,242
Unallocated assets					-
Eliminations					(107,294)
TOTAL ASSETS					609,720
Segment liabilities	301,307	23,253	96,778	114,251	535,589
Unallocated liabilities					-
Eliminations					(107,294)
TOTAL LIABILITIES					428,295
Depreciation and amortisation expense	6,285	4,938	12,807	796	24,826
Other significant non-cash expenses					1,400
Acquisition of property, plant and equipment	53,562	7,420	27,482	2,610	91,074

* Net financing costs were not allocated to operating segments in 2006.

28 Segment Information (continued)

SECONDARY REPORTING – GEOGRAPHICAL SEGMENTS

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

Australia	All business segments have operations.
New Zealand	All business segments have operations.
South East Asia	Industrial services operations and commercial vehicles sales.

2007	AUSTRALIA $'000	NEW ZEALAND $'000	SOUTH EAST ASIA $'000	TOTAL $'000
Sales to external customers	956,085	299,514	539	1,256,138
Segment net assets	555,641	740,247	(258)	1,295,630
Acquisition of property, plant and equipment	501,602	150,260	-	651,862

2006	AUSTRALIA $'000	NEW ZEALAND $'000	SOUTH EAST ASIA $'000	TOTAL $'000
Sales to external customers	583,598	50,058	638	634,294
Segment net assets	108,092	73,120	213	181,425
Acquisition of property, plant and equipment	63,498	27,576	-	91,074

29 Financial Instruments

The consolidated entity's principal financial instruments, other than derivatives, comprise bank loans, finance leases and hire purchase contracts, cash and short-term deposits.

The main purpose of these financial instruments is to raise finance for the consolidated entity's operations.

The consolidated entity has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

The consolidated entity also enters into derivative transactions, principally interest rate swaps and forward currency contracts. The purpose is to manage the interest rate and currency risks arising from the consolidated entity's operations and its sources of finance.

It is the consolidated entity's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the consolidated entity's financial instruments are foreign currency risk, interest rate risk, and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2007 (continued)

29 Financial Instruments (continued)

(A) FOREIGN CURRENCY RISK

The Commercial Vehicles division sells vehicles and parts purchased from the United States and Germany. In order to protect against exchange rate movements, the consolidated entity enters into forward exchange contracts to purchase US dollars and Euro.

The contracts are timed to mature when major shipments are scheduled to arrive in Australia reflecting when the Company has to pay for the goods and cover a proportion of anticipated purchases for the ensuing financial year.

Where necessary, the forward exchange contracts are rolled over at maturity.

The consolidated entity classifies its forward exchange contracts hedging forecasted transactions as cash flow hedges and states them at fair value.

The net fair value of forward exchange contracts used as hedges of forecasted transactions at 30 June 2007 was a liability of $5,618,000 (2006: liability of $54,000) that were recognised in fair value derivatives.

(B) CREDIT RISK EXPOSURES

Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The consolidated entity does not require collateral in respect of financial assets.

The consolidated entity minimises concentrations of credit risk by undertaking transactions with a large number of customers.

Credit risk on interest rate and foreign exchange contracts is minimal as counterparties are large Australian and international banks with acceptable credit ratings determined by a recognised ratings agency.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

(C) INTEREST RATE RISK EXPOSURES

Hedging

The consolidated entity's exposure to interest rate risk is predominately cash flow interest rate risk. The consolidated entity adopts a policy of ensuring at least 40% of its exposure to changes in interest rates on borrowings is on a fixed rate basis. Accordingly, the consolidated entity has entered into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates. The contracts are settled on a net basis and require settlement of net interest receivable or payable each 30 days.

Swaps currently in place cover approximately 44% (2006 – 44%) of term debt outstanding and expire September 2007, July 2008, July 2010 and September 2011. The fixed interest rates currently range between BBSY 6.16% and 7.04% (2006: 5.78%– 5.99%) and the BBSY variable rate at balance date was 6.39%.

The consolidated entity classifies interest rate swaps as cash flow hedges and states them at fair value.

The net fair value of swaps at 30 June 2007 was an asset of $3,805,000 (2006: asset of $700,000). These amounts were recognised as fair value derivatives.

29 Financial Instruments (continued)

Effective interest rates and repricing analysis

In respect of income-earning financial assets and interest-bearing financial liabilities of the consolidated entity, the following table indicates their effective interest rates at balance sheet date and the periods in which they reprice. No other financial assets or liabilities are exposed to any interest rate risk.

CONSOLIDATED ENTITY	EFFECTIVE INTEREST RATE (%)	TOTAL	1 YEAR OR LESS $'000	1 – 2 YEARS $'000	2 – 3 YEARS $'000	3 – 4 YEARS $'000	4 – 6 YEARS $'000
2007							
FINANCIAL ASSETS							
Cash and deposits	6.11%	222,459	222,459	-	-	-	-
Other receivables	7.0%	8,848	8,848	-	-	-	-
TOTAL FINANCIAL ASSETS		231,307	231,307	-	-	-	-
FINANCIAL LIABILITIES							
Unsecured bank loans	7.09%	2,234,154	2,222,136	3,610	4,063	4,345	-
Lease liabilities	7.04%	54,495	14,054	13,250	12,071	10,762	4,358
Payable to related parties and associates	6.2%	10,460	5,824	4,636	-	-	-
TOTAL FINANCIAL LIABILITIES		2,299,109	2,242,014	21,496	16,134	15,107	4,358

CONSOLIDATED ENTITY	EFFECTIVE INTEREST RATE (%)	TOTAL	1 YEAR OR LESS $'000	1 – 2 YEARS $'000	2 – 3 YEARS $'000	3 – 4 YEARS $'000	4 – 6 YEARS $'000
2006							
FINANCIAL ASSETS							
Cash and deposits	6.04%	55,336	55,336	-	-	-	-
Loans to related parties and associates	6.5%	642	642	-	-	-	-
TOTAL FINANCIAL ASSETS		55,978	55,978	-	-	-	-
FINANCIAL LIABILITIES							
Trade and vendor finance	6.94%	14,843	14,843	-	-	-	-
Unsecured bank loans	6.85%	213,738	213,738	-	-	-	-
Secured bank loans – NZD	8.05%	16,796	2,774	3,122	3,345	3,622	3,933
Lease liabilities	6.95%	36,097	8,929	8,502	8,080	6,475	4,111
Payable to related parties and associates	6.5%	2,479	-	2,479	-	-	-
TOTAL FINANCIAL LIABILITIES		283,953	240,284	14,103	11,425	10,097	8,044

Notes to the Financial Statements

For the Financial Year Ended 30 June 2007 (continued)

29 Financial Instruments (continued)

In respect of income-earning financial assets and interest-bearing financial liabilities of the consolidated entity, the following table indicates their effective interest rates at balance sheet date and the periods in which they reprice. No other financial assets or liabilities are exposed to any interest rate risk.

THE COMPANY	EFFECTIVE INTEREST RATE (%)	TOTAL	1 YEAR OR LESS $'000	1 – 2 YEARS $'000	2 – 3 YEARS $'000	3 – 4 YEARS $'000	4 – 6 YEARS $'000
2007							
FINANCIAL ASSETS							
Cash and deposits	6.2%	10,789	10,789	-	-	-	-
Loans to related parties and associates	6.5%	2,145,336	2,145,336	-	-	-	-
TOTAL FINANCIAL ASSETS		2,156,125	2,156,125	-	-	-	-
FINANCIAL LIABILITIES							
Unsecured bank loans	6.7%	1,738,572	1,738,572	-	-	-	-
TOTAL FINANCIAL LIABILITIES		1,738,572	1,738,572	-	-	-	-

THE COMPANY	EFFECTIVE INTEREST RATE (%)	TOTAL	1 YEAR OR LESS $'000	1 – 2 YEARS $'000	2 – 3 YEARS $'000	3 – 4 YEARS $'000	4 – 6 YEARS $'000
2006							
FINANCIAL ASSETS							
Cash and deposits	7.15%	16,646	16,646	-	-	-	-
Loans to related parties and associates	6.5%	220,717	220,717	-	-	-	-
TOTAL FINANCIAL ASSETS		237,363	237,363	-	-	-	-
FINANCIAL LIABILITIES							
Unsecured bank loans	6.85%	212,203	212,203	-	-	-	-
TOTAL FINANCIAL LIABILITIES		212,203	212,203	-	-	-	-

29 Financial Instruments (continued)

FAIR VALUES

A comparison by category of carrying amounts and fair values of all of the consolidated entity's financial instruments that are carried in the financial statements at other than fair values.

CONSOLIDATED	CARRYING VALUE	**FAIR VALUE**	CARRYING VALUE	**FAIR VALUE**
	2007 $'000	2007 $'000	2006 $'000	2006 $'000
Financial assets				
Cash and cash equivalents	222,459	222,459	55,336	55,336
Trade and other receivables	309,167	309,167	95,767	95,767
Loans to related parties and associates	-	-	642	642
Interest rate swaps	3,805	3,805	700	700
Financial liabilities				
Trade and other payables - current	(242,295)	(242,295)	(95,776)	(95,776)
Other payables – non-current	-	-	(656)	(656)
Trade and vendor finance	-	-	(14,843)	(14,843)
Unsecured bank loans	(2,234,154	(2,234,154)	(213,738)	(213,738)
Secured bank loans	-	-	(16,796)	(16,842)
Loans from related parties	(10,460)	(10,460)	(2,479)	(2,479)
Lease liabilities	(54,495)	(56,873)	(36,178)	(37,467)
Forward exchange contracts	(5,618)	(5,618)	(55)	(55)
	(2,011,591	(2,013,969)	(228,076)	(229,411)
Unrecognised (losses)/gains		(2,378)		(1,335)

THE COMPANY	CARRYING VALUE	**FAIR VALUE**	CARRYING VALUE	**FAIR VALUE**
	2007 $'000	2007 $'000	2006 $'000	2006 $'000
Financial assets				
Cash and cash equivalents	10,789	10,789	16,646	16,646
Other receivables	69	69	-	-
Loans to related parties and associates	2,145,336	2,145,336	220,717	220,717
Interest rate swaps	3,165	3,165	700	700
Financial liabilities				
Trade and other payables	(14,331)	(14,331)	(162)	(162)
Unsecured bank loans	(1,738,572	(1,738,572)	(212,203)	(212,203)
Interest rate swaps	-	-	-	-
	406,456	406,456	25,698	25,698
Unrecognised (losses)/gains		-		-

Notes to the Financial Statements

For the Financial Year Ended 30 June 2007 (continued)

29 Financial Instruments (continued)

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

DERIVATIVES

Forward exchange contracts are either marked to market using listed market prices or by discounting the contractual forward price and deducting the current spot rate. For interest rate swaps broker quotes are used.

INTEREST BEARING LOANS AND BORROWINGS

Fair value is calculated based on discounted expected future principal and interest cash flows.

LEASE LIABILITIES

The fair value is estimated as the present value of future cash flows, discounted at market interest rates for homogeneous lease agreements. The estimated fair values reflect change in interest rates.

TRADE AND OTHER RECEIVABLES/PAYABLES

As the remaining life of all trade and other receivables and payables is less than one year, the notional amount is deemed to reflect the fair value.

INTEREST RATES USED FOR DETERMINING FAIR VALUE

The entity uses government yield curve as of 30 June 2007 plus an adequate constant credit spread to discount financial instruments. The interest rates used are as follows:

	2007	2006
Loans and borrowings	7.3%	7.3%
Secured bank loans	8.0%	8.0%

30 Earnings Per Share

	2007	2006
Calculated in accordance with AASB 133:		
Basic earnings per share (cents per share)	44.1c	23.6c
Diluted earnings per share (cents per share)	41.4c	22.1c
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	233,736,834	200,964,107
Effect of share options on issue	15,439,555	14,257,260
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	249,176,390	215,221,367

	2007 $'000	2006 $000
Reconciliation of earnings used in calculating basic and diluted earnings per share:		
Profit from continuing operations	114,302	48,070
Net profit attributable to minority interests	(897)	(595)
Distribution to step up preference security holders	(10,350)	-
	103,055	47,475

31 Key Management Personnel Disclosures

(A)DETAILS OF SPECIFIED DIRECTORS AND SPECIFIED EXECUTIVES

The following were key management personnel of the consolidated entity at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

(i) Executive directors

T E Peabody (Chairman)

H L Wilson (Chief Executive Officer) (resigned as director 25 July 2007)

H W Grundell (Managing Director, Energy Division)

T J Coonan – (Chief Financial Officer) (appointed director 25 July 2007) (appointed CEO 1 July 2007)

(ii) Non-executive directors

B R Brown

G D Mulligan

J J Richards (Deputy Chairman) (resigned 23 August 2006)

B S Allan (appointed 23 August 2006)

(iii) Key Executives

S G Smith – Advisor to Executive Chairman

P A Glavac – Managing Director, Commercial Vehicles Division

T A A Woods – Managing Director, Mergers and Acquisitions

N M Badyk – Managing Director, Industrial Services Division

G F Sparks – Managing Director, Corporate Affairs and Government Services

G S Campbell – Managing Director, New Zealand (appointed 17 October 2005)

A G Roderick – Managing Director, Liquid Waste and Recycling Division(appointed 1 December 2005)

(B) KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation included in employee expenses are as follows:

	CONSOLIDATED		THE COMPANY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Short-term employee benefits	4,708	3,466	-	-
Post-employment benefits	351	280	-	-
Equity compensation benefits	1,235	994	1,235	994
	6,294	4,740	1,235	994

The disclosures relating to remuneration of specified directors and executives is set out in the remuneration report section of the directors report on pages 27 to 33.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2007 (continued)

31 Key Management Personnel Disclosures (continued)

(C)OPTIONS OVER EQUITY INSTRUMENTS GRANTED

The movement during the reporting period in the number of options over ordinary shares in the Company held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows. No options are vested but not exercisable at the end of the year.

NAME	BALANCE AT THE START OF THE YEAR	GRANTED DURING THE YEAR AS REMUNERATION	EXERCISED DURING THE YEAR	OTHER CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR	VESTED AND EXERCISABLE AT THE END OF THE YEAR
Executive directors:						
T E Peabody *	6,950,000	-	-	-	6,950,000	-
H L Wilson	1,000,000	200,000	(333,333)	-	866,667	-
H W Grundell	500,000	100,000	(166,666)	-	433,334	-
Non-executive directors:						
B R Brown	50,000	-	-	-	50,000	16,667
G D Mulligan	50,000	-	-	-	50,000	16,667
B S Allan	-	50,000	-	-	50,000	-
Key executives:		-				
S G Smith	750,000	-	(250,000)	-	500,000	-
T J Coonan	500,000	200,000	(166,666)	-	533,334	-
P A Glavac	500,000	100,000	(166,666)	-	433,334	-
T A A Woods	500,000	100,000	(166,666)	-	433,334	-
N M Badyk	500,000	100,000	(166,666)	-	433,334	-
G F Sparks	500,000	-	(166,666)	-	333,334	-
G S Campbell	300,000	200,000	(50,000)	-	450,000	-
A G Roderick	300,000	200,000	-	-	500,000	-

* The options held by Terry Peabody are under terms of an option deed to enable the Peabody family to retain effective control.

31 Key Management Personnel Disclosures (continued)

(D) SHARE HOLDINGS

The movement during the reporting period in the number of ordinary shares in the Company held, directly or indirectly or beneficially, by each key management person, including their related parties, is as follows.

NAME	BALANCE AT THE START OF THE YEAR	RECEIVED DURING THE YEAR ON THE EXERCISE OF OPTIONS	OTHER CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR
Executive directors:				
T E Peabody (including related parties)	102,000,000	-	1,428	102,001,428
H L Wilson	-	333,333	-	333,333
H W Grundell	125,000	166,666	-	292,380
T J Coonan	775,000	166,666	(66,282)	875,384
Non-executive directors:				
B R Brown	85,000	-	15,000	100,000
G D Mulligan	30,000	-	1,750	31,750
B S Allan (appointed 23 August 2006)	-	-	5,000	5,000
Key executives:				
S G Smith	-	250,000	-	250,000
P A Glavac	25,000	166,666	(24,286)	167,380
T A A Woods	84,406	166,666	3,356	254,428
N M Badyk	44,213	166,666	(43,286)	167,593
G F Sparks	83,401	166,666	(61,520)	188,547
G S Campbell	-	50,000	(50,000)	-
A G Roderick	-	-	-	-

(E) CHANGES IN KEY MANAGEMENT PERSONNEL IN THE PERIOD AFTER THE REPORTING DATE AND PRIOR TO THE DATE WHEN THE FINANCIAL REPORT IS AUTHORISED FOR ISSUE

Subsequent to balance date Mr Howard Wilson resigned as Chief Executive Officer (effective 1 July 2007) and as an executive director (effective 25 July 2007). Howard will cease employment with Transpacific on 31 October 2007. In that connection, Howard forfeited 22% of his original 2005 options and 100% of his 2007 options. Mr Trevor Coonan was appointed to the position of Chief Executive Officer (effective 1 July 2007), and appointed as an executive director (effective 25 July 2007). Mr Geoff Sparks resigned as Managing Director, Corporate and Government Affairs (effective 31 July 2007). Mr Brad Stam has been appointed as Geoff's replacement.

(F) LOANS TO DIRECTORS AND EXECUTIVES

There were no loans to directors and executives during the year.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2007 (continued)

32 Subsequent Events

Subsequent to 30 June 2007 the consolidated entity has acquired a number of businesses, which individually and in aggregate are not material. Details in respect of the Envirowaste acquisition are disclosed in Note 25(C).

No other matter or circumstance has arisen since 30 June 2007 that has significantly affected, or may significantly affect the operations of the consolidated entity, the results of those operations in future financial years, or the state of affairs of the consolidated entity in subsequent financial years.

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 37 to 98 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2007 and of their performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(b) the audited remuneration disclosures that are contained on pages 27 to 33 of the Remuneration report in the Directors' Report comply with Accounting Standards AASB 124 *Related Party Disclosures* and the Corporations Regulations 2001; and

(c) the directors have been given the declarations required by s295A of the Corporations Act 2001.

At the date of this declaration, the company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the directors opinion, there are reasonable grounds to believe that the company and the companies to which the ASIC Class Order applies, as detailed in note 21 to the financial statements will, as a group, be able to meet any obligations to which they are, or may become, subject by virtue of the deed of cross guarantee.

This declaration is made in accordance with a resolution of the directors.

T E Peabody
Chairman

B R Brown
Deputy Chairman

Brisbane, 21 September 2007

Independent Audit Report to Members of Transpacific Industries Group Ltd

Scope

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of Transpacific Industries Group Ltd (the company) and Transpacific Industries Group Ltd and Controlled Entities (the consolidated entity), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of recognised income and expense and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

As permitted by the Corporations Regulations 2001, the company has disclosed information about the remuneration of directors and executives (remuneration disclosures), required by Accounting Standard AASB 124: Related Party Disclosures, under the heading 'Remuneration Report' in pages 27 to 33 of the directors' report and not in the financial report.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL REPORT

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

The directors also are responsible for preparation and presentation of the remuneration disclosures contained in the directors' report in accordance with the Corporations Regulations 2001.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration disclosures in the directors' report comply with Accounting Standard AASB 124.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures in the directors' report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENCE

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Transpacific Industries Group Ltd on 17 September 2007, would be in the same terms if provided to the directors as at the date of this auditors' report.

AUDITOR'S OPINION

In our opinion:

a. the financial report of Transpacific Industries Group Ltd and Transpacific Industries Group Ltd and Controlled Entities is in accordance with 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 2007 and of their performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1; and

c. the remuneration disclosures that are contained in pages 27 to 33 of the directors' report comply with Accounting Standard AASB 124.

Bentleys MRI	Martin Power
Bentleys MRI Brisbane Partnership	P M Power Partner

Brisbane
21 September 2007

Shareholder Information

Top 20 shareholders as at 31 August 2007	No. of shares	% Held
Tandom Pty Ltd	39,741,280	14.22
Brenzil Pty Ltd	36,527,759	13.07
J P Morgan Nominees Australia Limited	34,819,520	12.46
Filmore Limited	25,732,389	9.21
ANZ Nominees Limited <Cash Income A/C>	24,096,143	8.62
National Nominees Limited	19,624,662	7.02
HSBC Custody Nominees (Australia) Limited	14,444,542	5.17
Cogent Nominees Pty Limited	9,233,688	3.3
JJ Richards & Sons Pty Ltd	8,891,724	3.18
Citicorp Nominees Pty Limited	4,427,940	1.58
Twigg Landfill Pty Ltd <Max Twigg Family A/C>	2,780,352	0.99
Fordson Flats Pty Ltd <Fordson Discretionary A/C>	1,701,320	0.61
Citicorp Nominees Pty Limited <CFSIL Cwlth Aust SHS 5 A/C>	1,593,779	0.57
Queensland Investment Corporation	1,104,645	0.40
UBS Wealth Management Australia Nominees Pty Ltd	1,051,367	0.38
AMP Life Limited	1,046,721	0.37
Australian Foundation Investment Company Limited	975,000	0.35
Custodial Services Limited	946,779	0.34
ANZ Nominees Limited <Income Reinvest Plan A/C>	851,862	0.30
RBC Dexia Investor Services Australia Nominees Pty Limited <BKCUST A/C>	829,333	0.30
Report Total	**230,420,805**	**82.43**
Remainder	**49,123,540**	**17.57**
Grand Total	**279,544,345**	**100.00**

Substantial shareholders

The number of shares held by substantial shareholders as disclosed in the substantial shareholding notices given to the Company as at 31 August 2007 were:

Tandom Pty Ltd	39,741,280	14.22
Brenzil Pty Ltd	36,527,759	13.07
Filmore Limited	25,732,389	9.21
ING Australia Holdings Limited and related companies	38,885,646	13.92
Total	**127,888,452**	**62.77**

An entity has a substantial shareholding if the total votes attaching to shares in which the entity and their associates have a relevant interest is 5% or more. The list of the 20 largest shareholders is based on the number of shares held in the name of each shareholder (not including their associates), even if the shareholder does not have a relevant interest in the shares, for example, because the shareholder holds the share as a nominee. The list of the 20 largest shareholders of the Company and the list of substantial shareholders of the Company differ for this reason.

Statement of Quoted Securities

The Company's total number of shares on issue as at 31 August 2007 is 279,544,345 ordinary fully paid shares. At 31 August 2007 the total number of shareholders owning these shares was 9,591 on the register of members maintained by Computershare Investor Services Pty Ltd.

82.44% of total issued capital is held by or on behalf of the 20 largest shareholders.

Voting rights

Under the Company's Constitution, every member entitled to vote who is present at a general meeting of the Company in person or by proxy or by attorney or in the case of a corporation, by representative, shall, upon a show of hands, have one vote only.

Where a member is entitled to cast two or more votes it may appoint not more than two proxies or attorneys.

Poll – On a poll, every member entitled to vote shall, whether present in person or by proxy or attorney or, in the case of a corporation, by representative, have one vote for every share held by the member.

At 31 August 2007, there were options over 17,983,338 unissued ordinary shares. 11,033,338 options are held by Non-executive Directors and executives of the Corporate group (excluding the Executive Chairman) granted under the Transpacific Executive Share Option Plan. 6,950,000 options are held by Brenzil Pty Ltd under an option deed. There are no voting rights attached to unissued ordinary shares. Voting rights will be attached to the unissued ordinary shares when the options have been exercised.

Distribution Schedule of Shareholders

No. of shares:	1 – 1000	1,001 – 5,000	5,001 – 10,000	10,001 – 100,000	100,001 and over
No. of shareholders:	**3,402**	**4,578**	**951**	**579**	**81**

The number of shareholders each holding less than a marketable parcel of the Company's ordinary shares at 31 August 2007 was 179.

Stock Exchange listing

The shares of Transpacific Industries Group Ltd are listed on the Australian Stock Exchange under the trade symbol TPI, with Brisbane being the home exchange.

Corporate Information.

Directors:

Terry Peabody

Executive Chairman and Director.

Trevor Coonan

Chief Executive Officer
and Executive Director.

Bruce Brown

Deputy Chairman and
Non-Executive Director.

Graham Mulligan

Non-Executive Director.

Bruce Allan

Non-Executive Director.

Harold Grundell

Chief Executive Officer –
Transpacific Industries
and Executive Director.

Company Secretary:

Kellie Smith.

Registered Office:

Level 1

159 Coronation Drive

Milton QLD 4064

Auditors:

Bentleys MRI Brisbane Partnership

Level 26, AMP Place

10 Eagle Street

Brisbane QLD 4000

Share Registry:

Computershare Investor
Services Pty Limited

Level 19, 307 Queen Street

Brisbane QLD 4000

Enquiries: 1300 552 270
(within Australia)

Telephone: 61 7 3237 2100

www.computershare.com.au

Website:

www.transpacific.com.au

ABN 74 101 155 220

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INDUSTRIES GROUP LTD