» 365 Days of Progress

Annual Report 2009

TRANSPACIFIC INDUSTRIES GROUP LTD

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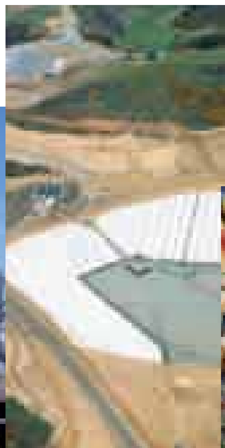
Scorecard.

	2009. Actual $m	2008. Actual $m
Total revenue and other income	2,212.0	2,190.3
Operating EBITDA	447.4	492.5
Irregular items	9.0	48.0
Reported EBITDA	456.4	540.5
Depreciation and amortisation	(143.8)	(119.1)
EBITA and EBIT	312.5	421.4
Net finance costs	(188.1)	(179.9)
Profit before tax, associates, borrowings and other costs and significant items	**124.5**	**241.5**
Share of associates NPAT	2.5	2.6
Borrowing and other costs	(27.2)	–
Non-cash items	(9.4)	(4.2)
Significant items	(328.1)	–
Profit/(loss) before tax	**(237.8)**	**239.9**
Tax (expense)/benefit	21.7	(44.3)
NPAT/(NLAT) from ordinary operations	**(216.1)**	**195.6**
Minority interests	(2.2)	(2.3)
NPAT/(NLAT) attributable to equity holders of Transpacific	**(218.4)**	**193.3**
SPS distribution	(19.1)	(18.0)
NPAT/(NLAT) TPI shareholders	**(237.4)**	**175.3**
Normalised NPAT attributable to TPI Shareholders	72.3	141.7





Chairman's Letter

Dear Fellow Shareholders,

Welcome to our fifth annual report as a public company.

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It has been another exciting year for Transpacific, one that commenced soundly and with tremendous promise but ultimately proved to be very challenging. I am exceedingly proud of the way our team reacted during this period, establishing a solid platform for the coming year and beyond.

A solid result in a challenging environment

The global financial crisis, which descended on Australia in 2008, is widely recognised as the most confronting challenge for businesses since The Great Depression.

Transpacific, like most businesses, has not been immune to the effects of this once in a life-time event; it specifically hit Transpacific from mid-November 2008 when commodity prices and foreign exchange rates reduced dramatically in a short time. As a group we reported a 9% decline in operating EBITDA (earnings before interest, tax, depreciation and amortisation), our first profit decline since listing in 2005. However, given the circumstances, we feel this is a commendable result.

Seeking equity to safeguard our future

FY09 started well, with the Company considering a number of deals which would have seen us ride out the worst of the global financial crisis. However, we were forced to consider alternatives in November, when conditions continued to decline and those counterparties could not complete.

In February we approached the Australian Securities Exchange and entered into a voluntary suspension from trading in order to raise additional funds. This was lifted in July when we successfully raised $801 million in new equity, significantly reducing debt and strengthening our Balance Sheet.

As part of the recapitalisation, we welcomed a new cornerstone investor, Warburg Pincus (WP). Warburg Pincus is a leading global private equity firm, with an active portfolio of more than 100 corporate investments, and we are delighted to welcome them onto our register.

Managing well through the crisis

During the year we proactively undertook a number of initiatives to help minimise our risk and to position the Company for the future.

A new employee engagement initiative, Project Diamond, was rolled out with the intent of retaining and attracting high calibre talent. The program was launched in December 2008 and has been well received.

There was also a concerted effort to maximise Transpacific's continuous improvement philosophy, by working smarter to minimise costs, increase revenue, and improve efficiencies, processes and productivity.

Projects Storm and Hurricane were implemented in New Zealand and Australia. This was done without compromising customer service, quality or safety standards.

We commenced rolling out a new enterprise-wide software solution we refer to as Project Fusion. The solution will enable us to standardise our accounting and financial platforms and processes Company-wide, improving our reporting capabilities.

Ongoing Commitment to Safety

At Transpacific, there is nothing more important to us than safety. During the past 12 months, we have rolled out Zero Harm program training across all of our sites.

We have also commenced a new program, Zero Harm Observations, where a third person observes a task 'in flow' and ensures the task is being done in accordance with our approved documentation. This program is being used to reinforce a strong safety culture and refine our efforts.

Environmental focus

Our corporate philosophy is that all waste is a resource and our aim is to incorporate recovery, recycling and reuse throughout our operations and those of our clients.

During FY09, we initiated numerous activities that helped to protect our planet's limited resources.

The Harvest recycling program, discussed in our FY08 Annual Report, has continued from strength-to-strength with thousands of businesses now using this innovative recycling service.

Our Australian-first hydrogenation facility, which re-refines used mineral oil, is also making a tangible difference by recycling more than 900,000 barrels of waste oil per annum. The product is then reused locally or exported.

We also implemented a new Greenhouse Gas policy and working groups to focus on greenhouse gas reduction activities Company-wide.

Corporate Governance Review

During the year, we proactively looked at ways to enhance our corporate governance. In FY10, we will appoint a new external auditor and extend internal audit and risk management programs.

Since the recapitalisation, we have welcomed Mr Rajiv Ghatalia to the Board as a non-executive Director, as well as Mr Gene Tilbrook and Mr Martin Hudson as independent non-executive Directors.

In line with ASX best practice guidelines, these appointments will ensure we maintain a majority of independent Directors on the Board.

Thank you

In these tough times, it goes without saying that our people have played a major role in our continued success. I would like to take this opportunity to personally thank our team members, as well as our business partners and shareholders for standing by us.

A positive outlook

The last 12 months has been a period of consolidation. We have taken this opportunity to strengthen our various businesses, and following the recapitalisation our balance sheet is appropriately structured to take advantage of future opportunities.

While challenges remain, we are confident in the ability of our people, and the quality of our products and services to deliver on our customers' needs. Our solid business foundations, commitment and determination will enable us to weather the storm and position us well for the future.

Once again I thank you for your continued support, and I look forward to bringing you updates on the Company's progress as the coming year unfolds.

Terry Peabody
Executive Chairman

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New enterprise software

Commenced new enterprise-wide software implementation project to streamline processes and create synergies and efficiencies across the Group. The Landfill team was the first recipient of the multi-year software solution rollout.

Spotless Group contract win

Awarded the Spotless Group contract to undertake defence industrial cleaning works.

July 08

August 08

Sales teams provide enhanced customer service

Restructured the regional and national sales teams, national accounts centre and market development teams across Australia to provide clients with enhanced customer service levels.

Solid Waste

Harvest recycling program

Launched the industry-first Harvest recycling program to provide commercial and industrial clients with an easy-to-use, all-inclusive recycling solution.

Harvest was launched with the support of the National Packaging Covenant; this support includes up to $2.77 million in performance-based funding to divert new tonnes of packaging waste from landfill.

TRANSPACIFIC Harvest Recycling Reaps Rewards

August 08

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| Solid Waste

Tamworth Council contract win

Awarded Tamworth Regional Council municipal waste collection and recycling contract to commence on 31 August 2009.

| Solid Waste

Municipal contract wins

Awarded municipal contracts for Town of Victoria Park and Town of Cottesloe. In joint venture, a contract was also awarded for the Bass Coast Shire Council, which includes managing a transfer station.

Refresh
Refreshing Restroom Experiences

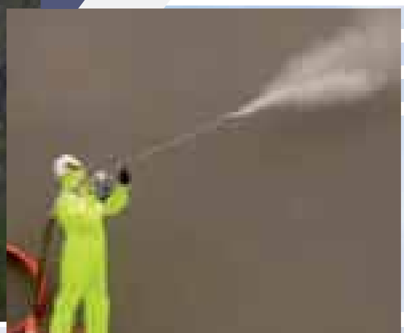
| Solid Waste

Refresh

Launched Refresh, a premium hygiene and washroom solution into the Australian marketplace.

September 08

October 08



September 08

Commercial Vehicles

Opened Western Star Trucks Australia and MAN Automotive Imports aftermarket support centre in Wacol, Queensland.

The 13,000 square metre facility is loaded with cutting-edge technology, such as radio frequency picking and bar coding and computer controlled automated picking units.

Secured Canon Australia and BHP Billiton contracts

Awarded total waste management contracts for Canon Australia (manufacturing sector) and BHP Billiton.

October 08

| Industrial Solutions

Awarded OneSteel contract

Commenced multi-million industrial cleaning contract with OneSteel.

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365 Days of Progress

Awarded Stockland contract

Awarded total waste management retail contract with Stockland.

Employee initiative

Launched new employee engagement program called Project Diamond, where a number of benefits and rewards were introduced to attract and retain high calibre staff.

November 08

December 08

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Solid Waste

National Recycling Week

Supported National Recycling Week via Transpacific's dedicated team of educators. Included opening some key facilities to the general public and placing advertising in newspapers to reinforce and promote correct recycling practices.

December 08

Manufacturing

$3 million manufacturing plant upgrade

$3 million capital equipment upgrade of Superior Pak's Bundaberg facility.

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Industrial Solutions

Emergency response

Emergency response team played a key role in cleaning up a dangerous goods train derailment in Western Australia.

Liquid and Hazardous Waste

Upgraded the national fleet providing each state with the capacity to transport flammable dangerous goods and high strength corrosive materials.

Awarded municipal contract for City of Kingston.

Organics/Remediation

20 tonne biosolids spreader

Commissioned a new 20 tonne biosolids spreader capable of applying more than 1,000 tonnes per day of organic by-product in agriculture as a fertiliser and soil conditioner on land.

January 09

February 09

February 09

January 09

Contract with Energy Australia

Awarded waste management contract with Energy Australia.

Won Defence Force contract

As a subcontractor, awarded the full suite of waste management services for the Department of Defence, North Queensland.

Solid Waste

Second largest residential waste collections contract in the Southern Hemisphere

Commenced roll out of the Christchurch City Council project, the second largest residential waste collections contract in the Southern Hemisphere. Transpacific distributed 470,000 colour-coded wheelie bins and built 52 custom-made collection vehicles.

Raising funds to safeguard the future

Approached the Australian Securities Exchange to enter into a voluntary suspension from trading to raise additional funds to safeguard the future.

Awarded VicTrack contract for asbestos removal.

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March 09

Leightons contract win

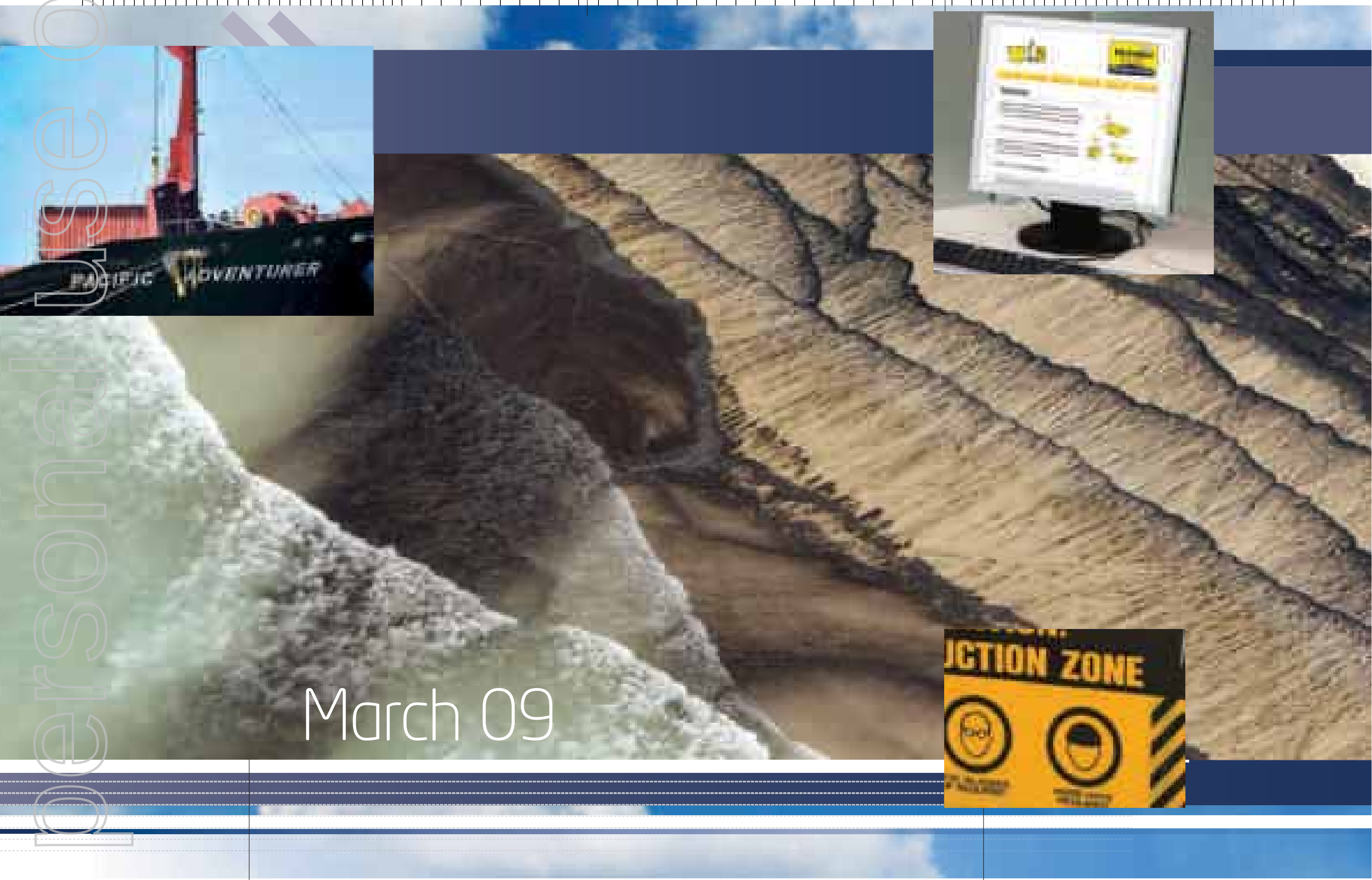
Awarded excavation and bulk haulage contract for Leighton Contractors.

Solid Waste

Getabin

Launched Getabin in Australia, an online skip bin ordering service.

April 09



Industrial Solutions

Queensland's worst environmental disaster– Transpacific to the rescue

Transpacific plays major role in Pacific Adventurer clean up, Queensland's worst environmental disaster.

Services included decontaminating clean-up vehicles, transferring 300,000 litres of contaminated water, treating and processing oily water, and cleaning up and transferring ammonium nitrate.

April 09

Safety milestone

Transpacific's Narangba site in Queensland celebrated 3,000 days Lost Time Incident Free, which equates to eight years without an incident.

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Solid Waste

New plant to increase capacity by 3,000 tonnes

Installed and commissioned construction and demolition recycling plant at the Willawong facility in Queensland to increase capacity by 3,000 tonnes a week.

New Cornerstone Investor

In June 2009 TPI entered into a conditional agreement with Warburg Pincus (WP), a leading global private equity firm. In August 2009 WP invested $376 million in Transpacific. WP has an active portfolio of more than 100 corporate investments across many industry sectors worldwide.

Commercial Vehicles

Dealer of the year

AV Trucks in Western Australia named Western Star/MAN Dealer of the Year as part of the Chairman's Award for the third time in four years.

Organics/Remediation

270,000 tonnes by-products reused

During 2008/2009, more than 270,000 tonnes of liquid and solid organic by-products from food manufacturing and wastewater treatment processes were beneficially used in agriculture as a fertiliser and soil conditioner.

Manufacturing

New truck

Prototype manufactured for Superior Pak's new vacuum loader.

May 09

June 09

May 09

Commercial Vehicles

Truck of the Show

Western Star's 6964FXC model named Truck of the Show at the 2009 Queensland Truck and Machinery Show.

Liquid and Hazardous Waste

New pug mill plant

Completed new waste blending, fixation and segregation facilities in Victoria. The plant will achieve cost reductions and ensure future compliance with regulations.

Solid Waste

Money Tree

Launched Money Tree, an Adelaide-based recycling program collecting newspapers and providing fund raising opportunities for the school participants.

money tree
recycling with rewards

June 09

Energy

Re-refined base oil

Throughout the 2008/2009 financial year, exported 20 shipments containing 4,789 metric tonnes of re-refined base oil.

Liquid and Hazardous Waste

Upgraded solvent facility

Upgraded Solvent Recycling facility, located in Adelaide, is now the largest of its type in Australia.

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Chief Executive Officer's Review

Like others, Transpacific has travelled through a tough eight months to 30 June 2009. Trading was off to a great start to early November 2008 when the world experienced the worst time of the global financial crisis.

In particular, Transpacific was dramatically affected by sharp falls in commodity prices and the AUD and the reduced ability of many of our customers obtaining finance. This opened up a few pockets of weakness in our business, and the effect in each pocket was deep – we lost millions of dollars in profits on the sale of our recyclables (mainly used paper, cardboard, scrap steel and oil) – we saw a sharp reduction in orders for commercial vehicles as prices increased significantly with the exchange rate and customers were unable to obtain finance – we experienced a significant reduction in waste and recyclable volumes from the construction and demolition industry as this industry reduced activity due to finance restrictions – and many of our premium liquid waste customers remained shut from Christmas to the end of February.

Given the above circumstances we are pleased that, on a like for like basis, our FY09 trading EBITDA was short only 9% on FY08's. FY09 did not record any land sales of magnitude like in earlier years, but these only occur as our landfills complete. We own 19 landfills and they have lives from one to 35 years and there will be more sales in the future as we complete, develop and sell our significant land bank.

Over the next few pages, we discuss the results and outlook for each division.

Trevor Coonan
Chief Executive Officer

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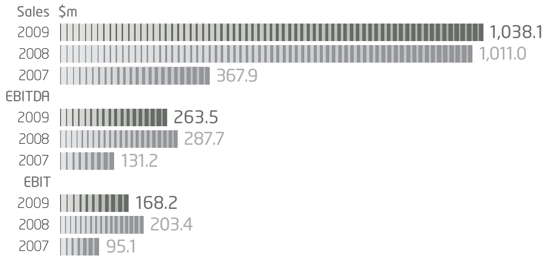
Div.Solid Waste.09

Nick Badyk
Chief Operating Officer
Transpacific Cleanaway

The Future:
We will continue to expand our services and seek ways to provide our customers with more sustainable solutions.



FY09 saw the Solid Waste Division continue its focus on meeting our customers' objective of improving their environmental performance. This has been achieved through a further alignment of our strategic direction with that of government, councils and our customers.

The Division is well positioned to further embrace this green trend through increased recycling and diversion activities, leveraging off our broad customer base and our extensive geographic footprint, along with the future introduction of advanced Alternative Waste Technologies.

2009 was a year of many highlights across both Australia and New Zealand. These include:

- The commencement of the Christchurch organics and collections contract; one of the largest in Australasia
- The successful tender of a number of key municipal contracts both existing and new
- Our operations expanded with a number of Greenfield market entries, including a new C&I recycling service "Harvest" and the addition of Hygiene services under the "Refresh" brand
- Commissioning of a state of the art Construction and Demolition waste recycling plant in Willawong, Queensland
- Continued and improved capability around the use of GPS and route optimisation software

With volumes being constrained in the economic downturn, we will continue to expand our services and seek ways to provide our customers and the market with more innovative and sustainable solutions. We are extremely well positioned to take advantage of future improvements in market conditions.

We look forward to participating and directing the market in alternative waste technologies.

All Div.New Zealand.09

Tom Nickels
Managing Director
New Zealand

The Future:
We will build on the consolidated position established in the past year and make the most of the improving market outlook.

During the past year we have seen a challenging operating environment as we weathered the most significant recession in over three decades. Volumes to landfill declined and the impact was most apparent in our recycling business. The outlook is now more promising, with many leading indicators suggesting a recovery in the domestic economy during 2010.

Across all divisions we responded to this environment by managing our resources prudently, focusing on costs, internal efficiencies, better sizing of businesses, containing expenditure, and pursuing top line growth opportunities. These initiatives made a material difference to our FY09 results, and many of the gains made will carry forward into future periods.

The highlight for solid waste was undoubtedly the highly successful launch of the 15 year Christchurch City Council's new three bin collection system, comprising 470,000 wheelie bins, 52 new high technology collection vehicles, and the building and commissioning of a major organics processing plant with our joint venture partner Living Earth.

Our Industrial Solutions division doubled in size by virtue of the Nicholsons Protective Coatings and Excell Environmental acquisitions. The recycling footprint was also enhanced with completion of the acquisition of the remaining 20% of Transpacific Allbrite. The liquid division expanded with a new processing plant in Palmerston North.

To conclude the year we were very pleased to be awarded two new municipal contracts, being the Auckland City tender for Waiheke Island for the collection, consolidation, and off island cartage of waste, and the Far North District Council contract for refuse and recycling services.

Further, our industrial solutions division established a new power transmission line maintenance and protective coatings contract with Transpower for upkeep of the national grid.

Looking ahead, we plan to build on the consolidated position established in the past year, and we are well placed to make the most of the improving market outlook. As always, this will be underpinned by our commitment to health, safety and environmental performance, to our employees and importantly to our customers.

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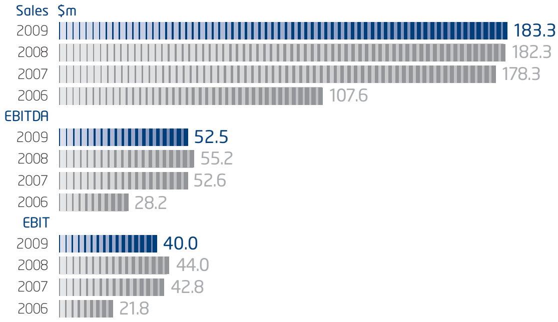
Industrials

Div.Liquid and Hazardous Waste.09

Harold Grundell
Chief Executive Officer
Transpacific Industries

The Future:
We will continue to take advantage of increasingly stringent regulations upon generation of waste.



The first half of FY09 demonstrated the strength of this Division with its geographic spread and its technical capabilities. The profitability for this period was well ahead of budget with strong performances across all regions.

The second half commenced in total contrast to the first. Manufacturing volumes were well down on expectations as this sector was heavily impacted by the global financial crisis. The Christmas holiday shutdown period extended well into February, and the client base in the manufacturing sector experienced significant order reductions. Our businesses were in turn mostly impacted in SA, Victoria, and NSW where the major manufacturing industries are based.

A concerted effort by the management team demonstrated discipline with cost control. All businesses reported that there were no client losses during this period.

The year ended with the successful construction and commissioning of the new solvent recycling facility in Adelaide. This facility is now the largest in Australia for processing and recycling of waste solvent and will service Transpacific's clients on a national basis.

New waste blending, fixation and segregation facilities were completed in Victoria. This will enable further cost reductions in processing materials and ensure future compliance with the new Victorian EPA regulations.

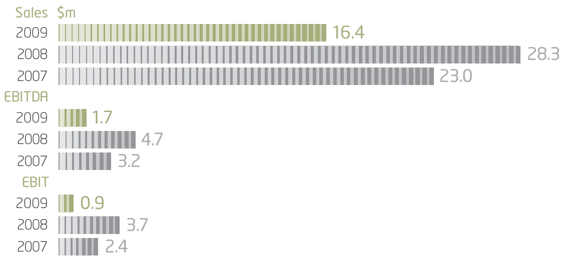
A further initiative rolled out during the year was upgraded fleets nationally that cater for the clients' ever changing needs. Each State now has capacity for the transport of flammable dangerous goods in dedicated tankers, and purpose built fibreglass tankers for the transport of high strength corrosive materials.

FY10 will see a further consolidation process within the Division that will see the continuation of site rationalisation across most States. This strategy will gain efficiencies within the businesses and the services provided to the client group.

New technologies continue to be investigated with the view to improving treatment methodologies and lowering our cost base. Several are proposed for introduction throughout the 2009/2010 period.

Div.Organics/Remediation.09

The Future:
Tender activity was up in the final months of the year, providing signs of a more positive FY10.



The financial climate did not assist this Division in FY09. Many contracts won by the group were deferred for commencement until FY10.

Many clients placed any major spending, especially that on non-essential projects, on hold until the economy stabilised. However, this did allow the Division to focus on completing all existing contracts and establishing a solid platform for the coming year.

Despite the deferrals and delays in project work, the soil injection and beneficial re-use component performed well for the year and completed the year ahead of budget. This suggests that the commercial sector was not as negatively impacted as were the contracting and manufacturing sectors.

On a pleasing note, tender activity was up in the final months of the year, providing signs of a more positive FY10.

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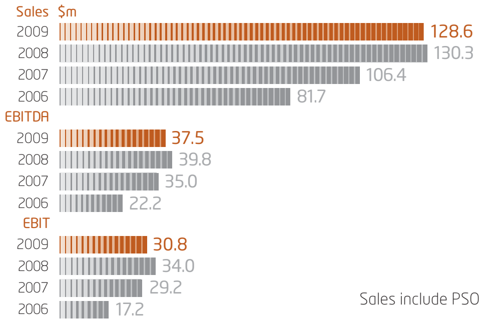
Div.Energy.09

Tony Roderick
Chief Operating Officer
Transpacific Industrials

The Future:
Conditions are stabilising from the previous year, and a number of value adding opportunities are being evaluated.



FY09 was a challenging period for the Energy Division. The drop in oil prices late in the first half combined with high inventory levels amongst global refiners put pressure on sales and margins of our exported fuel oil products and hydrogenated base oils, as many refiners offloaded holdings at severely discounted levels in order to keep facilities operating.

The general economic downturn saw many of our domestic customers reduce their purchase of fuel oils as they too ran inventories down. On the upside, inventory levels and oil prices started showing signs of recovery in the latter part of the second half and the outlook for FY10 is positive.

Transpacific Bituminous Products maintained strong volume sales of road bitumen products on the back of Government stimulus spending on infrastructure. Paints and specialty product sales continued to grow on the back of strong product and market development efforts, with good margins now starting to reflect in this business unit.

Looking ahead to FY10, continued close management of our customers is a key fundamental for the Division. Strengthening of commodity prices for fuel oil, base oils, and cooking oils and the re-negotiation and securing of some key term supply contracts is expected to deliver positive results.

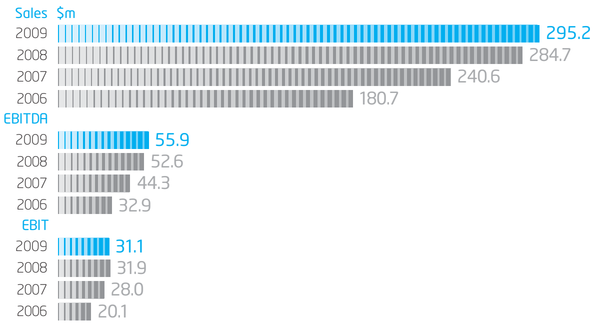
A number of value adding opportunities are being evaluated, with product and manufacturing optimisation to extract further value from collected waste streams and refinery bottoms. A new market development is underway for the sale of a premium grade of recycled cooking oil that will allow a higher traded commodity price to be achieved.

Transpacific plans to commission new Hydrogenation facilities where there is a sound economic case. EPA approvals have been granted for a second facility in Victoria and we are expecting approval for a third facility in Queensland shortly, with options still being considered for Western Australia.

Transpacific continues to maintain a watching brief on the Biofuels industry with a view to participation in the event that government policy, feed stock prices and market acceptance prove more favourable.

Div.Industrial Solutions.09

The Future:
There are a number of key areas of opportunity and significant projects earmarked for commencement in FY10.



The Industrial Solutions Division had mixed results throughout FY09. The global financial crisis had a significant impact on our business, particularly in the manufacturing sector. The demise of commodity prices drove down major client spending, and this had a flow on effect to our key activities of high pressure water blasting and vacuum loading.

We did however see pockets of excellence in other parts of the Division. Activities for municipal councils, water authorities, large infrastructure projects and local government remained buoyant despite the general downturn. This has been a key area of growth in FY09 with some regions recording results above expectations. We also had a very successful year with our Emergency Response capability with results in this area well ahead of targets.

A number of cost improvement initiatives were implemented throughout the year. These initiatives addressed aspects of the business such as manning, structure, inventory, assets and capital expenditure. The projects undertaken also demonstrated that we are managing a very good business model, so the quantum of effort was extremely worthwhile.

We also finalised a major continuous improvement initiative which centred around the supply of a high pressure water blast hose. This item represents a large spend for the business and our new preferred supplier arrangements have bought a pleasing level of ongoing savings to the Division.

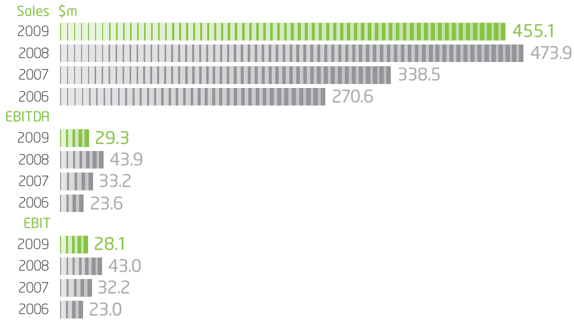
From a safety perspective we had improvements in both Australia and New Zealand. Whilst these are welcome we remain focused on further improvements across the entire safety, health and environment spectre.

Looking forward, FY10 will remain challenging. Whilst we expect some improvement in the early months, any significant uplift in operating performance is likely to be delayed until the second half of the year. That said, there are a number of key areas of opportunity and a large number of significant projects earmarked for commencement which have potential to deliver upside across the business.

Div.Commercial Vehicles.09

Paul Glavac
Managing Director
Commercial Vehicles

The Future:
Underlying demand is expected to improve from FY09 lows, supplemented by the introduction of new product lines.



Like most businesses, the Commercial Vehicle Group (CVG) was adversely affected by the global financial crisis during FY09. This impact has been felt in two key areas.

Following a period of significant growth, the Australian Heavy Duty Truck Market decreased by 26% over the financial year. Market share for Western Star decreased from 9.3% to 8.5%, while MAN improved slightly from 2.2% to 2.8%. The loss of market share for Western Star was primarily due to all manufacturers being caught with large volumes of truck stock, which were subsequently heavily discounted into the market to reduce holdings.

The second impact was that of exchange rates. The Australian Dollar significantly weakened against the US Dollar and the Euro during the period. This gave other manufacturers who assemble or manufacture trucks in Australia substantial cost advantages. More recently the Australian Dollar has strengthened against both currencies, placing our brands in better cost positions.

Looking forward, CVG is working with both Western Star and MAN to expand the product range, with a view to widening the market segments in which we compete.

The MAN Bus business recorded another record year in terms of both volume and market share. The Australian Bus market continues to grow, courtesy of increasing urban transport requirements, and we anticipate another strong result in FY10.

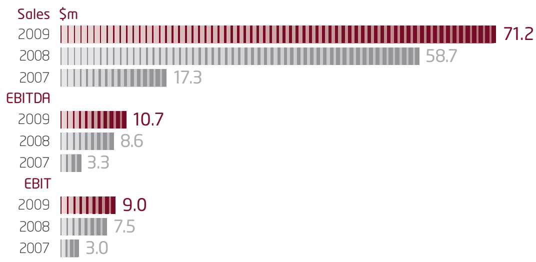
We officially opened our new Parts Distribution Facility and National Service Training Facility in September 2008. The facility is performing to expectation and the parts business has continued to grow and perform well financially. This is expected to continue in FY10.

Lastly, CVG is in final negotiations with an overseas supplier in regards to a product fully developed for the Australian and New Zealand waste industries. We are also in final negotiations with an Asian based overseas supplier in regards to a light duty truck product. Both products are expected to be released to the market in the last quarter of FY10.

Div.Manufacturing.09

Gary Silversides
General Manager
Manufacturing

The Future:
Our factory consolidation program and new product lines will yield positive results well into the future.



In its second year of operation, the Manufacturing Division focused on the consolidation of acquisitions made in FY08. We are now Australia's largest waste equipment manufacturer, with an extensive range of products and services offered under the Superior Pak brand.

The Division experienced exceptional demand for products in the first half of the year, followed by a slower second half as customers pulled back their capital expenditure. The trend again changed towards the back end of the year, and we are carrying a strong order book into FY10.

Highlights of the year include:

- Winning the Christchurch City Council contract to supply 50 vehicles, complemented with strong orders from Brisbane City Council parks and gardens, Kingston City Council and several smaller contracts
- The successful integration of TMS (previously 50% owned). We also completed the consolidation of the Riteway and IVS manufacturing facilities into the Group, and expanded into Western Australia
- Product development saw three new products released, incorporating a new Vacuum tanker, Trommel sorter and 10 X 4 Hooklift products
- We focused very heavily on the Continuous Improvement process, achieving annual cost reductions of $1.8 million. This was somewhat offset by steel price increases of some 45%

During the late part of FY09 we also initiated a factory consolidation program which will come to completion in January 2010.

After a successful year of growth, we are pleased to boast an order book going well into 2010 on the back of successful tenders for Brisbane City, Hornsby City and Marrickville City Councils, as well as securing a national supply contract with another major waste collection company.

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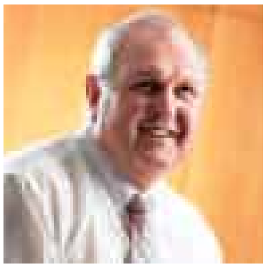
Steve Barnard
General Manager
Corporate Services

Glen Battershill
Chief Financial
Officer



Terry Woods
Managing Director
Mergers &
Acquisitions

TPI has been instrumental in its support of reduced carbon emissions and lobbying for an effective and environmentally sensible carbon pollution reduction scheme. Recent sensible concessions by the federal government in its proposed legislation, particularly around the exclusion of legacy waste emissions from landfills, have been hard fought by the group.

As part of its commitment to environmentally sensitive practices we will continue our internal review and ongoing development of green initiatives, including alternative waste technologies, landfill gas to energy solutions, and other energy efficiency opportunities. The group also continues to comply with its ongoing obligations under the Energy Efficiency Opportunities Act and National Greenhouse and Energy Reporting Act.

TPI's elite team of 19 environmental specialists provide expert environmental advice and support across all Divisions of the group. As the leading waste management and environmental services group in Australia and New Zealand, the environmental team is crucial to ensure that all services provided by the group strictly adhere to world's best practice environmental standards and all EPA regulatory and licensing requirements.

This year was the first under which TPI was self insured with the Commonwealth's Comcare worker's compensation scheme. This was a resounding success with injury incident rates being significantly reduced from previous periods and return to work outcomes significantly enhanced. This was due to the group's priority focus on Zero Harm practices and our proactive and focused return to work injury management initiatives.

TPI operates an experienced in-house team of approximately 50 occupational health and safety specialists. This team is instrumental in coordinating our Zero Harm philosophy and proactive approach to OHS risk management. The Zero Harm leadership training programme is a typical example of the group's commitment to quality where a no risk approach to employee safety is our number one priority.

The continuous improvement team have continued to roll out new and enhanced improvement initiatives across the Company. Reinforced by the group's new "Chairman's awards", staff commitment to continuous improvement has grown and we have been impressed by the ingenuity and effectiveness of improvement submissions received from all over the group. The benefits of these enhancements will continue to be seen in coming years. Recent group procurement initiatives have been finalised for telecommunications, tyres and fuel to name a few.

Transpacific continues to review and assess its ongoing property and premises needs across all of its 370 sites. In particular we are focused on our valuable landfill properties. The group's team of in-house property specialists continue to assess opportunities to maximise value of landholdings. The closed Tullamarine landfill site in particular is one where a number of development and value maximisation opportunities are being considered.

During the year we developed and commenced implementation of the group's long-term strategic IT roadmap which will see the rationalisation of the many varied IT applications used across the group. The first major development in this plan has been the upgrading of the group's data centre, technology infrastructure and disaster recovery facility at Wacol. This initiative is on track and expected to be completed later in 2009.

The project to replace many of our varied financial systems with one consolidated system also commenced during the year with the Landfill Division successfully going live on its JD Edwards Enterprise one application on time and within budget in July 2009. This replacement system has seen the consolidation of four accounting systems into one application and has resulted in significant applications licensing and maintenance savings as well as significant operational efficiencies.

The human resources team continues to enhance the strong human resource foundations established in previous years with the ongoing goal of being employer of choice in the waste and environmental services employment market. Recent initiatives include an enhanced performance support program and further development and rollout of enhanced operational training programmes across the entire group. The recent changes to industrial relations laws have also seen a more focused attention by the group's human resources specialists.

The Corporate Services initiatives in the coming year will focus on supporting the operational business teams and will be targeted to ensure that the group continues to effectively leverage off the platforms established to date.

As you can see above, Transpacific has worked very hard in FY09 on curbing costs and restructuring our businesses for the future. Because of these restructures and with our scale and technological advantages, we are set to benefit as the Australian and New Zealand economies improve.

Trevor Coonan
CEO

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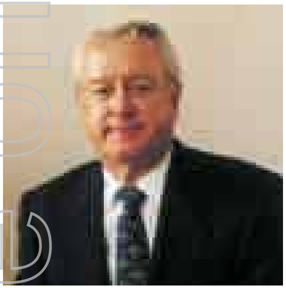
Board of Directors



Terry Peabody
Executive Chairman

Bruce Brown
Independent
Non-Executive Director

Rajiv Ghatalia
Non-Executive Director

Bruce Allan
Independent
Non-Executive Director

Graham Mulligan
Independent
Non-Executive Director

Gene Tilbrook
Independent
Non-Executive Director

Martin Hudson
Independent
Non-Executive Director

Trevor Coonan
Chief Executive Officer
Executive Director

Kellie Smith
Company Secretary

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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 Daimler 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.

Bruce Brown is currently a non-executive Director of Campbell Brothers Limited, an ASX listed company with diversified operations globally which involve the provision of analytical laboratory services and also the distribution of chemicals and hospitality supplies .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 Managing Director. He resigned as Chief Executive Officer in 2005. Mr Brown has been integral to that company's significant growth and ongoing success in a broad range of industries.

Mr Brown was also for a period of time a Director and Chairman of Flight Centre Ltd.

Rajiv Ghatalia is a Managing Director of Warburg Pincus Asia LLC. He focuses on the firm's leveraged buy-out and special situations activities including financial services in Asia. Prior to joining Warburg Pincus in 2005, he was at Goldman Sachs, where he was a partner and co-head of investment banking, Asia Pacific (excluding Japan). Rajiv received a B.A. in economics from the University of Pennsylvania, a B.S. in accounting from The Wharton School at the University of Pennsylvania and an M.B.A. from Harvard Business School. He is a Director of Nikko Asset Management and Titan Group Investment Limited.

Bruce Allan is a mining engineer who has some 46 years' experience working in the Australian resources industry. Mr Allan is 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 New South Wales and a non-executive director of Centennial Coal Limited, an ASX listed company.

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 New South Wales 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.

Graham Mulligan has had extensive experience in senior management positions in Australia and New Zealand. He is the Managing Director of International Infrastructure Ventures which specialises in providing management services to major projects in the infrastructure, transport and oil industries. He currently provides advisory services to a top tier ASX listed company; 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.

Gene Tilbrook was Finance Director at Wesfarmers Limited until his retirement in May 2009. Gene joined Wesfarmers in 1985 and held a number of commercial positions in its Business Development Department and at Wesfarmers Energy. He previously worked in corporate finance and in systems engineering. He led Wesfarmers' business development group, becoming Executive Director, Business Development in 2002 and Finance Director in 2005. Gene holds Bachelor of Science and Master of Business Administration degrees and a Diploma in Computing Science from the University of Western Australia. He completed the Advanced Management Program at the Harvard Business School in 1998. Gene is currently a Non-Executive Director of Fletcher Holdings Ltd and NBN Co Ltd. He was a director of Wesfarmers Limited until 1 May 2009.

Martin Hudson was Senior Vice President Commercial Affairs and Chief Legal Counsel at Foster's Group Limited until his retirement in July 2009. He was previously Company Secretary and Chief General Counsel at Southcorp Limited, Chief General Counsel to the Pacific Dunlop Group of Companies and a partner (and then Managing Partner/Chairman in the Melbourne Office) of national law firm Freehills. At both Foster's and Southcorp he was responsible to the Board for corporate governance matters. Martin is a non-executive Director of NM Superannuation Pty Ltd (the Trustee of Axa Asia Pacific Holdings Limited's public superannuation funds) and was previously a member of Freehill's National Board and a non-executive director MLC Building Society as well as numerous companies in the Foster's and Southcorp Groups. He has over 39 years of international legal and senior management experience.

Trevor Coonan 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. Prior to joining the company he was a director with PriceWaterhouseCoopers. Trevor holds a Bachelor of Commerce degree and is a Chartered Accountant.

Kellie Smith joined Transpacific as Group Corporate Accountant in 2004 prior to its listing on the ASX. Prior to this Kellie specialised in manufacturing and service companies in her role as Client Services Manager in the Corporate Advisory Services Division for a chartered accounting firm. Kellie holds a Bachelor of Commerce (Honours) degree and is a Chartered Accountant.

Corporate Governance

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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 are continually reassessed and updated in the light of experience (within the Company and other organisations) and best practice guidelines.

The Board confirms that the current corporate governance practices of the Company meet the revised Principles of Good Corporate Governance and Best Practice Recommendations released by the Australian Securities Exchange Corporate Governance Council (ASXCGC) which became effective for financial years beginning on or after 1 January 2008, with the exception of Recommendation 2.1. The explanation for this departure is 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 Board operates under a Charter which sets out the role, powers and responsibilities of the Board. The Charter 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.

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.

Subject to the specific authorities reserved to the Board under the Board Charter and to authorities delegated to the Board Committees, the Board has delegated to the Executive Chairman and CEO responsibility for the day to day management and operation of the Transpacific Group.

2. Composition of the Board

The Company's Constitution calls for at least three but not more than 10 Directors. The composition of the Board has changed subsequent to the recapitalisation completed in August 2009 and is presently comprised of two Executive Directors and six 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.

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 for 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

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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 ASX Corporate Governance Council, it has been determined that the following Directors constitute the Independent Directors of the Company:

Mr Bruce Brown – Lead Independent and Non-Executive Director
Mr Graham Mulligan – Non-Executive Director
Mr Bruce Allan – Non-Executive Director
Mr Gene Tilbrook – Non-Executive Director
Mr Martin Hudson – Non-Executive Director

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 ongoing 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 2009, and the number of meetings attended by each Director, is disclosed on page 24.

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 Independent Non-Executive Directors:

B R Brown (Chairman)
G D Mulligan
B S Allan
G T Tilbrook (Appointed 3 September 2009)

Corporate Governance (continued)

Details of these Directors' qualifications and attendance at meetings are set out earlier and in the Directors' Report on page 24. 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 prior to Transpacific listing on the ASX in 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 and 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 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 ongoing 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)
R A Ghatalia (Non-Executive Director. Appointed 2 September 2009)
T E Peabody (Executive Director)

The Committee meets as required and attendances at meetings are set out in the Directors' Report on page 24.

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 and senior executives on an annual basis;
- 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 advisers 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.

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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 policies.

Additionally the Code reinforces the Company's Securities Trading Policy. The Securities Trading Policy prohibits its Directors and employees from buying and selling company securities during the following "black out" periods:

(a) 1 January up to and including the day on which the half-year results are released; and

(b) 1 July up to and including the day on which the full-year results are released.

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. Management regularly report to the Committee on the effectiveness of its management of material business risks.

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 currently relies on its financial management team to perform internal audit functions.

The Company is currently in the process of developing an internal audit function to carry out the analysis and independent appraisal of the adequacy and effectiveness of the Company's risk management and internal control system.

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.

Corporate Governance (continued)

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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 are continuing to achieve certification in the remaining divisions.

A Greenhouse Gas Emissions Policy has been implemented across the Group. The policy is focused on improving our environmental footprint through the reduction of greenhouse gas emissions. Energy efficiency and emission reduction strategies will be assessed and implemented to help TPI achieve this goal.

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

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 Brisbane Partnership was appointed as the External Auditor in 2002. Bentleys 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 was rotated following the audit signing of the FY07 statutory accounts.

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.

Financial Report

Financial Year Ended 30 June 2009

Transpacific Industries Group Ltd
ABN 74 101 155 220

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Directors' Report

The Directors present their report together with the financial report of Transpacific Industries Group Ltd ("the Company") and of the Group, being the Company and its subsidiaries, and the Group's interest in associates and jointly controlled entities for the financial year ended 30 June 2009 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

T J Coonan – Executive Director

H W Grundell – Executive Director (resigned 3 September 2009)

B R Brown – Non-Executive Director and Deputy Chairman

G D Mulligan – Non-Executive Director

B S Allan – Non-Executive Director

R A Ghatalia – Non-Executive Director (appointed 1 September 2009)

G T Tilbrook – Non-Executive Director (appointed 3 September 2009)

M M Hudson – Non-Executive Director (appointed 14 September 2009)

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 page 15 and pages 17 to 18 of the Annual Report.

Principal Activities

During the financial year the principal continuing activities of the Group consisted of:

- solid waste, including its collection, transportation, recycling, disposal at, and management of landfills;
- management of liquid waste, including its collection, transportation, treatment and disposal;
- the collection, re-refining, processing and sale of hydrocarbon and cooking oils;
- site remediation, contaminated site clean-up, dredging, composting and biosolids management;
- industrial solutions including industrial cleaning, high pressure water blasting, total waste management business solutions and lease out of parts washers;
- commercial vehicles and parts importing and sales; and
- manufacturing of parts washer machines, waste compaction systems and bins.

No significant changes in the nature of the activities of the Group occurred during the year.

Dividends and Distributions

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

	2009 $'000	2008 $'000
ORDINARY SHARES:		
Final dividend for the year ended 30 June 2008 – 10.1 cents per share fully paid on 24 October 2008 (2008: 6.7 cents)	29,621	18,862
Interim dividend for the year ended 30 June 2009 – 0 cents per share (2008: 8.0 cents)	–	22,766
Total dividends paid	**29,621**	**41,628**

	2009 $'000	2008 $'000
SPS PREFERENCE SECURITIES:		
Distribution of $4.02 per unit paid on 15 October 2008 (2008: $3.54)	10,050	8,850
Distribution of $3.60 per unit paid on 15 April 2009 (2008: $3.67)	9,000	9,175
Total distributions paid	**19,050**	**18,025**
Total dividends and distributions paid	**48,671**	**59,653**

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In light of the recent equity raising and in accordance with certain restrictions on payment of future dividends with the WPX Nominees B.V. (the Cornerstone Investor), syndicate banks and USPP noteholders, the Directors have decided not to declare a final dividend on ordinary shares for 2009. The payment of the SPS preference securities distribution for the period ending 30 September 2009 of $5,775,000 ($2.31 per unit) is to be paid on 15 October 2009.

The financial effect of this distribution has not been brought to account in the financial statements for the year ended 30 June 2009 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

The net loss after income tax attributable to ordinary equity holders of Transpacific Industries Group Ltd for the year ended 30 June 2009 was approximately $237.4 million (2008: profit $175.3 million).

This year's results were affected by a number of significant items including:

- impairment of listed investments, financial instruments and intangible assets of $282.6 million (pre-tax);
- provision re-estimates of $43.3 million (pre-tax);
- borrowing costs on syndicated banking facilities of $27.2 million (pre-tax);
- other items of $2.1 million (pre-tax).

Normalised net profit after income tax for the year ended 30 June 2009 (excluding profit on repurchase of convertible bonds and significant items) was a profit of $72.3 million.

In February 2009 the Group commenced a major recapitalisation process. This was concluded in August 2009 and has delivered a strengthened balance sheet and long-term extensions to our syndicated debt facilities. The syndicated debt maturities have been extended into new four and five year tranches due in July 2013 and July 2014. The Group's financial covenants have been renegotiated with syndicate banks and USPP investors to reflect conservative expectations for the Group's earnings outlook.

Significant Changes in the State of Affairs

Other than matters mentioned in this report, no other significant changes in the state of affairs of the Group occurred during the financial year under review.

Events Subsequent to Reporting Date

On 5 August 2009 Transpacific Industries Group Ltd finalised its capital restructure, raising $801 million from the issue of 649,657,609 fully paid ordinary shares. $704 million of these proceeds were used to reduce debt. The USPP and syndicated debt defaults were also waived on this date, and syndicated debt maturities extended. Full details are set out in Note 36 to the financial statements.

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 affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Likely Developments and Expected Results of Operations

Material likely developments and expected results of operations of the Group 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 Group 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 Group.

Environmental Regulation

The Group's operations are subject to significant environmental regulation.

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

The Group 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.

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Directors' Report (continued)

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Meetings of Directors

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year are:

	Board Meetings		Audit, Risk Management and Compliance Committee		Nomination and 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	15	15	*	*	4	4
T J Coonan	15	13	*	*	*	*
H W Grundell	15	13	*	*	*	*
B R Brown	15	13	4	4	4	4
G D Mulligan	15	15	4	4	4	4
B S Allan	15	13	4	4	*	*

* 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 companies within the Group and other related body corporates, as notified by the Directors to the Australian Securities 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	–
T J Coonan	–	433,334
NON-EXECUTIVE		
B R Brown	200,000	–
G D Mulligan	82,810	–
B S Allan	25,653	50,000
R A Ghatalia	–	–
G A Tilbrook	30,000	–
M M Hudson	7,000	–

REMUNERATION REPORT (AUDITED)

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 and company performance

B Details of remuneration

C Service agreements

D Share-based compensation

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This Remuneration Report outlines the director and executive remuneration arrangements of Transpacific in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purposes of this report key management personnel (KMP) of Transpacific are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of Transpacific, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the executives in Transpacific receiving the highest remuneration.

A Principles used to determine the nature and amount of remuneration and company performance

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 Group over a number of years, with greater emphasis given to the current and prior year. The Nomination and Remuneration Committee is responsible for reviewing remuneration and performance and may refer to external information on remuneration to establish remuneration policy and levels.

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 in previous years 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.

Directors' Report (continued)

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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 Executives 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 Nomination and 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 2009 and 30 June 2008, 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 pages 27 and 28.

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 in Note 23. 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/ASX 200 (less financials) by 5% on a cumulative basis since the date of issue of options. 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.

Company performance

The performance of Transpacific and the comparison of its earnings per share (EPS), share price and dividends paid per share (DPS) for the last five years is illustrated in the table below:

	2005	2006	2007	2008	2009
EPS	19.5c	23.6c	44.1c	61.8c	(77.9)c
DPS	–	9.3c	11.7c	18.1c	–
Share price	$3.77	$6.63	$13.36	$6.00	$1.80

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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 Group are set out in the following tables. These tables reflect 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 employment		
		SALARY AND FEES $	STI CASH BONUS $	NON-MONETARY BENEFITS $	OPTIONS $	SUPERANNUATION BENEFITS $	TOTAL $	% OF REMUNERATION PERFORMANCE RELATED
EXECUTIVE								
T E Peabody	– 2009	750,014	–	15,851	–	67,501	833,366	–
	– 2008	732,056	–	18,629	–	65,689	816,374	–
H W Grundell	– 2009	599,012	–	26,121[i]	67,757	51,751	744,641	–
	– 2008	524,010	183,486	14,323	93,293	61,515	876,627	20.9% (B)
T J Coonan*	– 2009	874,017	–	106,511[i]	234,767	76,502	1,291,797	–
	– 2008	774,015	200,000	7,715	328,561	67,501	1,377,792	14.5% (E)
H L Wilson**	– 2009	–	–	–	–	–	–	–
	– 2008	153,968	–	7,848	19,746	12,980	194,542	–
NON-EXECUTIVE								
B R Brown	– 2009	83,000	–	–	408	7,470	90,878	–
	– 2008	60,000	–	–	2,962	5,400	68,362	–
G D Mulligan	– 2009	83,000	–	–	408	7,470	90,878	–
	– 2008	60,000	–	–	2,962	5,400	68,362	–
B S Allan	– 2009	83,000	–	–	10,877	7,470	101,347	–
	– 2008	60,000	–	–	23,472	5,400	88,872	–
Total	**- 2009**	**2,472,043**	**-**	**148,483**	**314,217**	**218,164**	**3,152,907**	
Total	**- 2008**	**2,364,049**	**383,486**	**48,515**	**470,996**	**223,885**	**3,490,931**	

* T J Coonan was appointed Chief Executive Officer (CEO) on 1 July 2007 and an Executive Director on 25 July 2007.
** H L Wilson resigned as CEO on 30 June 2007, Director on 25 July 2007 and ceased employment on 31 October 2007.

Directors' Report (continued)

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REMUNERATION OF THE KEY MANAGEMENT PERSONNEL OF THE GROUP

		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
G R W Battershill*	– 2009	323,006	–	5,810	117,329	27,270	473,415	–
S T Barnard**	– 2009	285,877	–	20,691	63,836	23,929	394,333	–
	– 2008	270,633	18,349	6,102	98,545	24,358	417,987	4.4% (H)
P A Glavac	– 2009	399,008	–	11,293(i)	67,757	33,751	511,809	–
	– 2008	320,006	137,615	8,896	93,293	39,386	599,196	23.0% (A)
T A A Woods	– 2009	339,006	22,935	29,992(i)	67,757	28,351	488,041	–
	– 2008	380,775	45,872	13,559	93,293	38,398	571,897	8.0% (G)
N M Badyk	– 2009	399,000	–	10,037(i)	67,757	33,750	510,544	–
	– 2008	324,000	91,742	6,824	93,293	35,257	551,116	16.6% (D)
G F Sparks****	– 2009	–	–	–	–	–	–	–
	– 2008	145,667	–	1,337	29,619	1,727	178,350	–
G S Campbell	– 2009	603,344	–	5,810	257,106	51,751	918,011	–
	– 2008	459,638	183,486	4,925	375,239	39,014	1,062,302	17.3% (B)
B D Stam***	– 2009	148,234	–	12,752	13,030	10,432	184,448	–
	– 2008	304,006	64,220	18,055	74,214	30,980	491,475	13.1% (F)
A G Roderick	– 2009	399,008	–	588	126,777	33,751	560,124	–
	– 2008	324,006	91,743	3,653	244,693	44,258	708,353	13.0% (D)
Total	**– 2009**	**2,896,483**	**22,935**	**96,973**	**781,349**	**242,985**	**4,040,725**	
Total	**– 2008**	**2,528,731**	**633,027**	**63,351**	**1,102,189**	**253,378**	**4,580,676**	

* G R W Battershill commenced employment on 1 July 2008 as Chief Financial Officer.

** S T Barnard commenced employment on 1 August 2007, he was appointed General Manager Corporate Services 13 November 2008.

*** B D Stam was appointed as Managing Director, Corporate Services and Government Affairs on 1 July 2007, he resigned 13 November 2008.

**** G F Sparks retired on 31 July 2007 from the position of Managing Director, Corporate Services and Government Affairs.

Notes relating to short-term incentives

No short-term incentives were paid to any key management personnel in respect of the 2009 year. Amounts included in remuneration for the 2008 financial year represents the amount that vested in the financial year based on achievement of personal goals and satisfaction of specified performance criteria.

(A) Executive received 100% of their applicable IC (short-term incentive).
(B) Executive received 80% of their applicable IC (short-term incentive).
(C) Executive received 75% of their applicable IC (short-term incentive).
(D) Executive received 67% of their applicable IC (short-term incentive).
(E) Executive received 53% of their applicable IC (short-term incentive).
(F) Executive received 50% of their applicable IC (short-term incentive).
(G) Executive received 33% of their applicable IC (short-term incentive).
(H) Executive received 25% 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.

Notes relating to non-monetary benefits

(i) Non-monetary benefits include a remuneration benefit paid in relation to loans provided during the year as detailed in Note 35 of the financial statements.

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 month's notice. There are no non-statutory termination benefits provided for in the service agreements.

D Share-based compensation

Details of 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		Number of options lapsed during the year	
	2009	2008	2009	2008	2009	2008
DIRECTORS						
T J Coonan	–	300,000	216,665	216,665	–	–
H W Grundell	–	–	166,667	166,667	–	–
B S Allan	–	–	16,666	16,666	–	–
G D Mulligan	–	–	16,666	16,666	–	–
B R Brown	–	–	16,666	16,666	–	–
OTHER KEY MANAGEMENT PERSONNEL						
G Battershill	200,000	–	–	–	–	–
S T Barnard	–	150,000	–	9,999	–	–
P A Glavac	–	–	166,668	166,666	–	–
T A A Woods	–	–	166,667	166,667	–	–
N M Badyk	–	–	166,667	166,667	–	–
G S Campbell	–	250,000	133,333	133,333	–	–
B D Stam	–	–	–	50,000	–	–
A G Roderick	–	–	133,333	133,333	–	–

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/ASX 200 (less financials) by 5% on a cumulative basis since the date of the grant.

No further options have been granted to key management subsequent to year end.

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

There is currently no policy on limiting exposure to options, however the Nomination and Remuneration Committee is currently reviewing this.

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Directors' Report (continued)

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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:

	2009		2008	
	AMOUNT PAID PER SHARE	NUMBER OF SHARES	AMOUNT PAID PER SHARE	NUMBER OF SHARES
EXECUTIVE DIRECTORS				
T J Coonan	\$2.40	183,335	\$2.40	199,999
T J Coonan			\$8.81	16,666
H W Grundell	\$2.40	166,667	\$2.40	166,666
OTHER KEY MANAGEMENT PERSONNEL				
B R Brown	\$2.40	50,000	–	–
G D Mulligan	\$2.40	50,000	–	–
P A Glavac	\$2.40	166,666	\$2.40	166,666
T A A Woods	\$2.40	166,667	\$2.40	166,667
N M Badyk	\$2.40	166,667	\$2.40	166,667

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 Group 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 AT 30 JUNE 2009	% LAPSED IN 2009	FINANCIAL YEARS IN WHICH OPTIONS VEST	MINIMUM TOTAL VALUE YET TO VEST \$	MAXIMUM TOTAL VALUE YET TO VEST \$
EXECUTIVE DIRECTORS								
T E Peabody	0%	–	–	–	–	–	–	–
T J Coonan	20%	2005	500,000	100%	–	A	–	–
		2007	200,000	–	–	C	–	76,190
		2008	200,000	–	–	D	–	47,349
		2008	100,000	67%	–	B	–	1,278
H W Grundell	9%	2005	500,000	100%	–	A	–	–
		2007	100,000	–	–	C	–	38,095
NON-EXECUTIVE DIRECTORS								
B R Brown	0%	2005	50,000	100%	–	A	–	–
G D Mulligan	0%	2005	50,000	100%	–	A	–	–
B S Allan	11%	2007	50,000	33%	–	B	–	14,921
KEY MANAGEMENT PERSONNEL								
G Battershill	25%	2009	200,000	–	–	E	–	122,671
S T Barnard	16%	2008	30,000	33%	–	B	–	767
		2008	20,000	–	–	C	–	7,619
		2008	100,000	–	–	D	–	23,675

	VALUE OF OPTIONS AS PROPORTION OF REMUNERATION	FINANCIAL YEAR GRANTED	NUMBER	% VESTED AT 30 JUNE 2009	% LAPSED IN 2009	FINANCIAL YEARS IN WHICH OPTIONS VEST	MINIMUM TOTAL VALUE YET TO VEST $	MAXIMUM TOTAL VALUE YET TO VEST $
KEY MANAGEMENT PERSONNEL								
P A Glavac	13%	2005	500,000	100%	–	A	–	–
		2007	100,000	–	–	C	–	38,095
T A A Woods	15%	2005	500,000	100%	–	A	–	–
		2007	100,000	–	–	C	–	38,095
N M Badyk	13%	2005	500,000	100%	–	A	–	–
		2007	100,000	–	–	C	–	38,095
G S Campbell	28%	2006	150,000	100%	–	A	–	–
		2006	150,000	33%	–	B	–	5,718
		2007	100,000	–	–	C	–	2,554
		2007	100,000	–	–	D	–	38,095
		2008	100,000	–	–	C	–	38,095
		2008	150,000	–	–	D	–	35,512
B D Stam	7%	2006	75,000	33%	67%	B	–	–
		2007	75,000	–	100%	C	–	–
A G Roderick	23%	2006	150,000	33%	–	B	–	2,941
		2006	150,000	33%	–	B	–	5,718
		2007	100,000	–	–	C	–	2,554
		2007	100,000	–	–	D	–	23,675

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

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Directors' Report (continued)

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	70,000
8 November 2005 – Executives	31 July 2009	$4.26	100,000
17 February 2006 – Executives	31 July 2010	$5.40	333,334
24 April 2006 – Executives	31 July 2010	$8.53	708,334
13 September 2006 – Executives	31 July 2010	$7.25	720,001
20 September 2006 – Executives	31 July 2010	$7.28	283,333
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	53,334
12 March 2007 – Executives	31 July 2010	$9.98	1,295,000
12 March 2007 – Executives	31 July 2011	$9.98	1,200,000
3 May 2007 – Executives	31 July 2011	$12.51	175,000
16 May 2007 – Executives	31 July 2011	$13.06	1,150,000
22 October 2007 – Executives	31 July 2011	$11.15	145,000
11 February 2008 – Executives	31 July 2011	$7.96	1,005,000
23 September 2008 – Executives	31 July 2011	$6.13	400,000
6 November 2008 – Executives	31 July 2011	$3.55	1,150,000
			8,878,336

* Includes one retired Director.

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

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
2,136,786	$2.40
2,316,667	$2.76
2,316,667	$3.174
2,316,666	$3.6501

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 Group, 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. Disclosure of the premium paid is not permitted under the terms of the insurance contract.

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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 Group are important. During financial years 2009 and 2008 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
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

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

	Consolidated		The Company	
	2009	2008	2009	2008
1. Audit services:				
Bentleys Brisbane Partnership	891,407	860,850	–	–
Overseas auditors associated with Bentleys Brisbane Partnership	225,000	210,680	–	–
Total audit services	**1,116,407**	**1,071,530**	**-**	**-**
2. Non-audit services:				
Due diligence services:				
Bentleys Brisbane Partnership and Bentleys (Qld) Pty Ltd	23,379	49,362	–	–
Other:				
Bentleys Brisbane Partnership and Bentleys (Qld) Pty Ltd	40,465	43,000	–	–
Overseas auditors associated with Bentleys	–	23,365	–	–
	63,844	**115,727**	**-**	**-**
Taxation services:				
Bentleys (Qld) Pty Ltd	251,498	60,410		
Overseas auditors associated with Bentleys	8,921	17,699	–	–
	260,419	**78,109**	**-**	**-**
Total non-audit services	**324,263**	**193,836**	**-**	**-**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 34.

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
Executive Chairman

Brisbane, 23 September 2009

Auditor's Independence Declaration

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Bentleys
Thinking ahead

CHARTERED ACCOUNTANTS & BUSINESS ADVISORS

Bentleys
ABN 36 892 525 331

Level 26 AMP Place
10 Eagle Street Brisbane 4000

GPO Box 740
Brisbane Qld 4001

T +61 7 3222 9777
F +61 7 3221 9250

admin@bris.bentleys.com.au
www.bentleys.com.au

LEAD AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

TO THE DIRECTORS OF TRANSPACIFIC INDUSTRIES GROUP LIMITED

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2009, 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
Brisbane Partnership

Robert Forbes

R J Forbes (Partner)

Brisbane, 18 September 2009

Chartered Accountants and Business Advisors

Income Statement

for the Financial Year Ended 30 June 2009

		Consolidated		The Company	
	NOTES	2009 $'000	2008 $'000	2009 $'000	2008 $'000
CONTINUING OPERATIONS					
Revenue	4	2,202,243	2,191,971	303,475	205,856
Cost of sales		(877,070)	(799,065)	–	–
Gross profit		**1,325,173**	**1,392,906**	**303,475**	**205,856**
Other income	5	12,977	4,737	8,962	4,382
Employee expenses		(570,270)	(551,748)	(2,619)	(3,516)
Depreciation and amortisation expenses		(143,827)	(119,084)	–	–
Finance costs	6	(225,299)	(190,339)	(187,253)	(157,242)
Repairs and maintenance		(90,740)	(89,465)	–	–
Fuel purchases		(68,746)	(66,537)	–	–
Leasing charges		(51,356)	(38,047)	–	–
Freight costs		(24,000)	(17,157)	–	–
Other expenses		(121,638)	(88,033)	(1,119)	(768)
Results from operating activities		**42,274**	**237,233**	**121,446**	**48,712**
Share of net profits of associates accounted for using the equity method	26C	2,516	2,632	–	–
Impairment of available-for-sale financial assets	7	(52,505)	–	–	–
Impairment of intangible assets	7	(153,682)	–	–	–
Change in fair value of derivative financial instruments	7	(76,378)	–	(76,378)	–
Profit/(loss) before income tax		**(237,775)**	**239,865**	**45,068**	**48,712**
Income tax benefit/(expense)	8	21,668	(44,298)	24,170	(47,907)
Profit/(loss) from continuing operations		**(216,107)**	**195,567**	**69,238**	**805**
Net profit attributable to minority interests		(2,249)	(2,291)	–	–
Profit/(loss) attributable to equity holders		**(218,356)**	**193,276**	**69,238**	**805**
Distribution to step-up preference security holders		(19,050)	(18,025)	–	–
Profit/(loss) attributable to ordinary equity holders of the parent		**(237,406)**	**175,251**	**69,238**	**805**
Earnings per share for profit attributable to the ordinary equity holders of the company:					
Basic earnings per share	34	(77.9)	61.8		
Diluted earnings per share	34	(77.9)	58.4		

The above Income Statement should be read in conjunction with the accompanying Notes.

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Statement of Recognised Income and Expense

for the Financial Year Ended 30 June 2009

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		Consolidated		The Company	
	NOTES	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Cash flow hedges					
Gain/(loss) taken to equity	24	(207)	12,640	–	9,357
Translation of foreign operations					
Exchange differences taken to equity	24	11,314	(90,672)	–	–
Revaluation of assets					
Asset revaluation taken to equity	24	3,704	28,825	–	–
Net (loss)/income recognised directly in equity		**14,811**	**(49,207)**	**-**	**9,357**
Profit/(loss) for the period		(216,107)	195,567	69,238	805
Total recognised income and expense for the period		**(201,296)**	**146,360**	**69,238**	**10,162**
Attributable to:					
Equity holders of the parent		(203,545)	144,069	69,238	10,162
Minority interest		2,249	2,291	–	–
Total recognised income and expense for the period		**(201,296)**	**146,360**	**69,238**	**10,162**

Other movements in equity arising from transactions with owners as owners are set out in Note 24.

The above Statement of Recognised Income and Expense should be read in conjunction with the accompanying Notes.

Balance Sheet
as at 30 June 2009

		Consolidated		The Company	
	NOTES	2009 $'000	2008 $'000	2009 $'000	2008 $'000
ASSETS					
Cash and cash equivalents	9	70,115	58,126	(225)	2,547
Trade and other receivables	10	352,103	358,890	2	2
Current tax assets	11	10,058	–	4,133	–
Inventories	12	151,757	164,953	–	–
Other financial assets	13	41,346	19,482	31,744	8,951
Other assets	14	10,822	10,920	3,989	–
Total current assets		**636,201**	**612,371**	**39,643**	**11,500**
Trade and other receivables	10	–	–	2,610,773	2,575,561
Investments accounted for using the equity method	15	18,096	19,252	–	–
Other financial assets	13	21,195	73,337	650,530	466,530
Property, plant and equipment	16	1,092,233	965,233	–	–
Intangible assets	17	2,415,357	2,542,245	–	–
Deferred tax assets	8	67,695	36,699	24,154	35,650
Total non-current assets		**3,614,576**	**3,636,766**	**3,285,457**	**3,077,741**
Total assets		**4,250,777**	**4,249,137**	**3,325,100**	**3,089,241**
LIABILITIES					
Trade and other payables	18	251,648	292,968	206,643	204,566
Borrowings	19	2,421,678	391,826	1,944,683	–
Current tax liabilities	20	–	1,784	–	6,088
Employee benefits		34,198	33,087	–	–
Provisions	21	17,075	7,792	–	–
Other	22	107,342	36,295	76,378	–
Total current liabilities		**2,831,941**	**763,752**	**2,227,704**	**210,654**
Borrowings	19	32,801	1,938,965	–	1,910,735
Deferred tax liabilities	8	20,205	28,563	581	17,492
Employee benefits		8,178	8,765	–	–
Deferred government grants		1,318	1,501	–	–
Total non-current liabilities		**62,502**	**1,977,794**	**581**	**1,928,227**
Total liabilities		**2,894,443**	**2,741,546**	**2,228,285**	**2,138,881**
Net assets		**1,356,334**	**1,507,591**	**1,096,815**	**950,360**
EQUITY					
Issued capital	24	1,342,817	1,221,247	1,092,971	971,401
Reserves	24	(9,928)	(10,007)	590	15,322
Retained earnings	24	5,779	272,806	3,254	(36,363)
Parent entity interest		**1,338,668**	**1,484,046**	**1,096,815**	**950,360**
Minority interest	24	17,666	23,545	–	–
Total equity		**1,356,334**	**1,507,591**	**1,096,815**	**950,360**

The above Balance Sheet should be read in conjunction with the accompanying Notes.
Refer to Note 36 for pro forma Balance Sheet.

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Cash Flow Statement

for the Year Ended 30 June 2009

		Consolidated		The Company	
	NOTES	2009 $'000	2008 $'000	2009 $'000	2008 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers (incl. of GST)		2,421,979	2,349,331	–	–
Payments to suppliers/employees (incl. of GST)		(2,015,011)	(1,914,251)	(3,637)	(5,786)
Other revenue		15,378	19,564	8,400	4,382
Interest received		3,212	6,370	162,136	145,856
Interest paid		(189,016)	(185,191)	(148,658)	(153,222)
Income taxes paid		(34,911)	(45,989)	(32,793)	(37,447)
Net cash from/(used in) operating activities	27	**201,631**	**229,834**	**(14,552)**	**(46,217)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for purchase of equity and other investments		(97)	(48,322)	–	–
Payments for purchase of businesses		(55,868)	(193,455)	(551)	–
Payments for property, plant and equipment		(162,480)	(158,554)	–	–
Proceeds from sale of business		2,014	–	–	–
Proceeds from disposal of property, plant and equipment		4,198	9,732	–	–
Net cash (used in) investing activities		**(212,233)**	**(390,599)**	**(551)**	**-**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of equity		69,901	6,904	70,501	6,558
Payment of dividend to minority shareholders		(1,691)	(1,514)	–	–
Payment of dividend to pre IPO shareholders		–	(6,500)	–	(6,500)
Dividend received from associates		1,420	3,513	–	–
Payment of step-up securities distribution		(19,050)	(18,025)	–	–
Ordinary equity dividends paid		(29,621)	(41,628)	(29,621)	(41,628)
Dividend reinvestment plan and underwrite		6,871	41,628	6,871	41,628
Net movement in trade and vendor finance		43,016	–	–	–
Payment of equity raising costs		(642)	(464)	(642)	(464)
Payment of debt raising costs		(7,357)	(33,266)	(7,357)	(33,266)
Repayment of bank loans		(76,950)	(2,614,048)	(42,840)	(2,159,260)
Proceeds from issue of convertible notes		–	347,500	–	–
Buy back of convertibles notes		(18,325)	–	(18,325)	–
Proceeds from bank loans		78,458	2,340,095	42,000	2,406,696
Repayment of lease liabilities		(23,017)	(18,064)	–	–
Repayment of loans by/(to) related parties		(780)	(4,703)	–	–
Loans made to controlled entities		–	–	(8,256)	(175,789)
Net cash from financing activities		**22,233**	**1,428**	**12,331**	**37,975**
Net increase in cash held		**11,631**	**(159,337)**	**(2,772)**	**(8,242)**
Cash at the beginning of the financial year		58,126	222,459	2,547	10,789
Net foreign exchange differences		358	(4,996)	–	–
Cash at the end of the financial year	9	**70,115**	**58,126**	**(225)**	**2,547**

The above Cash Flow Statement should be read in conjunction with the accompanying Notes.

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Notes to the Financial Statements
for the Financial Year Ended 30 June 2009

1 Reporting Entity

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 statements of the Company as at and for the financial year ended 30 June 2009 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

2 Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards (AAS) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB), the *Corporations Act 2001*, and complies with other requirements of the law. Australian Accounting Standards include Australian Equivalents to International Financial Reporting Standards (AIFRSs).

The consolidated financial report of the Group and the financial report of the Company comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial report was authorised for issue by the Directors on 23 September 2009.

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted, which is the Company's functional currency.

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 Australian International Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting 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, the 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 Group.

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 and in any future periods affected.

Comparative numbers have been adjusted to reflect the treatment of related party receivables in the Company as non-current under the definition of AASB101 and to gross these amounts up to correctly reflect related party payables previously offset. In accordance with accounting standards these payables are classified as current as there is no unconditional right to defer settlement for greater than twelve months.

3 Significant Accounting Policies

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes set out below.

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 2009 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.

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 accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

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Notes to the Financial Statements (continued)

for the Financial Year Ended 30 June 2009

3 Significant Accounting Policies (continued)

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 3(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 initial 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.

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Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a new basis or their tax assets and liabilities will be realised 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-consolidated 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 entered into a tax sharing and a tax funding 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 into Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement and are reported on a net basis. 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.

(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. Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in 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 contracts 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.

Notes to the Financial Statements (continued)

for the Financial Year Ended 30 June 2009

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3 Significant Accounting Policies (continued)

(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 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.

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) Compound financial instruments

The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or upon the instruments reaching maturity. The equity component initially brought to account is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects and is not subsequently remeasured.

(v) 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.

(ix) 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.

(x) 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 some divisions 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 impairment is raised when collection of the full amount is no longer probable (shown in Note 33(G)).

(H) INVENTORIES

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is based on the method most appropriate to each particular class of inventory and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. The cost of inventory may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventory. Commercial vehicles are valued at actual cost, with the remainder of inventory valued at standard cost.

(I) IMPAIRMENT OF ASSETS

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Impairment losses on financial assets are directly written off to the income statement. Impairment of equity investments classified as available-for-sale is recognised where a significant or prolonged decline in the fair value of the investment occurs. This is determined by reference to current market bid prices. Impairment of loans and receivables is recognised when it is probable that the carrying amount will not be recovered in full due to significant financial difficulty or other loss event of the debtor. 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). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination. Non-financial assets other than goodwill that suffer an impairment loss are reviewed for reversal of the impairment loss at each subsequent reporting date.

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Notes to the Financial Statements (continued)

for the Financial Year Ended 30 June 2009

3 Significant Accounting Policies (continued)

(J) PROPERTY, PLANT AND EQUIPMENT

Landfills, cell development and provision for remediation

(i) Landfills

The Group owns landfill assets. A landfill may be either developed by the Group or purchased by the Group.

The cost of developing a landfill includes the cost of land, permitting and overall site and infrastructure development to bring the asset to its condition necessary for its intended use, that is, to receive and dispose of waste. If the landfill is purchased, then an additional intangible (landfill airspace) cost may be recognised.

The value composition of a landfill changes over time. Initially a landfill's value is more of an intangible asset including location, permitting and airspace which generates future earnings. As airspace is consumed and landfilling continues to completion, the landfill's value shifts to a tangible asset, being the value of the land.

It is the Group's policy at time of development or acquisition and reporting dates to:

(a) capitalise the cost of a developed landfill to landfills;

(b) capitalise the cost of purchased landfills to intangibles (landfill airspace) and landfills based on a split of the intangible and tangible value paid for the landfill;

(c) assess impairment of each landfill asset or group of landfill assets which work together as a unit by reference to both intangible and tangible values. If impaired an impairment loss is recorded;

(d) measure the intangible value by reference to remaining available airspace and the future earnings it will generate;

(e) measure the tangible land value by reference to an independent valuation (carried out periodically every three years); and

(f) transfer the consumption of landfill airspace to landfills, over the life of the landfill in conjunction with the measurement of intangible value in point (d) above.

The portion of landfill airspace transferred from intangible assets to tangible assets in a reporting period is calculated as the tonnes of airspace consumed in the reporting period divided into the tonnes of airspace available at the beginning of the reporting period.

Discounted cash flows are used to test impairment (refer Note 3(l)). Landfill assets are carried at Directors' valuation in the accounts which is based on cost adjusted for the amortisation of any landfill airspace and is less than independent valuation.

(ii) Cell development

A landfill will normally be divided into parts, with each part (a cell) being developed one at a time to receive waste. When a cell is nearly full, a new cell is developed in readiness to receive waste from the time the former cell closes. The closed cell is then capped and may return a revenue stream, such as from the sale of landfill gas, to the Group for years to come. The cost of cell development includes earthworks, gas capture infrastructure and cell lining to bring the asset to its condition necessary for its intended use, that is, to receive and dispose of waste and generate revenue streams. Cell development costs also include the cost of capping on closure of the cell. Expenditure on cell development may be incurred in one reporting period but the airspace in the cell may last for more than that reporting period.

In recognition of the above, it is the Group's policy at time of cell development and reporting dates to:

(a) capitalise the cost of cell development in landfill assets;

(b) amortise the cost of cell development over the useful life of the cell; and

(c) recognise income streams in the reporting period earned.

The amortisation charge for a reporting period is calculated by the tonnes of airspace consumed during the reporting period divided into the total airspace available at the beginning of the reporting period. 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.

(iii) Landfill closure and provision for remediation

A landfill is deemed full when its permitted airspace is consumed and it cannot legally accept any more waste. Alternatively, a landfill may be deemed full earlier should other factors exist, for example, if it is not economically viable to continue accepting waste. At that point:

(a) the value of the landfill has fully shifted to tangible land asset and there is no intangible asset remaining; and

(b) the cost of cell development is fully amortised to nil.

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Generally, a landfill must be maintained and left in a condition specified by the Environmental Protection Authority or government authorities. Therefore remediation occurs on an ongoing basis, at the time the landfill closes and also post-closure. The Group has a site remediation division so the cost of remediation can be controlled. Certain landfills will also have revenue streams from, for example, the supply of landfill gas into electricity grids for many years.

In recognition of the above, it is the Group's policy at time of development and reporting dates to:

(a) in the case of developing a landfill, provide for the expected remediation at time of development;

(b) in the case of purchasing a landfill, account for the acquisition in accordance with AASB 3 "Business Combinations" at the time of acquisition;

(c) request environmental scientists to calculate the expected cost of remediation for each landfill asset or group of landfill assets working together as a unit taking into account future revenue streams; and

(d) assess the adequacy of the provision for remediation against (c) at each reporting date and either confirm its adequacy or increase or decrease the provision to the landfill asset or profit and loss account as required and account for the cost of remediation against the provision.

Future landfill site restoration and aftercare costs provided 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.

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.

(iv) Landfill sales

A landfill may be disposed of as an operating landfill or it may be retained until post-closure and then sold.

In accordance with the above, it is the Group's policy at time of sale and reporting periods to:

(a) if the landfill is sold as an operating landfill, recognise the profit on sale of an asset; or

(b) if the completed landfill is intended to be sold in the future, transfer the landfill balance to non-current assets held for sale.

Other 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 Group, 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.

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. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Borrowing costs related to the acquisition or construction of qualifying assets are also capitalised as part of that asset.

Gains and losses on disposal of an item of other property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the other property, plant and equipment and are recognised net within "other income" in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Depreciation is provided on other property, plant and equipment, including freehold buildings but excluding land. 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 Group. Leasehold improvements are depreciated over the period of the lease or estimated useful lives, whichever is the shorter, using the straight-line method.

Notes to the Financial Statements (continued)

for the Financial Year Ended 30 June 2009

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3 Significant Accounting Policies (continued)

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 Group's general policy on finance costs. Refer to Note 3(O).

Finance leases are depreciated 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.

(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 Group has sufficient resources to complete development. The expenditure capitalised includes the costs of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Borrowing costs related to the development of qualifying assets are also capitalised. 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 3(I)).

(iii) Landfill airspace

Landfill airspace and its amortisation is addressed in Note 3(J).

(iv) Other intangible assets

Other intangible assets include customer contracts recognised on business combinations and licences. Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (see below) and impairment losses (see Note 3(I)).

(v) Amortisation (other than amortisation of landfill airspace)

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

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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 fair value of the consideration received net of issue costs incurred. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost 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 derecognised when the obligation specified 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) FINANCE COSTS

Finance costs are recognised as expenses in the period in which they are incurred. Finance 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

Plant and equipment of the Group 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 3(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 (ICs)/bonus plans

A liability for employee benefits in the form of ICs 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 ICs are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

Notes to the Financial Statements (continued)

for the Financial Year Ended 30 June 2009

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3 Significant Accounting Policies (continued)

(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 Plan.

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.

(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.

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.

(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 Group's cash management position are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

(T) INVESTMENTS AND OTHER FINANCIAL ASSETS

Financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument at trade date.

Financial assets are initially measured at fair value plus transaction costs where the instrument is not classified at fair value through profit and loss. Transaction costs related to financial assets classified as fair value through profit and loss are expensed immediately.

The Group's non-derivative financial assets are currently measured after initial recognition as loans and receivables or available-for-sale financial assets. The Group has no non-derivative financial assets classified as fair value through the profit and loss or held-to-maturity under accounting standard AASB 139. Subsequent measurement of loans and receivables is disclosed in Note 3(G).

Available-for-sale financial assets are measured at fair value with any changes in the fair value recognised directly in equity. The Group's investments in equity securities, other than controlled entities and associates, are classified as available-for-sale. Fair value is determined by reference to official bid prices quoted on the relevant securities exchange, or where not listed and fair value cannot be reliably ascertained, at cost.

Controlled entities and associates are accounted for in the consolidated financial statements as set out in Note 3(A).

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group 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 Australian Taxation Office (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

At the date of authorisation of the financial report, the Standards and Interpretations listed below were in issue but not yet effective. Additional Standards and Interpretations issued but not yet effective that do not have a significant impact on Transpacific have not been disclosed.

Initial application of the following Standard will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the Group and the Company's financial report:

(i) AASB 101 "Presentation of Financial Statements" (revised September 2007) – effective for annual reporting periods beginning on or after 1 January 2009.

Initial application of the following Standards and Interpretations is not expected to have any material impact on the financial report of the Group and the Company:

(i) AASB Interpretation 12 "Service Concession Arrangements" – effective for annual reporting periods beginning on or after 1 January 2009.

(ii) AASB Interpretation 14 "AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" – effective for annual reporting periods beginning on or after 1 January 2009.

(iii) AASB 2008-2 "Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation" – effective for annual reporting periods beginning on or after 1 January 2009.

(iv) IFRS 3 "Business Combinations" and IAS 27 "Separate and Consolidated Financial Statements" – effective for annual reporting periods beginning on or after 1 July 2009. This Standard requires all costs associated with business combinations, apart from the combination consideration, to be recorded in the profit and loss as incurred. Depending on the quantum of these costs this charge could be material.

(v) AASB 127 "Consolidated and Separate Financial Statements" amended – effective for annual reporting periods beginning on or after 1 July 2009.

(vi) AASB 2008-7 Amendments to Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate – effective for annual reporting periods beginning on or after 1 July 2009.

The potential effect of the initial application of the expected issue of an Australian Equivalent Accounting Standard to the following Standard has not yet been determined:

(i) AASB 2008-1 "Amendments to Australian Accounting Standard – Share-based Payment: Vesting Conditions and Cancellations" – effective for annual reporting periods beginning on or after 1 July 2009.

(ii) AASB 2008-8 "Amendments to Australian Accounting Standard – Eligible Hedged Items" – effective for annual reporting periods beginning on or after 1 July 2009.

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Notes to the Financial Statements (continued)

for the Financial Year Ended 30 June 2009

3 Significant Accounting Policies (continued)

(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 Notes 16 and 17.

(ii) Closure and 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 3(J)(iii).

(iii) Land and property values: the Group assesses the fair value of all land and property assets held at fair value each reporting date. Fair value is established using recent market transactions between willing buyers and sellers in an arm's length sale in the normal course of business. Movements in market prices and the level of transactions impact the ability to estimate fair value.

(iv) Accounting for landfills: details of the key estimates used in assessing landfill values are included in Notes 16 and 17.

(v) Workers compensation self-insurance provisions: Independent actuarial valuations are used to estimate the provision required for workers compensation where the Group is self insured.

(Z) GOING CONCERN

At 30 June 2009, the Group had debt facilities with external financiers including a $2.1 billion Syndicated Facility Agreement and a $169 million US Private Placement (USPP). As part of its financing facilities, the Group is subject to certain financial covenants measured on a quarterly or half-yearly basis.

For the year ended 30 June 2009, the Group reported:

(i) a loss before income tax from ordinary activities of $237.8 million;

(ii) a loss after income tax of $216.1 million; and

(iii) a cash inflow from operating activities of $201.6 million.

The loss after income tax was impacted by significant one off non-cash losses related to:

(i) mark to market on available-for-sale investments ($52.5 million pre- and post-tax);

(ii) mark to market on interest rate swap instruments ($76.4 million pre-tax and $53.5 million post-tax); and

(iii) impairment of intangible and other assets under AASB 136 ($153.7 million pre- and post-tax).

The Group breached its USPP covenant during the year as a result of the mark to market of interest rate swap instruments being captured in the covenant definition causing an event of default. The mark to market did not trigger the Group's syndicated facility covenants, however the breach of the USPP covenants caused a cross default in this agreement.

Whilst the USPP documentation substantially reflects covenant definitions within the Syndicated Facility Agreement (where there is no event of default), there was a difference in the definition of indebtedness which incorporated unrealised gains or losses on interest rate swaps.

The loss recorded on the interest rate swaps in the income statement is a non-cash adjustment reflecting the differential between the current (low) interest rates and those fixed under the hedge arrangements, and has arisen as a result of the substantial fall in interest rates.

As a result of the default, all debt facilities were reclassified as current liabilities at 30 June 2009 under Australian Accounting Standard requirements and the Group's 2009 financial report discloses a net current asset deficiency of $2,195.7 million.

Given the unintended breach, the syndicate banks and US Private Placement investors worked closely together to amend the situation.

Subsequent to year end, the Group successfully completed a review of its capital structure. On 5 August 2009 the entity raised $801 million through the settlement of a placement of shares, Institutional Entitlement Offer, Institutional Entitlement Bookbuild and the pre-funding of a Retail Entitlement Offer. Full details of the offer are set out in a retail entitlement prospectus dated 20 July 2009.

On 5 August 2009 the paydown of $704 million, long-term extension, amendment and waiver of identified past breaches of the Group's syndicated facility and the amendment and waiver of identified past breaches of the Group's USPP were also completed and took effect. The subsequent event Note 36 shows the effect of this recapitalisation and repayment of debt on the balance sheet as if the transactions had occurred on 30 June 2009. As of the date the financial report was authorised for issue, the Group is compliant with all its bank and USPP facilities.

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The Directors remain confident that the capital raised, in conjunction with renewed debt facilities, satisfy the Group's funding requirements.

Having regard to the factors described above, the Directors consider that there are reasonable grounds to believe that the Group will through a combination of the completed equity raising, free operating cash flows and the continued support of its bankers and financiers, be in a position to pay all debts as and when they fall due in the ordinary course of business.

The parent entity Transpacific Industries Group Limited as a result of matters above recorded current interest-bearing liabilities of $1.94 billion at 30 June 2009. The parent entities ability to repay these amounts would be dependent on the collection of amounts receivable from subsidiary entities.

		Consolidated		The Company	
	NOTES	2009 $'000	2008 $'000	2009 $'000	2008 $'000
4 Revenue					
Sale of goods and services		2,172,247	2,149,615	–	–
Product stewardship oil benefits		15,615	19,618	–	–
Interest revenue		3,212	6,370	162,137	145,856
Dividends from subsidiaries		–	–	132,937	60,000
Other revenue		11,169	16,368	8,401	–
		2,202,243	2,191,971	303,475	205,856
5 Other Income					
Profit on acquisition of businesses		–	3,250	–	–
Profit on sale of business		873	–	–	–
Profit on sale of convertible notes		8,767	–	8,767	–
Foreign currency exchange gains		277	348	195	4,382
Gain on disposal of property, plant and equipment		3,060	1,139	–	–
		12,977	4,737	8,962	4,382
6 Finance Costs					
Interest on bank overdrafts and loans		189,247	161,800	158,048	133,607
Interest on obligations under finance leases		5,953	4,354	–	–
Interest on convertible notes		11,939	13,227	11,939	13,227
Total interest		207,139	179,381	169,987	146,834
Amortisation of deferred borrowing costs		10,437	6,388	10,437	6,388
Amortisation of convertible bonds		6,829	4,020	6,829	4,020
Unwinding of discounts on provisions		894	550	–	–
		225,299	190,339	187,253	157,242
7 Significant Items of Revenue and Expense					
Revenue					
Profit on sale of convertible notes		8,767	–	8,767	–
Land sales		–	22,092	–	–
Gain on divestment of business		–	2,763	–	–
Expenses					
Impairment of available-for-sale financial assets		52,505	–	–	–
Impairment of intangible assets		153,682	–	–	–
Change in fair value of derivative financial instruments		76,378	–	76,378	–
Provision re-estimates		43,274	(23,152)	–	–
Borrowing costs		27,200	–	27,200	–
Other items		2,135	–	–	–

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Notes to the Financial Statements (continued)

for the Financial Year Ended 30 June 2009

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
8 Income Tax				
(A) RECOGNISED IN THE INCOME STATEMENT				
Current tax expense				
Current year	16,293	63,192	13,378	43,372
Adjustments for prior years	(4,373)	(2,847)	(11,819)	(2,847)
	11,920	60,345	1,559	40,525
Deferred tax expense				
Origination and reversal of temporary differences	(33,285)	(15,007)	(25,729)	7,382
Benefit of tax losses recognised	(303)	(1,040)	–	–
	(33,588)	(16,047)	(25,729)	7,382
Total income tax expense/(benefit) in income statement	(21,668)	44,298	(24,170)	47,907
(B) NUMERICAL RECONCILIATION BETWEEN TAX EXPENSE AND PRE-TAX NET PROFIT				
Profit/(loss) before tax	(237,775)	239,865	45,068	48,712
Income tax using the domestic corporation tax rate of 30% (2008: 30%)	(71,333)	71,960	13,520	14,614
Increase/(decrease) in income tax expense due to:				
Rebateable dividends	–	–	(39,881)	(18,000)
Share of associates' net profits	(755)	(790)	–	–
Non-deductible expenses/non-assessable income	(13,984)	(16,239)	(315)	793
Impairment writedowns	60,278	–	–	–
Effect of tax losses recognised	(303)	(1,040)	–	–
Tax liabilities assumed by ultimate Australian parent entity	–	–	–	50,500
Income tax expense/(benefit) on transfer of deferred tax balances on application of tax consolidation	–	–	–	–
Under/(over) provision in prior years	–	(2,847)	–	–
Other	4,429	(6,921)	2,506	–
Change in overseas tax rate	–	–	–	–
Differential tax rate on overseas income	–	175	–	–
Income tax expense/(benefit) on pre-tax net profit	(21,668)	44,298	(24,170)	47,907

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	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Deferred income tax in the balance sheet as at 30 June 2009 relates to the following:				
Deferred tax assets				
Employee benefits	12,744	11,689	–	11,402
Provisions	37,978	18,824	22,914	18,824
Finance leases	593	500	–	487
Tax losses	1,174	1,040	–	–
IPO costs – blackhole expenditure	215	387	–	387
Other	14,991	4,259	1,240	4,550
	67,695	**36,699**	**24,154**	**35,650**
Deferred tax liabilities				
Property, plant and equipment	(86)	11,537	–	3,647
Deferred income	(939)	1,485	–	1,385
Other	9,542	150	581	150
Revaluation of land and buildings to fair value	11,688	15,391	–	12,310
	20,205	**28,563**	**581**	**17,492**
Deferred income tax expense in the income statement for the year ended 30 June 2009 relates to the following:				
Deferred tax assets				
Employee post-employment benefits	(534)	(5,498)	–	(4,040)
Provisions	(4,826)	9,492	–	9,492
Finance leases	165	407	–	(420)
Tax losses	(303)	–	–	–
Blackhole expenditure	(153)	(147)	–	(147)
Write down of hedges	(22,914)	–	(22,914)	–
Other	(714)	–	(89)	2,131
Deferred tax liabilities				
Property, plant and equipment	(104)	(1,124)	–	168
Change in overseas tax rate	–	–	–	–
Other	(4,205)	(19,177)	(2,726)	198
	(33,588)	**(16,047)**	**(25,729)**	**7,382**

9 Cash and Cash Equivalents

Cash at bank and on hand	65,284	46,619	1,381	2,271
Short-term deposits	4,855	11,687	–	276
Bank overdrafts	(24)	(180)	(1,606)	–
Cash and cash equivalents in the cash flow statement	**70,115**	**58,126**	**(225)**	**2,547**

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.

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 33.

Notes to the Financial Statements (continued)

for the Financial Year Ended 30 June 2009

	NOTES	Consolidated 2009 $'000	Consolidated 2008 $'000	The Company 2009 $'000	The Company 2008 $'000
10 Trade and Other Receivables					
Current					
Trade receivables		307,108	315,401	–	–
Less: Impairment of trade receivables		(4,537)	(2,899)	–	–
		302,571	**312,502**	**–**	**–**
Other receivables		47,467	45,078	2	2
Amounts owing – related parties and associates	31C	2,065	1,310	–	–
		352,103	**358,890**	**2**	**2**
Non-Current					
Amounts owing – related parties and associates	31C	–	–	2,610,773	2,575,561
		–	**–**	**2,610,773**	**2,575,561**

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in Note 33.

	NOTES	Consolidated 2009 $'000	Consolidated 2008 $'000	The Company 2009 $'000	The Company 2008 $'000
11 Current Tax Assets					
Income tax receivable		**10,058**	**–**	**4,133**	**–**
12 Inventories					
Raw materials and consumables – at cost		18,573	13,105	–	–
Work in progress – at cost		7,438	9,105	–	–
Finished goods – at cost		126,734	144,274	–	–
		152,745	**166,484**	**–**	**–**
Less provision for obsolescence		(988)	(1,531)	–	–
		151,757	**164,953**	**–**	**–**
13 Other Financial Assets					
Current					
Derivatives		41,346	19,482	31,744	8,951
		41,346	**19,482**	**31,744**	**8,951**
Non-Current					
Investments in controlled entities		–	–	650,530	466,530
Other investments		21,195	73,337	–	–
		21,195	**73,337**	**650,530**	**466,530**

Other investments are classified as available-for-sale assets under AASB 139.

The Group's exposure to credit, currency and interest rate risks related to other investments is disclosed in Note 33.

	NOTES	Consolidated 2009 $'000	Consolidated 2008 $'000	The Company 2009 $'000	The Company 2008 $'000
14 Other Assets					
Prepayments		5,015	8,011	–	–
Other current assets		5,807	2,909	3,989	–
		10,822	**10,920**	**3,989**	**–**
15 Investments Accounted for Using the Equity Method					
Investment in associates		18,096	19,252	–	–
		18,096	**19,252**	**–**	**–**

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16 Property, Plant and Equipment

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
LAND				
Land at fair value	180,731	202,730	–	–
Provision for depreciation	–	–	–	–
Net book value	**180,731**	**202,730**	**–**	**–**
Movements				
Opening written down value	202,730	122,492	–	–
Additions through business combinations	6,342	15,376	–	–
Additions	3,635	22,830	–	–
Disposals	(323)	(857)	–	–
Transfer between categories	(32,076)	(5,834)	–	–
Revaluation	–	56,331	–	–
Effect of movements in foreign exchange	423	(7,608)	–	–
Closing written down value	**180,731**	**202,730**	**–**	**–**
LANDFILL, CELL DEVELOPMENT AND REMEDIATION				
Landfill and cell development	280,570	186,722	–	–
Provision for remediation	(91,105)	(78,840)		
Provision for depreciation	(36,409)	(20,277)	–	–
Net book value	**153,056**	**87,605**	**–**	**–**
Movements				
Opening written down value	87,605	12,730	–	–
Additions through business combinations	–	17,587	–	–
Additions	31,894	35,257	–	–
Increase in remediation provision	(14,130)	–	–	–
Movement in remediation provision	1,865	(4,564)	–	–
Disposals	–	–	–	–
Transfer from landfill airspace	25,055	50,113	–	–
Transfer between categories	35,690	1,132	–	–
Depreciation	(16,132)	(12,352)	–	–
Other	–	(889)	–	–
Effect of movements in foreign exchange	1,209	(11,409)	–	–
Closing written down value	**153,056**	**87,605**	**–**	**–**

The provision for remediation has been estimated using current expected costs and techniques applicable to the disturbed area. These costs have been adjusted forward to the total expected costs at the time of works being required. These costs have then been discounted to estimate the required provision at a rate of 11.83%.

Notes to the Financial Statements (continued)

for the Financial Year Ended 30 June 2009

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
16 Property, Plant and Equipment (continued)				
BUILDINGS				
Buildings at fair value	81,798	75,454	–	–
Provision for depreciation	(10,795)	(7,356)	–	–
Net book value	71,003	68,098	–	–
Movements				
Opening written down value	68,098	52,829	–	–
Additions through business combinations	2,537	2,692	–	–
Additions	12,881	13,210	–	–
Disposals	(346)	(64)	–	–
Transfer between categories	(8,743)	3,553	–	–
Depreciation	(3,438)	(2,687)	–	–
Effect of movements in foreign exchange	14	(1,435)	–	–
Closing written down value	71,003	68,098	–	–
LEASEHOLD IMPROVEMENTS				
Leasehold improvements	9,145	7,370	–	–
Provision for depreciation	(1,530)	(1,073)	–	–
Net book value	7,615	6,297	–	–
Movements				
Opening written down value	6,297	4,270	–	–
Additions through business combinations	–	–	–	–
Additions	1,782	625	–	–
Disposals	(40)	(256)	–	–
Transfer between categories	–	2,545	–	–
Depreciation	(457)	(379)	–	–
Effect of movements in foreign exchange	33	(508)	–	–
Closing written down value	7,615	6,297	–	–
PLANT AND EQUIPMENT				
Plant and equipment	948,312	801,581	–	–
Provision for depreciation	(362,686)	(252,345)	–	–
Net book value	585,626	549,236	–	–
Movements				
Opening written down value	549,236	504,327	–	–
Additions through business combinations	11,542	45,686	–	–
Additions	157,238	121,397	–	–
Disposals	(25,487)	(7,223)	–	–
Impairment of assets	(2,093)	–		
Transfer between categories	5,130	(1,396)	–	–
Depreciation	(111,853)	(102,840)	–	–
Effect of movements in foreign exchange	1,913	(10,715)	–	–
Closing written down value	585,626	549,236	–	–

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	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
CAPITAL WORK IN PROGRESS				
Balance at beginning of year	51,268	22,132	–	–
Net movement	42,934	29,136	–	–
Balance at end of year	**94,202**	**51,268**	**–**	**–**
TOTAL PROPERTY, PLANT AND EQUIPMENT				
Property, plant and equipment	1,594,758	1,325,125	–	–
Provision for remediation	(91,105)	(78,840)	–	–
Provision for depreciation	(411,420)	(281,052)	–	–
Net book value	**1,092,233**	**965,233**	**–**	**–**
Movements				
Opening written down value	965,233	718,780	–	–
Additions through business combinations	20,421	81,341	–	–
Additions	195,165	188,755	–	–
Net movement in capital WIP	42,934	29,136	–	–
Disposals	(26,196)	(8,400)	–	–
Impairment of assets	(2,093)	–		
Transfer from landfill airspace	25,055	50,113	–	–
Depreciation	(131,880)	(118,258)	–	–
Revaluation	–	56,331	–	–
Other	–	(889)	–	–
Effect of movements in foreign exchange	3,594	(31,676)	–	–
Closing written down value	**1,092,233**	**965,233**	**–**	**–**

VALUATIONS

On 30 June 2008 an independent valuation was obtained to determine fair value of land 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 arm's length transaction at the valuation date. The revaluations of land 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.

At 30 June 2009 an internal assessment using market data did not result in any movements in fair value in the 2009 financial year.

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 profit or loss. Revaluation movements are discussed in Note 24(F).

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Notes to the Financial Statements (continued)

for the Financial Year Ended 30 June 2009

16 Property, Plant and Equipment (continued)

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

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
LAND (EXCLUDING LANDFILL)				
Cost	**105,785**	**127,784**	**–**	**–**
BUILDINGS				
Cost	84,337	77,993	–	–
Accumulated depreciation	(11,844)	(8,405)	–	–
Net carrying amount	**72,493**	**69,588**	**–**	**–**

LEASED PLANT AND EQUIPMENT

The carrying amount of plant and equipment held under finance lease and hire purchase contracts at 30 June 2009 is $133,269,000 (2008: $89,973,000). Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase liabilities.

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000

17 Intangible Assets

GOODWILL				
Goodwill at cost	2,031,504	2,002,294	–	–
Provision for amortisation	–	–	–	–
Net book value	**2,031,504**	**2,002,294**	**–**	**–**
Movements				
Opening written down value	2,002,294	2,275,464		
Additions through business combinations	36,988	201,993	–	–
Reclassification of identifiable intangibles on acquisition to landfill airspace*	–	(381,880)	–	–
Impairment of goodwill	(18,199)	–	–	–
Effect of movements in foreign exchange	10,421	(93,283)	–	–
Closing written down value	**2,031,504**	**2,002,294**	**–**	**–**

* Refer to Note 3(J)

LANDFILL AIRSPACE				
Landfill airspace at cost	181,402	331,767	–	–
Provision for amortisation	–	–	–	–
Net book value	**181,402**	**331,767**	**–**	**–**
Movements				
Opening written down value	331,767	–		
Reclassification of identifiable intangibles on acquisition from goodwill	–	381,880	–	–
Impairment of intangible	(125,310)	–	–	–
Transfer to landfill and cell development costs	(25,055)	(50,113)	–	–
Closing written down value	**181,402**	**331,767**	**–**	**–**

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	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
PATENTS AND LICENCES				
Patents and licences at cost	77,117	77,117	–	–
Provision for amortisation	(2,150)	(1,720)	–	–
Net book value	**74,967**	**75,397**	**–**	**–**
Movements				
Opening written down value	75,397	75,827	–	–
Amortisation	(430)	(430)	–	–
Closing written down value	**74,967**	**75,397**	**–**	**–**
OTHER INTANGIBLES				
Other intangibles at cost	129,361	134,045	–	–
Provision for amortisation	(1,877)	(1,258)	–	–
Net book value	**127,484**	**132,787**	**–**	**–**
Movements				
Opening written down value	132,787	129,188	–	–
Additions through business combinations	–	4,185	–	–
Amortisation	(633)	(565)	–	–
Impairment of intangibles	(4,684)	–		
Effect of movement in foreign exchange	14	(21)	–	–
Closing written down value	**127,484**	**132,787**	**–**	**–**
TOTAL INTANGIBLES				
Intangibles at cost	2,419,384	2,545,223	–	–
Provision for amortisation	(4,027)	(2,978)	–	–
Net book value	**2,415,357**	**2,542,245**	**–**	**–**
Movements				
Opening written down value	2,542,245	2,480,479	–	–
Acquisitions through business combinations	36,988	206,178	–	–
Transfer to landfill and cell development costs	(25,055)	(50,113)	–	–
Amortisation	(1,063)	(995)	–	–
Impairment of intangibles	(148,193)	–		
Effect of movement in foreign exchange	10,435	(93,304)	–	–
Closing written down value	**2,415,357**	**2,542,245**	**–**	**–**

Other intangibles includes customer contracts valued at $42,883,000 (2008: $46,221,000) 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 2009, all intangible assets were tested for impairment as required by AASB 136 "Impairment of Assets". Impairment losses of $153.7 million were charged against continuing operations in the 2009 financial year.

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Notes to the Financial Statements (continued)

for the Financial Year Ended 30 June 2009

17 Intangible Assets (continued)

The Group has multiple cash-generating units which are based on business operations that were tested for impairment. The cash-generating units with significant goodwill, and other intangibles attributable to them are:

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
CASH-GENERATING UNIT				
Transpacific Industries Group (NZ) Ltd	716,095	704,315	–	–
Victoria Landfill Division	119,997	337,052	–	–
Transpacific Cleanaway Pty Ltd	1,211,037	1,193,047	–	–
	2,047,129	**2,234,414**	**–**	**–**

There are no other individual cash-generating units with significant goodwill and intangibles attributable to them.

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 five years using a growth rate of between 0% – 2.25% per annum plus inflation of 2.75% per annum. Both of these assumptions are deemed conservative as there are no intentions to dispose of any businesses and the historic growth rate of the Group is greater than the rates used. The terminal value used in the value-in-use calculations is based on the same growth assumptions used in the cash flow projections.

A post-tax nominal discount rate of 9.21% (2008: 8.5%) has been used in discounting the projected cash flows. This equates to a pre-tax nominal rate of 11.83% (2008: 10.92%). 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.

		Consolidated		The Company	
	NOTES	2009 $'000	2008 $'000	2009 $'000	2008 $'000
18 Trade and Other Payables					
CURRENT					
Trade payables		180,139	183,943	–	–
Other payables and accruals		68,560	86,085	9,095	10,942
Payables to related parties and associates	31C	270	65	197,548	193,624
Deferred settlements		2,679	22,875	–	–
		251,648	**292,968**	**206,643**	**204,566**

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 33.

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	NOTES	Consolidated 2009 $'000	Consolidated 2008 $'000	The Company 2009 $'000	The Company 2008 $'000
19 Borrowings					
CURRENT					
Unsecured					
Bank loans		1,828,079	364,193	1,495,652	–
US Private Placement notes		184,869	–	184,869	–
6.75% Subordinated Convertible notes*		273,067	–	273,067	–
Deferred borrowing costs		(8,905)	–	(8,905)	–
Loans to related parties and associates	31C	8,601	7,723	–	–
Other		614	614	–	–
		2,286,325	372,530	1,944,683	-
Secured					
Obligations under finance leases and hire purchase liabilities	29B	135,353	19,296	–	–
		2,421,678	391,826	1,944,683	-
NON-CURRENT					
Unsecured					
Bank loans		30,685	1,433,349	–	1,480,421
US Private Placement notes		–	169,196	–	169,196
6.75% Subordinated Convertible notes*		–	299,569	–	299,569
Deferred borrowing costs		–	(38,451)	–	(38,451)
Loans from related parties	31C	–	–	–	–
Other		2,116	2,125	–	–
		32,801	1,865,788	-	1,910,735
Secured					
Obligations under finance leases and hire purchase liabilities	29B	–	73,177	–	–
		32,801	1,938,965	-	1,910,735

	2009 $'000	2008 $'000
***Convertible notes**		
Opening balance	299,569	–
Convertible notes issued at face value	–	347,500
Reduction in principal on buy back	(24,564)	–
Convertible notes taken to equity	–	(51,951)
Amortisation	6,829	4,020
Profit on repurchase	(8,767)	–
Closing balance	**273,067**	**299,569**

Notes to the Financial Statements (continued)

for the Financial Year Ended 30 June 2009

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	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000

19 Borrowings (continued)

FINANCING FACILITIES

The Group's finance facilities are summarised below:

	Consolidated 2009 $'000	Consolidated 2008 $'000	The Company 2009 $'000	The Company 2008 $'000
Facility amount				
Syndicated Facility Agreement	2,095,160	2,128,000	2,095,160	2,128,000
US Private Placement notes	169,196	169,196	169,196	169,196
6.75% Subordinated Convertible notes	309,100	347,500	309,100	347,500
	2,573,456	**2,644,696**	**2,573,456**	**2,644,696**

At 30 June 2009 the syndicated facility consisted of one and three year tranches, which are subject to annual extensions. The one year tranches mature 15 December 2009. The three year tranches mature 15 December 2010.

Subsequent to year end the long-term extension of the syndicated facility into four and five year tranches was completed and took effect. The syndicated facility amount was also reduced to $1.435 million. Refer to Note 36(C) for further details.

Interest rates are variable under the Syndicated Facility Agreement. The Company manages its exposure to floating rate debt by hedging a proportion of its exposure with interest rate swaps.

The maturity profile for the US Private Placement notes is as follows:

PRINCIPAL AMOUNT	AUD FIXED AMOUNT	MATURITY DATE
USD87,000,000	AUD97,752,808	17 December 2012
CAD15,000,000	AUD17,510,580	17 December 2012
USD48,000,000	AUD53,932,584	17 December 2017

The US Private Placement and US denominated debt under the Syndicated Facility Agreement has been swapped to A$ fixed rate debt to mitigate the foreign currency risk exposure arising for these borrowings. The USPP lenders have the right to put the debt as at September 2012.

In December 2007 the Company issued $347.5 million subordinated notes due 7 December 2014. The notes carry a coupon of 6.75% per annum and will, unless previously converted, be redeemed at their principal amount on maturity. The conversion price of the notes has been set at A$14.8648 per ordinary share, subject to adjustment in accordance with the conditions. The convertible noteholders have the right to request redemption on 7 December 2014.

During the financial year the Company repurchased convertible notes with a face value of $38.4 million, reducing the face value of the convertible notes on issue to $309.1 million.

The Group and the Company can also borrow outside of the facilities detailed above.

	Consolidated 2009 $'000	Consolidated 2008 $'000	The Company 2009 $'000	The Company 2008 $'000
DEBT FACILITIES				
Total facilities available	2,573,456	2,666,696	2,573,456	2,666,696
Facilities utilised at balance date	(2,528,579)	(2,515,720)	(2,528,579)	(2,515,720)
Facilities not utilised at balance date	**44,877**	**150,976**	**44,877**	**150,976**

Facilities used at balance date include $136.2 million (2008: $137.7 million) in guarantees and letters of credit which are off the balance sheet. Refer Note 29.

As set out in Note 3(Z) the Company breached its USPP note and syndicated facility covenants during the year. These breaches were waived in August 2009 as detailed in Note 36.

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	Consolidated 2009 $'000	Consolidated 2008 $'000	The Company 2009 $'000	The Company 2008 $'000
20 Current Tax Liabilities				
Income tax payable	–	1,784	–	6,088
21 Provisions				
CURRENT				
Provision for warranty				
Balance at beginning of year	5,657	3,784	–	–
Provisions made during the year	2,968	4,397	–	–
Provisions used during the year	(3,243)	(2,524)	–	–
Provisions reversed during the year	–	–	–	–
Balance at end of year	**5,382**	**5,657**	**–**	**–**
Provision – Other				
Balance at beginning of year	2,135	5,703	–	–
Provisions made during the year	16,590	17,385	–	–
Provisions used during the year	(10,980)	(14,620)	–	–
Provisions reversed during the year	3,948	(6,333)	–	–
Balance at end of year	**11,693**	**2,135**	**–**	**–**
Provision – Dividend and distributions				
Balance at beginning of year	–	6,500	–	6,500
Provisions made during the year	–	41,628	–	–
Provisions used during the year	–	(48,128)	–	(6,500)
Balance at end of year	**–**	**–**	**–**	**–**
Total current provisions				
Balance at beginning of year	7,792	15,987	–	6,500
Provisions made during the year	19,558	63,410	–	–
Provisions used during the year	(14,223)	(65,272)	–	(6,500)
Provisions reversed during the year	3,948	(6,333)	–	–
Balance at end of year	**17,075**	**7,792**	**–**	**–**

WARRANTIES

The provision for warranties relates mainly to the commercial vehicle division warranties for vehicles. The provision is based on estimates made from historical warranty data associated with similar services.

OTHER PROVISIONS

Included in other provisions is an amount of $2.6 million in relation to workers compensation self insurance of the Group. The workers compensation self insurance provision is reassessed annually in consultation with actuarial advice.

DIVIDENDS AND DISTRIBUTIONS

The provision relates to the consolidated Group's obligation to pay dividends to its shareholders.

	Consolidated 2009 $'000	Consolidated 2008 $'000	The Company 2009 $'000	The Company 2008 $'000
22 Other Liabilities				
Deferred income	20,314	24,464	–	–
Derivatives	87,028	11,831	76,378	–
	107,342	**36,295**	**76,378**	**–**

Notes to the Financial Statements (continued)

for the Financial Year Ended 30 June 2009

23 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 2009	NUMBER UNDER OPTION 2008
(1) 3 May 2005	31 August 2006	31 July 2009	$2.40	70,000	6,731,112
(2) 8 November 2005	31 August 2006	31 July 2009	$4.26	100,000	150,000
(3) 17 February 2006	31 August 2007	31 July 2010	$5.40	333,334	350,000
(4) 24 April 2006	31 August 2007	31 July 2010	$8.53	708,334	725,000
(5) 13 September 2006	31 August 2007	31 July 2010	$7.25	720,001	820,000
(6) 20 September 2006	31 August 2007	31 July 2010	$7.28	283,333	300,000
(7) 23 October 2006	31 August 2007	31 July 2010	$8.20	40,000	60,000
(8) 10 November 2006	31 August 2008	31 July 2010	$8.09	50,000	50,000
(9) 14 December 2006	31 August 2008	31 July 2010	$8.81	53,334	70,000
(10) 12 March 2007	31 August 2008	31 July 2010	$9.98	1,295,000	1,295,000
(11) 12 March 2007	31 August 2008	31 July 2011	$9.98	1,200,000	1,200,000
(12) 3 May 2007	31 August 2008	31 July 2011	$12.51	175,000	175,000
(13) 16 May 2007	31 August 2008	31 July 2011	$13.06	1,150,000	1,150,000
(14) 22 October 2007	31 August 2008	31 July 2011	$11.15	145,000	145,000
(15) 11 February 2008	31 August 2009	31 July 2011	$7.96	1,005,000	1,005,000
(16) 23 September 2008	31 August 2009	31 July 2012	$6.13	400,000	–
(17) 6 November 2008	31 August 2009	31 July 2012	$3.55	1,150,000	–

Options issued under the option plan are exercisable in two or 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/ASX 200 (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 fair value of the options range from 37 cents to $2.23.

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

	WEIGHTED AVERAGE EXERCISE PRICE 2009	NUMBER OF OPTIONS 2009	WEIGHTED AVERAGE EXERCISE PRICE 2008	NUMBER OF OPTIONS 2008
Outstanding at the beginning of the period	$6.77	9,465,122	$6.65	11,423,337
Granted during the period	$4.22	1,550,000	$8.78	1,355,000
Exercised during the period(i)	$2.40	(2,136,786)	$2.78	(2,484,327)
Cancelled during the period		–		(828,888)
Outstanding at the end of the period(ii)		8,878,336		9,465,122
Exercisable at the end of the period	$8.96	2,842,666	$6.77	723,249

(i) Exercised during the financial year

OPTION SERIES	NUMBER EXERCISED	EXERCISE DATE	SHARE PRICE AT EXERCISE DATE
(1) 3 May 2005	277,779	03/09/2008	$6.83
(1) 3 May 2005	725,003	16/09/2008	$6.04
(1) 3 May 2005	984,004	23/09/2008	$6.85
(1) 3 May 2005	50,000	24/09/2008	$6.88
(1) 3 May 2005	100,000	24/11/2008	$3.00
	2,136,786		

(ii) Balance at end of the financial year

The options outstanding at 30 June 2009 have an exercise price in the range of $2.40 to $13.06 (2008: $2.40 to $13.06) and a weighted average contractual life of 2.0 years (2008: 1.9 years).

The total share-based payment expense included in the income statement is set out in Note 24(F).

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

		$6.13 400,000 23/09/08	$3.55 1,150,000 06/11/08
Expected life	Tranche 1	0.80	1.60
	Tranche 2	0.80	2.60
	Tranche 3	2.80	–
Volatility – Transpacific (%)		28.00	28.00
Volatility – S&P/ASX200 (%)		10.00	10.00
Risk free interest rate (%)	Tranche 1	6.50	6.50
	Tranche 2	6.55	6.55
Dividend yield – Transpacific (%)		2.90	2.90
Dividend yield – S&P/ASX200 (%)		4.20	4.20

Notes to the Financial Statements (continued)

for the Financial Year Ended 30 June 2009

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
24 Equity				
(A) ISSUED CAPITAL				
Ordinary shares – Issued and fully paid	1,041,383	919,450	1,041,383	919,450
Step-up preference securities	249,846	249,846	–	–
Convertible notes equity component	51,588	51,951	51,588	51,951
	1,342,817	1,221,247	1,092,971	971,401

	2009		2008	
	NUMBER OF SHARES	$'000	NUMBER OF SHARES	$'000
(B) MOVEMENTS IN ORDINARY SHARES				
Balance at the beginning of the year	287,219,707	919,450	279,154,346	856,374
Issued during the financial year:				
– shares issued for business acquisitions	4,651,690	30,802	1,378,863	13,844
– dividend reinvestment plan and underwrite agreement	8,297,105	49,440	4,202,171	41,628
– convertible bond repurchase	1,725,838	6,601	–	–
– exercise of share options	6,950,000	22,203	–	–
– exercise of employee share options	2,136,786	13,529	2,484,327	8,068
– transaction costs	–	(642)	–	(464)
Balance at the end of the year	310,981,126	1,041,383	287,219,707	919,450

Ordinary shares participate in dividends and the proceeds on winding up of the Company 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.

	2009		2008	
	NUMBER OF UNITS	$'000	NUMBER OF UNITS	$'000
(C) MOVEMENTS IN STEP-UP PREFERENCE SECURITIES				
Balance at the beginning of the year	2,500,000	249,846	2,500,000	249,846
Issued during the financial year:				
– under product disclosure statement	–	–	–	–
– transaction costs	–	–	–	–
Balance at the end of the year	2,500,000	249,846	2,500,000	249,846

The Group issued Step-up Preference Securities (SPS) via a prospectus dated 4 July 2006.

The rights of SPS holders to payments rank ahead of ordinary shareholders and have no fixed repayment date.

Distributions on the SPS are discretionary, payable semi-annually, non-cumulative and payable on the 180 day bank bill swap reference rate plus a margin of 3.5% per annum. Distributions are expected to be fully franked.

Distributions are payable in priority to dividends on ordinary shares. Where a distribution on SPS is not paid, the Company may not declare or pay any dividends on ordinary shares until such time as an amount equivalent to unpaid distributions in the past 12 months have been paid, all SPS have been redeemed or exchanged, or a special resolution of the SPS holders has been passed approving such action.

The first periodic remarketing date is 1 October 2011 and provides the Issuer, Transpacific SPS Trust, with the following options:

- conduct a remarketing process to establish a new margin and adjust such other terms which will then apply until the next remarketing date;

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- redeem for cash;
- exchange SPS for a variable number of Transpacific Ordinary Shares; or
- begin paying distributions at the step-up margin on the SPS.

(D) DIVIDEND REINVESTMENT PLAN

The Company has established a dividend reinvestment plan ("DRP") 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 DRP at the 15 trading day volume weighted average price (VWAP) from the second trading day after the record date.

(E) SHARE OPTIONS

Executive Share Option Plan

The details of the Executive Share Option Plan are set out at Note 23.

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 were intended to enable the Peabody family to retain effective control as the Non-Executive Director and Executive options were exercised. There are no voting or dividend rights attached to the options. These options were exercised in full during the year. 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	2,316,667
3 May 2005	31 August 2008	31 July 2009	$3.65	2,316,666	2,316,666	2,316,666
3 May 2005	23 October 2008				(6,950,000)	(6,950,000)
Outstanding at the end of the period					**–**	**–**

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
(F) RESERVES				
Foreign currency translation reserve	(45,150)	(56,464)	–	–
Asset revaluation reserve	36,752	33,048	–	–
Hedging reserve	(2,120)	7,038	–	8,951
Employee equity benefits reserve	590	6,371	590	6,371
	(9,928)	**(10,007)**	**590**	**15,322**

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:

	Consolidated 2009 $'000	Consolidated 2008 $'000	The Company 2009 $'000	The Company 2008 $'000
Foreign currency translation reserve				
Opening balance	(56,464)	34,208	–	–
Exchange differences taken to equity	11,314	(90,672)	–	–
Closing balance	**(45,150)**	**(56,464)**	**–**	**–**

Notes to the Financial Statements (continued)

for the Financial Year Ended 30 June 2009

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	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
24 Equity (continued)				
Asset Revaluation Reserve				
Nature and purpose of reserve				
The asset revaluation reserve is used to record revaluations of non-current assets.				
Movements:				
Asset revaluation reserve:				
Opening balance	33,048	4,223	–	–
Revaluation	3,704	28,825	–	–
Transfer to retained earnings	–	–	–	–
Closing balance	**36,752**	**33,048**	**–**	**–**
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:				
Hedging reserve:				
Opening balance	7,038	(2,031)	8,951	3,165
Transfer to net profit	(8,951)	(3,571)	(8,951)	(3,571)
Net gain/(loss) taken to equity	(207)	12,640	–	9,357
Closing balance	**(2,120)**	**7,038**	**–**	**8,951**
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 23 for further details of these plans.				
Movements:				
Employee equity benefits reserve:				
Opening balance	6,371	4,018	6,371	4,018
Share-based payment expense	2,619	3,516	2,619	3,516
Transfer to issued capital	(8,400)	(1,163)	(8,400)	(1,163)
Closing balance	**590**	**6,371**	**590**	**6,371**

	2009		2008	
	AMOUNT PER SHARE/UNIT	TOTAL $'000	AMOUNT PER SHARE/UNIT	TOTAL $'000
(G) DIVIDENDS AND DISTRIBUTIONS				
Ordinary shares				
Interim dividend: fully franked at 30% tax rate	–	–	8.0c	22,766
Final dividend: fully franked at 30% tax rate	10.1	29,621	6.7c	18,862
Total dividends paid		**29,621**		**41,628**
Step-up preference securities				
Distribution period ended 30 September: fully franked at 30% tax rate	$4.02	10,050	$3.54	8,850
Distribution period ended 31 March: fully franked at 30% tax rate	$3.60	9,000	$3.67	9,175
Total distribution paid		**19,050**		**18,025**

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.

	2009		2008	
	AMOUNT PER SHARE/UNIT	TOTAL $'000	AMOUNT PER SHARE/UNIT	TOTAL $'000
Proposed for:				
Ordinary shares				
Final dividend: fully franked at 30% tax rate	–	–	10.1c	29,379
Step-up preference securities				
Distribution period ended 30 September: fully franked at 30% tax rate	$2.31	5,775	$4.02	10,050

	The Company	
	2009 $'000	2008 $'000
(H) FRANKING CREDIT BALANCE		
30% franking credits available to shareholders of Transpacific Industries Group Ltd for subsequent financial years	43,226	31,378

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.

In accordance with the tax consolidation legislation, the Company as the head entity in the tax-consolidated group has also assumed the benefit of $1,464,000 (2008: $1,676,000) franking credits as a result of business combinations.

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
(I) RETAINED EARNINGS				
Retained profits at beginning of year	272,806	139,183	(36,363)	1,042
Net profit attributable to members of the parent entity	(218,356)	193,276	69,238	805
Dividends paid – ordinary shares	(29,621)	(41,628)	(29,621)	(41,628)
Distributions paid – step-up preference securities	(19,050)	(18,025)	–	950
Transfer from asset revaluation reserve	–	–	–	2,468
Retained profits at end of year	**5,779**	**272,806**	**3,254**	**(36,363)**
(J) MINORITY INTEREST				
Contributed equity	15,696	20,782	–	–
Retained profits	1,970	2,763	–	–
	17,666	23,545	-	-

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Notes to the Financial Statements (continued)

for the Financial Year Ended 30 June 2009

25 Consolidated Entities

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

Entity	Country of Incorporation	Interest held by Group 2009 %	Interest held by Group 2008 %	Cost of the Company's investment 2009 $'000	Cost of the Company's investment 2008 $'000
Transpacific Industries Group Ltd – parent	Australia				
Transpacific Innovations Pty Ltd	Australia	100	100	157,231	157,231
Transpacific Co Pty Ltd*	Australia	100	100	20,853	20,853
Transpacific Resources Pty Ltd*	Australia	100	100		
Transpacific Industries Group Finance (NZ) Ltd	New Zealand	100	100	200,000	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		
ERS New Zealand Ltd	New Zealand	100	100	35,226	35,226
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 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	100	100		
ATS Developments Pty Ltd	Australia	100	100		
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	100	97		
ACN 122 808 324 Pty Ltd	Australia	100	100		
Transpacific Holdings Limited Pty Ltd	Australia	100	100		
Transpacific Waste Management Pty Ltd*	Australia	100	100	184,000	–

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		Interest held by Group		Cost of the Company's investment	
ENTITY	COUNTRY OF INCORPORATION	2009 %	2008 %	2009 $'000	2008 $'000
Rubus Holdings Pty Ltd*	Australia	100	100		
Rubus Intermediate Two Pty Ltd*	Australia	100	100		
Transpacific Cleanaway Holdings Pty Ltd*	Australia	100	100		
Rubus Intermediate One Pty Ltd*	Australia	100	100		
Transpacific Cleanaway Pty Ltd*	Australia	100	100		
Getabin Pty Ltd	Australia	100	100		
Transpacific Guilfoyle Pty Ltd	Australia	100	100		
Transpacific Ventures Pty Ltd	Australia	100	–		
Transpacific Baxter Pty Ltd*	Australia	100	100		
Baxter Business Pty Ltd*	Australia	100	100		
A J Baxter Pty Ltd	Australia	100	100		
Baxter Recyclers Pty Ltd	Australia	100	100		
Max T Pty Ltd	Australia	100	100		
Clarinda Landfill Pty Ltd	Australia	100	100		
Ashrye Pty Ltd	Australia	100	100		
Waste Management Pacific Pty Ltd*	Australia	100	100		
Waste Management Pacific (SA) Pty Ltd	Australia	100	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		
Transpacific Superior Pak Pty Ltd	Australia	100	100		
Mann Waste Management Pty Ltd	Australia	100	100		
Transpacific All-Brite Ltd	New Zealand	100	80		
Transpacific Environmental Services Pty Ltd	Australia	51	51		
QORS Pty Ltd	Australia	100	100		
Olmway Pty Ltd[(i)]	Australia	50	50		
L V Rawlinson & Associates Pty Ltd	Australia	100	100		
Transpacific Biofuels Pty Ltd[(i)]	Australia	50	50		
Transpacific Manufacturing Systems P/L	Australia	100	51		
Canterbury Waste Services Ltd	New Zealand	100	100		
Transwaste Canterbury Pty Ltd[(i)]	New Zealand	50	50		
Tiromoana Station Limited	New Zealand	100	100		
Enviroguard Pty Ltd	Australia	100	100		
Transpacific Resource Recovery Pty Ltd	Australia	50	50		
Transpacific Recycling Pty Ltd	Australia	100	–		
Transpacific Hygiene Pty Ltd	Australia	50	–		
Transpacific SPS Trust	Australia	100	100		
				650,530	466,530

(i) Wholly-owned subsidiaries of the Company have management control and the casting vote of Transpacific Refiners Pty Ltd, Olmway Pty Ltd, Transpacific Biofuels Pty Ltd and Transwaste Canterbury 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 Group 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.

Notes to the Financial Statements (continued)

for the Financial Year Ended 30 June 2009

25 Consolidated Entities (continued)

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

INCOME STATEMENT	2009 $'000	2008 $'000
Revenue from continuing activities	1,791,382	1,713,807
Other income	85,251	28,379
Cost of sales	(674,142)	(578,279)
Employee expenses	(436,532)	(405,334)
Depreciation and amortisation expenses	(112,189)	(82,960)
Net finance costs	(152,932)	(162,308)
Repairs and maintenance	(69,309)	(68,843)
Fuel purchases	(55,163)	(50,269)
Leasing charges	(19,588)	(13,050)
Freight costs	(12,882)	(6,913)
Other expenses	(413,125)	(185,119)
Mark to market	(86,130)	–
Share of net profits of associates accounted for using the equity method	684	1,460
Profit/(loss) before income tax	**(154,675)**	**190,571**
Income tax benefit/(expense)	35,806	(49,506)
Profit/(loss) from continuing operations	**(118,869)**	**141,065**

BALANCE SHEET	2009 $'000	2008 $'000
ASSETS		
Cash and cash equivalents	48,753	31,980
Trade and other receivables	334,083	455,360
Inventories	115,031	126,318
Other assets	13,566	20,262
Total current assets	**511,433**	**633,920**
Investments accounted for using the equity method	6,354	8,503
Investments	555,670	551,202
Property, plant and equipment	693,347	633,277
Intangible assets	1,604,659	1,696,990
Deferred tax assets	65,423	35,145
Total non-current assets	**2,925,453**	**2,925,117**
Total assets	**3,436,886**	**3,559,037**
LIABILITIES		
Trade and other payables	228,865	226,844
Interest-bearing loans and borrowings	2,118,594	381,527
Income tax payable	870	23,084
Employee entitlements	31,587	30,584
Provisions	25,917	2,144
Other	22,988	20,308
Total current liabilities	**2,428,821**	**684,491**
Interest-bearing loans and borrowings	–	1,619,606
Deferred tax liabilities	11,191	14,990
Employee entitlements	7,600	8,009
Deferred government grants	1,318	1,559
Total non-current liabilities	**20,109**	**1,644,164**
Total liabilities	**2,448,930**	**2,328,655**
Net assets	**987,956**	**1,230,382**
EQUITY		
Issued capital	1,093,840	1,158,500
Reserves	26,852	46,018
Retained earnings	(132,736)	25,864
Total equity	**987,956**	**1,230,382**

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26 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	2009 %	2008 %	2009 $'000	2008 $'000
Truck and bus dealership:						
Western Star Truck Centre Trust	Australia	30 June	50	50	(1,886)	(1,176)
Liquid waste management:						
Total Waste Management Pty Ltd	Australia	31 December	50	50	5,257	5,261
Western Resource Recovery Pty Ltd	Australia	31 December	50	50	5,173	4,261
Solid waste management:						
Otago Southland Waste Services Ltd	New Zealand	30 June	50	50	808	1,153
Living Earth Ltd	New Zealand	30 June	50	50	2,106	1,421
Midwest Disposals Ltd	New Zealand	30 June	50	50	2,673	2,460
Pikes Point Transfer Station Ltd	New Zealand	30 June	50	50	993	991
Mullan and Noy	New Zealand	30 June	50	50	1,143	1,177
Wellington Waste Disposal Pty Ltd	Australia	30 June	50	50	–	2,319
Wonthaggi Recyclers Pty Ltd	Australia	30 June	50	50	1,829	378
Earthpower Technologies Sydney Pty Ltd	Australia	30 June	50	50	–	1,432
Enviroway Ltd*	New Zealand	30 June	–	50	–	(425)
Oil Stream Pty Ltd	Australia	30 June	50	50	–	–
					18,096	19,252

* 50% ownership in Enviroway Ltd was sold on 30 June 2009.

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

(B) SHARE OF ASSOCIATES BALANCE SHEET

	Consolidated	
	2009 $'000	2008 $'000
Total assets	89,864	93,769
Total liabilities	(53,672)	(55,265)
Net assets as reported by associates	36,192	38,504
Share of associate's net assets equity accounted	18,096	19,252

(C) SHARE OF ASSOCIATES REVENUE AND PROFIT

Revenues (100%)	80,144	129,965
Profit before income tax (100%)	8,101	8,724
Share of associates profit before income tax	4,051	4,362
Share of income tax expense	(1,535)	(1,730)
Share of associates net profit/(loss) recognised	2,516	2,632

Notes to the Financial Statements (continued)

for the Financial Year Ended 30 June 2009

26 Investments Accounted for Using the Equity Method (continued)

(D) IMPAIRMENT LOSSES AND COMMITMENTS

During the year the associates were tested for impairment and as a result $3.4 million was written off to the Income Statement for the impairment of Earthpower Technologies Sydney Pty Ltd ($2.7 million) and Wellington Waste Disposals Pty Ltd ($0.7 million).

There were no capital commitments or other commitments relating to the associates.

27 Reconciliation of Cash Flows from Operating Activities

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Cash flows from operating activities				
Profit/(loss) for the period	(216,107)	195,567	69,238	805
Adjustments for:				
Share options expensed	2,619	3,516	2,619	3,516
Other non-cash items	76,375	10,408	16,146	8,660
Impairment on available-for-sale financial assets	52,505	–	–	–
Impairment on intangible assets	153,682	–	–	–
Impairment of derivative financial instruments (net of tax)	53,465	–	53,465	–
Profits on acquisition of businesses	–	(3,250)	–	–
Profit on sale of business	(947)	–	–	–
Depreciation	140,213	118,089	–	–
Amortisation	3,614	995	–	–
Bad and doubtful debt expense	–	–	–	–
Foreign exchange gain on loan	–	–	–	–
Dividends received from associates	–	–	(132,937)	(60,000)
Share of associates' net profits	(2,516)	(2,632)	–	–
Distribution received	710	–	–	–
Net (gain)/loss on disposal of property, plant and equipment	(3,408)	(1,139)	–	–
Operating profit before changes in assets and liabilities	**260,205**	**321,554**	**8,531**	**(47,019)**
Changes in assets and liabilities				
(Increase)/decrease in receivables	8,460	(39,485)	(2,182)	67
(Increase)/decrease in other assets	(382)	(1,045)	111	–
(Increase)/decrease in inventories	15,408	(21,275)	–	–
Increase/(decrease) in payables	(47,484)	(1,781)	(3,847)	(2,658)
Increase/(decrease) in income tax payable	(11,842)	5,824	(17,165)	3,078
Increase/(decrease) in deferred taxes	(14,994)	(7,427)	–	315
Increase/(decrease) in other liabilities	(4,333)	140	–	–
Increase/(decrease) in other provisions	(3,407)	(26,671)	–	–
Net cash from/(used in) operating activities	**201,631**	**229,834**	**(14,552)**	**(46,217)**

Non-cash financing and investing activities

During the 2009 year the Group acquired plant and equipment with an aggregate fair value of $70,432,952 (2008: $55,405,563) by means of finance lease. These acquisitions are not reflected in the cash flow statement.

During the year ended 30 June 2009 6,377,528 (2008: 1,378,863) ordinary shares were issued for a value of $37,403,024 (2008: $13,843,735) as part settlement for acquisitions and repurchase of convertible bonds. These share issues are not reflected in the cash flow statement as they were not cash flows.

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28 Business Combinations

On 15 September 2008, the consolidated entity acquired the Excell Provisional business.

From the date of acquisition, the business combination has contributed $2,862,665 to the EBITDA of the consolidated entity.

The aggregated fair value of the identifiable assets and liabilities of these are:

	Consolidated	
	RECOGNISED ON ACQUISITION $'000	CARRYING VALUE $'000
Receivables	1,983	1,983
Prepayments	18	18
Inventory	27	27
Other current assets	666	666
Property, plant and equipment	5,378	5,378
	8,072	8,072
Trade creditors	(1,583)	(1,583)
Employee entitlements	(688)	(688)
Other	(326)	(326)
	(2,597)	(2,597)
Fair value of net assets	5,475	5,475
Profit arising on acquisition	–	
Goodwill arising on acquisition	8,109	
Total consideration paid	13,584	
Consideration:		
Shares issued, at fair value	–	
Costs associated with the acquisition	13,584	
Total consideration paid	13,584	
The cash outflow on acquisition is as follows:		
Net cash acquired with the business	–	
Purchase price and associated costs	(13,584)	
Paid prior year	–	
	(13,584)	

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Notes to the Financial Statements (continued)

for the Financial Year Ended 30 June 2009

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28 Business Combinations (continued)

On 1 October 2008, the consolidated entity acquired 100% of the shares in Higgins Trading Company Pty Ltd (now trading as Transpacific Recycling Pty Ltd).

From the date of acquisition, the business combination has contributed $843,914 to the EBITDA of the consolidated entity.

The aggregated fair value of the identifiable assets and liabilities of these are:

	Consolidated	
	RECOGNISED ON ACQUISITION $'000	CARRYING VALUE $'000
Cash and cash equivalents	676	676
Receivables	1,337	1,337
Prepayments	95	95
Inventory	1,286	1,286
Other current assets	64	64
Property, plant and equipment	1,085	1,085
	4,543	**4,543**
Trade creditors	(444)	(444)
Employee entitlements	(186)	(186)
Other	(266)	(266)
	(896)	**(896)**
Fair value of net assets	**3,647**	**3,647**
Profit arising on acquisition	–	
Goodwill arising on acquisition	11,614	
Total consideration paid	**15,261**	
Consideration:		
Shares issued, at fair value	–	
Costs associated with the acquisition	15,261	
Total consideration paid	**15,261**	
The cash outflow on acquisition is as follows:		
Net cash acquired with the business	676	
Purchase price and associated costs	(15,261)	
Paid prior year	–	
	(14,585)	

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

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

	Consolidated	
	RECOGNISED ON ACQUISITION $'000	CARRYING VALUE $'000
Inventories	898	898
Other current assets	1,775	1,775
Property, plant and equipment	7,467	7,467
Investment in associates	1,700	1,700
	11,840	**11,840**
Employee entitlements	(984)	(984)
Other provisions	(200)	(200)
	(1,184)	(1,184)
Fair value of net assets	**10,656**	**10,656**
Profit arising on acquisition	–	
Goodwill arising on acquisition	17,017	
	27,673	
Consideration:		
Shares issued, at fair value	2,456	
Costs associated with the acquisition	25,217	
Minority interests	–	
Total consideration paid	**27,673**	
The cash outflow on acquisition is as follows:		
Net cash acquired with the business	–	
Purchase price and associated costs	(25,217)	
Deferred settlement	571	
	(24,646)	

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 4,651,690 ordinary shares were issued as part settlement of these business combinations and deferred settlements. The shares were issued at the three-day volume weighted average share price prior to settlement date.

The Group has a history of extracting synergies from acquisitions, and as such it is impracticable to measure the contribution these business combinations would have made to profit of the Group had they been held for the full year.

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Notes to the Financial Statements (continued)

for the Financial Year Ended 30 June 2009

		Consolidated		The Company	
	NOTES	2009 $'000	2008 $'000	2009 $'000	2008 $'000

29 Commitments and Contingencies

(A) OPERATING LEASE COMMITMENTS

The Group leases property, plant and equipment under operating leases expiring over terms of up to 10 years. Leases generally provide the Group with a right of renewal at which time all terms are renegotiated.

	Notes	Consolidated 2009 $'000	Consolidated 2008 $'000	The Company 2009 $'000	The Company 2008 $'000
Non-cancellable operating lease rentals are payable as follows:					
Within one year		26,433	24,098	–	–
Between one and five years		63,636	53,586	–	–
More than five years		42,611	46,543	–	–
		132,680	**124,227**	**-**	**-**

(B) FINANCE LEASE AND HIRE PURCHASE COMMITMENTS

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

	Notes	Consolidated 2009 $'000	Consolidated 2008 $'000	The Company 2009 $'000	The Company 2008 $'000
Commitments in relation to finance leases are payable as follows:					
Within one year		163,888	24,867	–	–
Between one and five years		–	80,671	–	–
More than five years		`–	6,638	–	–
Minimum lease payments		163,888	112,176	–	–
Less:					
Future finance charges		(28,535)	(19,703)	–	–
Total liabilities		**135,353**	**92,473**	**-**	**-**
Representing:					
Current	19	135,353	19,296	–	–
Non-current	19	–	73,177	–	–
Total liabilities		**135,353**	**92,473**	**-**	**-**

All commitments were classified as payable within one year at 30 June due to the debt default outlined in Note 19.

(C) CAPITAL EXPENDITURE AND OTHER COMMITMENTS

	Notes	Consolidated 2009 $'000	Consolidated 2008 $'000	The Company 2009 $'000	The Company 2008 $'000
Commitments in relation to capital expenditure and purchase commitments entered into:					
Within one year		57,151	31,097	–	–
Other		3,257	8,102	–	–
Commitments not recognised in the financial statements		**60,408**	**39,199**	**-**	**-**

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	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000

(D) GUARANTEES

The Group 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.

	Consolidated 2009 $'000	Consolidated 2008 $'000	The Company 2009 $'000	The Company 2008 $'000
Letters of credit issued to suppliers	4,307	4,923	–	–
Bank guarantees outstanding at balance date in respect of financing facilities	12,717	70,126	–	–
Bank guarantees outstanding at balance date in respect of contractual performance	119,130	62,672	–	–
	136,154	**137,721**	**–**	**–**

(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.

	Consolidated		The Company	
	2009	2008	2009	2008
30 Auditor's Remuneration				
1. Audit services:				
Bentleys Brisbane Partnership	891,407	860,850	–	–
Overseas auditors associated with Bentleys Brisbane Partnership	225,000	210,680	–	–
Total audit services	1,116,407	1,071,530	–	–
2. Non-audit services:				
Due diligence services:				
Bentleys Brisbane Partnership and Bentleys (Qld) Pty Ltd	23,379	49,362	–	–
Other:				
Bentleys Brisbane Partnership and Bentleys (Qld) Pty Ltd	40,465	43,000	–	–
Overseas auditors associated with Bentleys	–	23,365	–	–
	63,844	**115,727**	**–**	**–**
Taxation services:				
Bentleys (Qld) Pty Ltd	251,498	60,410	–	–
Overseas auditors associated with Bentleys	8,921	17,699	–	–
	260,419	**78,109**	**–**	**–**
Total non-audit services	324,263	193,836	–	–

Notes to the Financial Statements (continued)

for the Financial Year Ended 30 June 2009

31 Related Parties

(A) KEY MANAGEMENT PERSONNEL

Disclosures relating to key management personnel are set out in Note 35.

(B) WHOLLY-OWNED GROUP TRANSACTIONS

The wholly-owned Group consists of Transpacific Industries Group Ltd and its wholly-owned entities listed at Note 25.

Transactions between Transpacific Industries Group Ltd and other entities in the wholly-owned Group during the years ended 30 June 2009 and 2008 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 9% (2008: 7%).

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

	The Company	
	2009 $'000	2008 $'000
Interest revenue	161,479	144,858
Dividend revenue	132,937	60,000

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

	The Company	
	2009 $'000	2008 $'000
Non-current receivables (loans)	2,610,773	2,575,561

Aggregate amounts payable to entities in the wholly-owned Group at balance date:

	The Company	
	2009 $'000	2008 $'000
Current payables (loans)	197,548	193,624

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(C) OTHER RELATED PARTIES

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'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	–	–	–	–
Interest expense				
Director-related parties	–	–	–	–
Minority shareholders	319	476	–	–
Aggregate amounts brought to account in relation to other transactions with each class of other related parties:				
Loans advanced to/(from):				
Associates	755	(564)	–	–
Minority shareholders	–	–	–	–
Loan repayments (from):				
Associates	–	–	–	–
Minority shareholders	–	–	–	–
Loan repayments to:				
Associates	254	–	–	–
Minority shareholders	49	4,636	–	–
Write down of bad debt:				
Associates	250	–	–	–
Aggregate amounts receivable from, and payable to, each class of other related parties at balance date:				
Current receivables:				
Associates	2,065	1,310	–	–
Director-related entities	–	–	–	–
Minority shareholders	–	–	–	–
	2,065	**1,310**	**-**	**-**
Current payables:				
Associates	270	16	–	–
Director-related entities	–	–	–	–
Minority shareholders	–	49	–	–
	270	**65**	**-**	**-**
Current borrowings:				
Associates	8,601	7,723	–	–
	8,601	**7,723**	**-**	**-**
Non-current borrowings:				
Minority shareholders	–	–	–	–
	–	–	–	–

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Notes to the Financial Statements (continued)

for the Financial Year Ended 30 June 2009

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31 Related Parties (continued)

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 9% (2008: 7%).

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 arm's length basis.

The Group expensed $446,493 (2008: $252,411) for the hire of aircraft from Brenzil Pty Ltd (an entity related to Mr Terry Peabody) which was used to fly Transpacific Executives in connection with the acquisition of businesses, bank negotiations and investor relations. $168,141 (2008: $203,770) was capitalised to the cost of acquisitions. The Group performs a small amount of administrative work in relation to Brenzil Pty Ltd. No charter revenue or costs, other than when the Group hires the aircraft, are borne by the Group. The Group charges the related party $10,000 per annum for administration time. At 30 June 2009 the related party owed $93,893 (2008: $205,051) to the Group.

The Group performed a small amount of administrative work for Craggy Range Australia Pty Ltd, an entity related to Mr Terry Peabody, throughout the year. At 30 June 2009 the related party owed $286,593 (2008: $326,450) in respect of the business and its employees. The Group incurs no profit or loss on these transactions.

The Company administered costs in relation to MV Whistler, an associate related to Mr Terry Peabody. At 30 June 2009, the related party owed $70,016 to the Company (2008: $73,676).

Consulting fees of nil (2008: $55,643) were paid by the Group to International Infrastructure Ventures Pty Ltd. Mr Graham Mulligan, a Non-Executive Director of the Group, is the Managing Director and owner of this company.

The Group trades on normal commercial terms and conditions on an arm's length basis with Campbell Brothers Ltd. Mr Bruce Brown, a Non-Executive Director of the Group, is a Non-Executive Director of this company.

32 Segment Information

The Group has adopted AASB 8 "Operating Segments". AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. As a result, following the adoption of AASB 8, there is no change to the Group's reportable segments. Reporting is based on the Group's management reporting divisions.

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 Group 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
Other	Includes the manufacturing and biosolids divisions. These have not been disclosed separately due to immateriality

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2009	LIQUID WASTE MANAGEMENT $'000	ENERGY $'000	INDUSTRIAL SOLUTIONS $'000	COM-MERCIAL VEHICLES $'000	SOLID WASTE $'000	OTHER $'000	CONSOLI-DATED $'000
Revenue							
Sales – external	183,328	113,015	295,225	455,060	1,038,062	87,557	2,172,247
Inter-segment sales	42,359	20,270	11,124	207	33,348	34,547	141,855
Total sales revenue	**225,687**	**133,285**	**306,349**	**455,267**	**1,071,410**	**122,104**	**2,314,102**
Other revenue	4,777	16,638	181	–	5,748	1,521	28,865
Total segment revenue	**230,464**	**149,923**	**306,530**	**455,267**	**1,077,158**	**123,625**	**2,342,967**
Inter-segment elimination							(141,855)
Unallocated revenue							1,131
Total consolidated revenue							**2,202,243**
Result							
Segment result	22,098	21,041	15,452	26,132	(165,071)	1,145	(79,203)
Unallocated revenue less unallocated expenses							(161,088)
Share of profit of associates	909	–	–	–	1,607	–	2,516
Profit before income tax							**(237,775)**
Income tax benefit							21,668
Net profit							**(216,107)**
Segment assets	401,831	143,554	293,032	197,751	3,293,944	116,587	4,446,699
Investments in associates	9,534	–	18	(1,886)	10,430	–	18,096
Unallocated assets							2,056,263
Eliminations							(2,270,281)
Total assets							**4,250,777**
Segment liabilities	320,685	75,239	174,990	76,772	2,273,428	82,819	3,003,933
Unallocated liabilities							522,097
Eliminations							(631,587)
Total liabilities							**2,894,443**
Depreciation and amortisation expense	12,493	6,720	24,857	1,169	95,573	2,710	143,522
Unallocated							305
Total depreciation and amortisation							143,827
Impairment of assets	422	2,414	2,628	–	147,251	967	153,682
Acquisition property, plant and equipment	35,569	6,706	37,942	2,375	170,629	5,299	258,520

Notes to the Financial Statements (continued)

for the Financial Year Ended 30 June 2009

32 Segment Information (continued)

2008	LIQUID WASTE MANAGEMENT $'000	ENERGY $'000	INDUSTRIAL SOLUTIONS $'000	COM-MERCIAL VEHICLES $'000	SOLID WASTE $'000	OTHER $'000	CONSOLI-DATED $'000
Revenue							
Sales – external	182,277	110,658	284,718	473,893	1,011,012	87,057	2,149,615
Inter-segment sales	31,734	18,868	9,383	–	33,703	16,447	110,135
Total sales revenue	**214,011**	**129,526**	**294,101**	**473,893**	**1,044,715**	**103,504**	**2,259,750**
Other revenue	5,259	17,944	1,690	1,495	12,928	158	39,474
Total segment revenue	**219,270**	**147,470**	**295,791**	**475,388**	**1,057,643**	**103,662**	**2,299,224**
Inter-segment elimination							(110,135)
Unallocated revenue							2,882
Total consolidated revenue							**2,191,971**
Result							
Segment result	30,396	30,719	20,502	43,422	178,341	6,664	310,044
Unallocated revenue less unallocated expenses							(72,811)
Share of profit of associates	1,018	–	–	–	1,614		2,632
Profit before income tax							**239,865**
Income tax expense							(44,298)
Net profit							**195,567**
Segment assets	368,767	144,564	287,542	189,259	3,471,021	121,494	4,582,647
Investments in associates	9,522	–	18	(1,176)	10,888		19,252
Unallocated assets							1,779,282
Eliminations							(2,132,044)
Total assets							**4,249,137**
Segment liabilities	315,000	82,082	200,514	93,387	2,272,047	81,940	3,044,970
Unallocated liabilities							315,579
Eliminations							(619,003)
Total liabilities							**2,741,546**
Depreciation and amortisation expense	10,166	5,747	20,704	929	79,381	2,157	119,084
Unallocated							–
Total depreciation and amortisation							119,084
Acquisition property, plant and equipment	22,716	18,895	40,243	4,111	198,389	14,878	299,232

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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.

2009	AUSTRALIA $'000	NEW ZEALAND $'000	SOUTH EAST ASIA $'000	TOTAL $'000
Sales to external customers	1,788,679	383,051	517	2,172,247
Segment net assets	919,596	437,622	(884)	1,356,334
Acquisition of property, plant and equipment	191,694	66,819	7	258,520

2008	AUSTRALIA $'000	NEW ZEALAND $'000	SOUTH EAST ASIA $'000	TOTAL $'000
Sales to external customers	1,763,719	385,379	517	2,149,615
Segment net assets	1,260,725	247,392	(526)	1,507,591
Acquisition of property, plant and equipment	259,875	39,281	76	299,232

33 Financial Instruments

The Group'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 Group's operations.

The Group has various other financial instruments such as trade receivables, trade payables and equity investments.

The Group 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 Group's operations and its sources of finance.

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

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

(A) CURRENCY RISK

Hedging

The Commercial Vehicles division sells vehicles and parts purchased from the United States and Germany. In order to protect against exchange rate movements, the Group 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.

The Group classifies its forward exchange contracts as cash flow hedges and states them at fair value.

Notes to the Financial Statements (continued)

for the Financial Year Ended 30 June 2009

33 Financial Instruments (continued)

The Group's exposure to foreign currency risk at balance date was as follows:

	30 June 2009	
	USD	EUR
Trade receivables	1,923,569	5,988,144
Trade payables	(14,965,189)	(16,996,158)
Gross balance sheet exposure	(13,041,620)	(11,008,014)
Estimated forecast sales	34,129,668	–
Estimated forecast purchases	(152,334,978)	(35,185,185)
Gross exposure	(131,246,930)	(46,193,199)
Forward exchange contracts	12,991,640	8,733,726
Net exposure	(118,255,290)	(37,459,473)

	30 June 2008	
	USD	EUR
Trade receivables	4,216,673	10,443
Trade payables	(33,760,285)	(9,342,435)
Gross balance sheet exposure	(29,543,612)	(9,331,992)
Estimated forecast sales	39,543,610	–
Estimated forecast purchases	(133,620,974)	(93,006,890)
Gross exposure	(123,620,976)	(102,338,882)
Forward exchange contracts	12,986,115	10,619,277
Net exposure	(110,634,861)	(91,719,605)

The Company did not have any exposure to foreign currency risk for the financial years ended 2009 and 2008 as all amounts due from and payable to foreign subsidiaries are payable in AUD and all investments are carried at cost in AUD.

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2009	2008	2009	2008
NZD	1.2291	1.1678	1.2428	1.2609
USD	0.7477	0.8968	0.8114	0.9626
EUR	0.5420	0.6102	0.5751	0.6096

The Group is exposed to foreign currency risk on translation of its foreign controlled subsidiaries. The principal exposure arising from this risk is fluctuations in the NZD.

Sensitivity analysis

A 10% strengthening of the Australian dollar against the following currencies at 30 June would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Consolidated		Company	
	EQUITY	NPAT	EQUITY	NPAT
30 June 2009				
NZD	(39,486,970)	(296,857)	–	–
30 June 2008				
NZD	(16,446,645)	(1,856,828)	–	–

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A 10% weakening of the Australian dollar against the above currencies at 30 June would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Due to the variables and unknown factors associated with the sales and purchases of commercial vehicles in USD and EUR it is impractical to do a sensitivity analysis on these currencies.

The USPP and foreign denominated Tranche D debt currency risk has been mitigated by a foreign currency swap which has been in place since inception and converts to A$ fixed rate debt. At balance date the debt and corresponding derivative was marked to market as follows:

	Consolidated		Company	
	USPP	TRANCHE D	USPP	TRANCHE D
30 June 2009				
Carrying value of debt	169,196	116,896	169,196	116,896
Mark to market of swap	15,673	16,071	15,673	16,071
Net value of debt	184,869	132,967	184,869	132,967
Loss on hedged borrowing	(15,673)	(16,071)	(15,673)	(16,071)
Gain on hedging instrument	15,673	16,071	15,673	16,071
Net gain/loss	–	–	–	–

At 30 June 2008 the change in value arising from the loan and offsetting derivative instrument was not recognised due to immateriality and hence no comparative information is available.

(B) PRICE RISK

Equity securities price risk arises from investments in equity securities. All investments are publicly traded on the ASX. The price risk for listed investments based on a 10% movement for the Group is as follows:

	INCREASE TO EQUITY	DECREASE TO NPAT
Listed securities	1,965,778	(1,965,778)

The Company does not have any exposure to price risk.

(C) 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 Group does not require collateral in respect of financial assets. For certain export sales the Group requires the vendor to provide a letter of credit.

The Group 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. The Group's maximum exposure to credit risk at the reporting date was:

		Carrying amount	
	NOTES	2009 $'000	2008 $'000
Available-for-sale financial assets	13	21,195	73,337
Loans and receivables	10	352,103	358,890
Cash and cash equivalents (excluding bank overdrafts)	9	70,139	58,306
Other forward exchange contracts (derivatives)	13	41,346	19,482
		484,783	**510,015**

The Company's maximum exposure to credit risk at the reporting date was $2,610,773,000 (2008: $2,381,939,000) for loans and receivables from group companies and $1,381,000 (2008: $2,547,000) for cash and cash equivalents and $31,744,000 (2008: $8,951,000) for forward exchange contracts, totalling $2,643,898,000 (2008: $2,393,437,000).

Notes to the Financial Statements (continued)
for the Financial Year Ended 30 June 2009

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33 Financial Instruments (continued)

The Group's maximum exposure to credit risk for trade receivables at reporting date by geographic region was:

	Carrying amount 2009 $'000	Carrying amount 2008 $'000
Australia	258,127	264,528
New Zealand	44,444	47,583
Asia	–	391
	302,571	**312,502**

The Company's maximum exposure to credit risk for trade receivables at the reporting date by geographic region was Australia $2,525,145 (2008: $2, 220,432,000) and New Zealand $85,628,000 (2008: $161,507,000). All receivables are due from subsidiaries.

(D) INTEREST RATE RISK EXPOSURES

Hedging

The Group's exposure to interest rate risk is predominantly cash flow interest rate risk. The Group 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 Group 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 or 90 days.

Swaps currently in place cover approximately 41% (2008: 44%) of term debt outstanding and expire July 2009, October 2010, September 2011, March 2013 and February 2015. The fixed interest rates currently range between BBSY 2.84% and 7.25% (2008: 5.46% and 6.93%).

The Group classifies interest rate swaps as derivatives and states them at fair value.

At the reporting date the interest rate profile of the Company's and the Group's interest-bearing financial instruments were:

	Consolidated Carrying amount		Company Carrying amount	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Fixed rate instruments				
Financial assets	93,906	78,482	2,312,666	2,393,435
Financial liabilities	(685,249)	(989,723)	(502,570)	(516,696)
	(591,343)	**(911,241)**	**1,810,096**	**1,876,739**
Variable rate instruments				
Financial liabilities	(1,845,543)	(1,436,542)	(1,495,652)	(1,480,421)
	(2,436,886)	**(2,347,783)**	**314,444**	**396,318**

Sensitivity analysis for variable rate instruments and derivatives

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below:

	Profit before tax		Equity	
	100 BP INCREASE $'000	100 BP DECREASE $'000	100 BP INCREASE $'000	100 BP DECREASE $'000
30 June 2009				
Variable rate instruments	(18,455)	18,455	–	–
Interest rate swap	46,655	(50,951)	–	–
Cash flow sensitivity (net)	**28,200**	**(32,496)**	**-**	**-**
30 June 2008				
Variable rate instruments	(17,871)	17,871	–	–
Interest rate swap	9,700	(9,700)	38,386	(42,721)
Cash flow sensitivity (net)	**(8,171)**	**8,171**	**38,386**	**(42,721)**

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Notes to the Financial Statements (continued)

for the Financial Year Ended 30 June 2009

33 Financial Instruments (continued)

Effective interest rates and repricing analysis

In respect of income-earning financial assets and interest-bearing financial liabilities of the Group, 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.

GROUP	EFFECTIVE INTEREST RATE (%)	TOTAL	1 YEAR OR LESS $'000	1 - 2 YEARS $'000	2 - 3 YEARS $'000	3 - 4 YEARS $'000	>4 YEARS $'000
2009							
Financial assets							
Cash and deposits	2.73	70,115	70,115	–	–	–	–
Loans to related parties	9.00	2,065	2,065	–	–	–	–
Total financial assets		72,180	72,180	–	–	–	–
Financial liabilities							
US Private Placement	8.84	184,869	–	–	–	–	184,869
Convertible notes	6.75	273,067	–	–	–	–	273,067
Unsecured bank loans	5.02	1,849,859	1,849,859	–	–	–	–
Lease liabilities	7.70	135,353	29,121	27,763	24,875	28,230	25,364
Payable to related parties	9.00	8,601	8,601	–	–	–	–
Interest rate swaps	6.35	76,378	76,378	–	–	–	–
Other	6.00	2,730	614	2,116	–	–	–
Total financial liabilities		2,530,857	1,964,573	29,879	24,875	28,230	483,300
2008							
Financial assets							
Cash and deposits	6.45	58,126	58,126	–	–	–	–
Loans to related parties	7.00	1,310	1,310	–	–	–	–
Interest rate swaps	6.69	8,951	8,951	–	–	–	–
Total financial assets		68,387	68,387	–	–	–	–
Financial liabilities							
US Private Placement	8.82	169,196	–	–	–	–	169,196
Convertible notes	6.75	299,569	–	–	–	–	299,569
Unsecured bank loans	8.40	1,759,091	1,759,091	–	–	–	–
Lease liabilities	7.77	92,473	20,501	25,934	22,548	18,019	5,471
Payable to related parties	7.00	7,723	7,723	–	–	–	–
Other	6.00	2,739	614	2,125	–	–	–
Total financial liabilities		2,330,791	1,787,929	28,059	22,548	18,019	474,236

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In respect of income-earning financial assets and interest-bearing financial liabilities of the Company, 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 YEARS $'000
2009							
Financial assets							
Cash and deposits	2.73	(225)	(225)	–	–	–	–
Loans to related parties	9.00	2,610,773	2,610,773	–	–	–	–
Total financial assets		**2,610,548**	**2,610,548**	**-**	**-**	**-**	**-**
Financial liabilities							
US Private Placement	8.84	184,869	–	–	–	–	184,869
Convertible notes	6.75	273,067	–	–	–	–	273,067
Unsecured bank loans	5.08	1,486,747	1,486,747	–	–	–	–
Loans from related parties	9.00	197,548	197,548				
Interest rate swaps	6.35	76,378	76,378	–	–	–	–
Total financial liabilities		**2,218,609**	**1,760,673**	**-**	**-**	**-**	**457,936**
2008							
Financial assets							
Cash and deposits	6.12	2,547	2,547	–	–	–	–
Loans to related parties	7.00	2,575,561	2,575,561	–	–	–	–
Interest rate swaps	6.69	8,951	8,951	–	–	–	–
Total financial assets		**2,587,059**	**2,587,059**	**-**	**-**	**-**	**-**
Financial liabilities							
US Private Placement	8.82	169,196	–	–	–	–	169,196
Convertible notes	6.75	299,569	–	–	–	–	299,569
Unsecured bank loans	8.40	1,441,970	1,441,970	–	–	–	–
Loans from related parties	7.00	193,624	193,624				
Total financial liabilities		**2,104,359**	**1,635,594**	**-**	**-**	**-**	**468,765**

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Notes to the Financial Statements (continued)

for the Financial Year Ended 30 June 2009

33 Financial Instruments (continued)

(E) LIQUIDITY RISK

The following table discloses the contractual maturities of financial liabilities, including estimated interest payment and excluding the impact of netting agreements:

CONSOLIDATED	CARRYING AMOUNT $'000	CONTRACTUAL CASH FLOWS $'000	LESS THAN 1 YEAR $'000	1 - 2 YEARS $'000	2 - 5 YEARS $'000	MORE THAN 5 YEARS $'000
2009						
Non-derivative financial liabilities						
US Private Placement	184,869	(185,401)	(185,401)	–	–	–
Convertible notes	273,067	(274,574)	(274,574)	–	–	–
Loans from associates	8,601	(9,203)	(9,203)	–	–	–
Finance lease liabilities	135,353	(135,353)	(135,353)	–	–	–
Unsecured bank loans	1,849,859	(1,868,728)	(1,835,444)	(33,284)	–	–
Trade and other payables*	251,648	(251,648)	(251,648)	–	–	–
Bank overdraft	24	(24)	(24)	–	–	–
Derivative financial liabilities						
Interest rate swaps	76,378	(76,378)	(76,378)	–	–	–
Foreign currency swaps	10,650	(10,650)	(10,650)	–	–	–
	2,790,449	(2,811,959)	(2,778,675)	(33,284)	-	-
2008						
Non-derivative financial liabilities						
US Private Placement	169,196	(259,526)	(14,937)	(14,937)	(154,554)	(75,098)
Convertible notes	299,569	(499,965)	(23,456)	(23,456)	(70,369)	(382,684)
Loans from associates	7,723	(8,264)	(8,264)	–	–	–
Finance lease liabilities	92,473	(112,176)	(24,867)	(31,460)	(49,211)	(6,638)
Unsecured bank loans	1,759,091	(2,143,446)	(497,867)	(123,079)	(1,522,500)	–
Trade and other payables*	278,667	(278,667)	(278,667)	–	–	–
Bank overdraft	180	(180)	(180)	–	–	–
Derivative financial liabilities						
Foreign currency swaps	11,831	(11,831)	(11,831)	–	–	–
	2,618,730	(3,314,055)	(860,069)	(192,932)	(1,796,634)	(464,420)

* Excludes derivatives shown separately.

All non-derivative financial liabilities, excluding bank overdraft, are carried at amortised cost.

The Group manages liquidity risk by monitoring forecast cash flows on a weekly basis and ensuring that adequate unutilised borrowing facilities are maintained.

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COMPANY	CARRYING AMOUNT $'000	CON-TRACTUAL CASH FLOWS $'000	LESS THAN 1 YEAR $'000	1 - 2 YEARS $'000	2 - 5 YEARS $'000	MORE THAN 5 YEARS $'000
30 June 2009						
US Private Placement	184,869	(185,401)	(185,401)	–	–	–
Convertible notes	273,067	(274,574)	(274,574)	–	–	–
Unsecured bank loans	1,486,747	(1,499,824)	(1,499,824)	–	–	–
30 June 2008						
US Private Placement	169,196	(259,526)	(14,937)	(14,937)	(154,554)	(75,098)
Convertible notes	299,569	(499,965)	(23,456)	(23,456)	(70,369)	(382,684)
Unsecured bank loans	1,441,970	(1,986,525)	(217,867)	(123,079)	(1,645,579)	–

The following table indicates the periods in which the cash flows associated with derivatives are expected to occur and impact profit or loss:

COMPANY	CARRYING AMOUNT $'000	CON-TRACTUAL CASH FLOWS $'000	LESS THAN 1 YEAR $'000	1 - 2 YEARS $'000	2 - 5 YEARS $'000	MORE THAN 5 YEARS $'000
2009						
Currency rate swaps						
Assets	41,346	(41,346)	(41,346)	–	–	–
Liabilities	10,650	(10,650)	(10,650)	–	–	–
Interest rate swaps						
Liabilities	76,378	(76,378)	(76,378)	–	–	–
2008						
Currency rate swaps						
Assets	10,531	(10,531)	(10,531)	–	–	–
Liabilities	11,831	(11,831)	(11,831)	–	–	–
Interest rate swaps						
Assets	8,951	(8,951)	(8,951)	–	–	–

(F) CAPITAL MANAGEMENT

The capital structure of the Group comprises debt, which includes the borrowings disclosed in Note 19, cash and cash equivalents and equity attributable to equity holders of the parent, such equity comprising issued capital, reserves and retained earnings as disclosed in the balance sheet.

The Company undertook a major review of its capital structure during the year. This capital structure review was finalised in August 2009, and details are set out in Note 36.

The Company is subject to externally imposed capital requirements, including restrictions on the payment of dividends on ordinary shares, and redeeming, repurchasing, retiring or repaying in cash any of the convertible notes, the USPP notes, the Transpacific Step-up Preference Securities or any other hybrid equity instrument issued by it prior to its stated maturity or expiry date (other than in circumstances where it is obliged to do so).

The restrictions on dividends are consistent with the Company's intention to adopt a dividend policy which is focused on cash flow management having regard to various factors including prevailing economic conditions, capital expenditure requirements and opportunities, acquisition opportunities and debt management.

Notes to the Financial Statements (continued)

for the Financial Year Ended 30 June 2009

33 Financial Instruments (continued)

(G) IMPAIRMENT LOSSES

None of the Company's receivables are past due (2008: nil). The ageing of the Group's trade receivables at the reporting date was:

	GROSS 2009 $'000	IMPAIRMENT 2009 $'000	GROSS 2008 $'000	IMPAIRMENT 2008 $'000
Not past due	155,879	–	199,120	–
Past due 0 – 0 days	72,988	–	75,749	–
Past due 31 – 120 days	48,440	–	34,360	–
Past due 121 days to one year	25,381	2,327	6,064	2,845
More than one year	4,420	2,210	108	54
	307,108	**4,537**	**315,401**	**2,899**

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2009 $'000	2008 $'000
Balance at 1 July	2,899	8,929
Impairment loss/(reversed) recognised	1,638	(6,030)
Balance 30 June	**4,537**	**2,899**

The impairment loss at 30 June 2009 of $2,210,000 >1 year relates to several minor customers.

Based on historic default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due or past due by up to 30 days. No single customer's annual revenue is greater than 2% of the Group's total revenue. Trade and other debtors that are neither past due or impaired are considered to be of a high credit quality.

(H) FAIR VALUES

A comparison by category of carrying amounts and fair values of all of the Group's financial instruments that are carried in the financial statements.

	Carrying value	Fair value	Carrying value	Fair value
CONSOLIDATED	2009 $'000	2009 $'000	2008 $'000	2008 $'000
Financial assets				
Cash and cash equivalents	70,115	70,115	58,126	58,126
Trade and other receivables	352,103	352,103	358,890	358,890
Derivatives	41,346	41,346	19,482	19,482
Other investments	21,195	21,195	73,337	73,337
Financial liabilities				
Trade and other payables – current	(251,648)	(251,648)	(292,968)	(292,968)
Unsecured bank loans	(2,307,795)	(2,307,795)	(2,227,856)	(2,227,856)
Other	(2,730)	(2,730)	(2,739)	(2,739)
Loans from related parties	(8,601)	(8,601)	(7,723)	(7,723)
Lease liabilities	(135,353)	(140,974)	(92,473)	(96,480)
Derivatives	(87,028)	(87,028)	(11,831)	(11,831)
	(2,308,396)	**(2,314,017)**	**(2,125,755)**	**(2,129,762)**
Unrecognised (losses)/gains		(5,621)		(4,007)

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THE COMPANY	Carrying value 2009 $'000	Fair value 2009 $'000	Carrying value 2008 $'000	Fair value 2008 $'000
Financial assets				
Cash and cash equivalents	(225)	(225)	2,547	2,547
Other receivables	2	2	2	2
Loans to related parties and associates	2,610,773	2,610,773	2,575,561	2,575,561
Derivatives	31,744	31,744	8,951	8,951
Financial liabilities				
Trade and other payables	(9,095)	(9,095)	(10,942)	(10,942)
Unsecured bank loans	(1,944,683)	(1,944,683)	(1,910,735)	(1,910,735)
Loans from related parties and associates	(197,548)	(197,548)	(193,624)	(193,624)
Derivatives	(76,378)	(76,378)	–	–
	414,590	414,590	471,760	471,760
Unrecognised (losses)/gains		–		–

Fair values

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.

Other investments

Fair value is calculated using listed market prices.

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.

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Notes to the Financial Statements (continued)

for the Financial Year Ended 30 June 2009

34 Earnings Per Share

	2009	2008
Calculated in accordance with AASB 133:		
Basic earnings per share (cents per share)	(77.9c)	61.8c
Diluted earnings per share (cents per share)	(77.9c)	58.4c
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	304,615,091	283,537,333
Effect of share options on issue	–	16,743,454
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	304,615,091	300,280,787

At 30 June 2009, the effect of unexercised share options and convertible notes had an antidilutive effect and diluted earnings per share for the 2009 year equals basic earnings per share.

	2009 $'000	2008 $'000
Reconciliation of earnings used as the numerator in calculating basic and diluted earnings per share:		
Profit/(loss) from continuing operations	(216,107)	195,567
Net profit attributable to minority interests	(2,249)	(2,291)
Distribution to step-up preference security holders	(19,050)	(18,025)
	(237,406)	**175,251**

Refer to Note 36 for the impact of subsequent events on earnings per share and diluted earnings per share.

35 Key Management Personnel Disclosures

(A) DETAILS OF SPECIFIED DIRECTORS AND SPECIFIED EXECUTIVES

The following were key management personnel of the Group 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
T J Coonan – Chief Executive Officer Transpacific Industries Group
H W Grundell – Chief Executive Officer Transpacific Industries

(ii) Non-Executive Directors

B R Brown
G D Mulligan
B S Allan

(iii) Key Executives

G Battershill – Chief Financial Officer, appointed 1 July 2008
N M Badyk – Managing Director, Industrial Services division
A G Roderick – Managing Director, Liquid Waste and Recycling division
P A Glavac – Managing Director, Commercial Vehicles division
T A A Woods – Managing Director, Mergers and Acquisitions
G S Campbell – Managing Director, Solid Waste Australia and New Zealand, resigned 9 October 2009
T Nickels – Managing Director, New Zealand
S T Barnard – General Manager Corporate Services, appointed 13 November 2008
B D Stam – Managing Director, Corporate Services and Government Affairs, resigned 13 November 2008

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(B) KEY MANAGEMENT PERSONNEL COMPENSATION

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

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Short-term employee benefits	5,636	6,021	–	–
Post-employment benefits	461	477	–	–
Equity compensation benefits	1,095	1,573	–	1,573
	7,192	8,071	–	1,573

The key management personnel receive no compensation in relation to the management of the Company. The compensation disclosed above represents an allocation of the key management personnel's estimated compensation from the Group in relation to their services rendered to the Company.

The disclosures relating to remuneration of specified Directors and Executives are set out in the remuneration report section of the Directors' Report on pages 24 to 31.

(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.

2009

NAME	BALANCE AT THE START OF THE YEAR	GRANTED DURING THE YEAR AS REMUN-ERATION	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)	–	–	–
T J Coonan	616,669	–	(183,335)	–	433,334	–
H W Grundell	266,667	–	(166,667)	–	100,000	–
Non-Executive Directors:						
B R Brown	50,000	–	(50,000)	–	–	–
G D Mulligan	50,000	–	(50,000)	–	–	–
B S Allan	50,000	–	–	–	50,000	33,333
Key Executives:						
G Battershill	–	200,000	–	–	200,000	–
S T Barnard	150,000	–	–	–	150,000	9,999
P A Glavac	266,668	–	(166,666)	–	100,002	–
T A A Woods	266,667	–	(166,667)	–	100,000	–
N M Badyk	266,667	–	(166,667)	–	100,000	–
G S Campbell	700,000	–	–	–	700,000	266,666
A G Roderick	500,000	–	–	–	500,000	266,666

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Notes to the Financial Statements (continued)

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35 Key Management Personnel Disclosures (continued)

2008

NAME	BALANCE AT THE START OF THE YEAR	GRANTED DURING THE YEAR AS REMUN-ERATION	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	–
T J Coonan	533,334	300,000	(216,665)	–	616,669	–
H L Wilson	866,667	–	(333,333)	(422,222)	111,112	–
H W Grundell	433,334	–	(166,667)	–	266,667	–
Non-Executive Directors:						
B R Brown	50,000	–	–	–	50,000	33,333
G D Mulligan	50,000	–	–	–	50,000	33,333
B S Allan	50,000	–	–	–	50,000	16,666
Key Executives:						
S T Barnard	–	150,000	–	–	150,000	9,999
P A Glavac	433,334	–	(166,666)	–	266,668	–
T A A Woods	433,334	–	(166,667)	–	266,667	–
N M Badyk	433,334	–	(166,667)	–	266,667	–
G S Campbell	450,000	250,000	–	–	700,000	133,333
A G Roderick	500,000	–	–	–	500,000	133,333

(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.

2009

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)	110,473,201	6,950,000	735,229	118,158,430
H W Grundell	459,047	166,667	–	625,714
T J Coonan	1,092,049	183,335	–	1,275,384
Non-Executive Directors:				
B R Brown	100,000	50,000	–	150,000
G D Mulligan	32,222	50,000	588	82,810
B S Allan	5,000	–	4,261	9,261
Key Executives:				
S T Barnard	20,500	–	–	20,500
P A Glavac	289,081	166,666	2	455,749
T A A Woods	427,362	166,667	(24,156)	569,873
N M Badyk	334,260	166,667	(314,410)	186,517

2008

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)	102,473,929	–	7,999,272	110,473,201
H W Grundell	292,380	166,667	–	459,047
T J Coonan	875,384	216,665	–	1,092,049
Non-Executive Directors:				
B R Brown	100,000	–	–	100,000
G D Mulligan	31,750	–	472	32,222
B S Allan (appointed 23 August 2006)	5,000	–	–	5,000
Key Executives:				
S T Barnard	–	–	20,500	20,500
P A Glavac	167,380	166,666	(44,965)	289,081
T A A Woods	254,428	166,667	6,267	427,362
N M Badyk	167,593	166,667	–	334,260
G S Campbell	–	–	–	–
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 Greg Campbell resigned as Chief Executive Officer Solid Waste Australia and New Zealand. Nick Badyk has accepted the position of Chief Operating Officer Solid Waste division and Tony Roderick has accepted the position of Chief Operating Officer Industrials.

Subsequent to balance date Mr R A Ghatalia, Mr G T Tilbrook and Mr M M Hudson joined the Board of Transpacific as Non-Executive Directors.

(F) LOANS TO DIRECTORS AND EXECUTIVES

Details of aggregates of loans to key management personnel are as follows:

	BALANCE AT THE START OF THE YEAR $'000	INTEREST CHARGED $'000	INTEREST INCLUDED AS REMUN-ERATION* $'000	WRITTEN OFF $'000	BALANCE AT THE END OF THE YEAR $'000	NUMBER IN GROUP $'000
2009	93	306	148	–	–	5
2008	–	3	–	–	93	1

* Remuneration benefit calculated as the difference between interest actually paid and the amount of interest that would have been charged on an arm's length basis.

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Notes to the Financial Statements (continued)

for the Financial Year Ended 30 June 2009

35 Key Management Personnel Disclosures (continued)

Details of key management personnel with loans above $100,000 in the reporting period are as follows:

	BALANCE AT THE START OF THE YEAR $'000	INTEREST CHARGED $'000	INTEREST INCLUDED AS REMUN-ERATION* $'000	WRITTEN OFF $'000	BALANCE AT THE END OF THE YEAR $'000	LOANS HIGHEST BALANCE DURING THE PERIOD $'000
2009						
Directors:						
T J Coonan	93	197	93	–	–	4,927
H W Grundell	–	38	19	–	–	1,250
Executives:						
P A Glavac	–	18	9	–	–	680
M M Badyk	–	8	4	–	–	345
T A A Woods	–	45	23	–	–	1,450
2008						
Directors:						
T J Coonan	–	3	–	–	93	570

* Remuneration benefit calculated as the difference between interest actually paid and the amount of interest that would have been charged on an arm's length basis.

In accordance with the terms of the loan agreements, loans to Directors and Executives are charged interest at a rate of 30-day BBSY plus 1.5% which exceeds the Company's cost of funds.

The loans were repayable upon demand. All principal and interest amounts outstanding were repaid during the year as set out in the retail entitlement offer prospectus dated 20 July 2009.

36 Subsequent Events

Subsequent to year end, the Group successfully completed a recapitalisation. On 5 August 2009 the Company raised $801 million through the settlement of a placement of shares, Institutional Entitlement Offer (the Equity Raising), Institutional Entitlement Bookbuild and pre-funded Retail Entitlement Offer. Full details are set out in a retail entitlement prospectus dated 20 July 2009.

The recapitalisation resulted in the issue of 649,657,609 fully paid ordinary shares and 71,637,326 warrants. Had the recapitalisation occurred on or before the end of the reporting period, the EPS and diluted EPS reported for the 30 June 2009 financial year would have been (24.9c).

The warrants were issued to WP X Holdings BV and have an exercise price of $1.20 in three tranches:

- 23,879,109 warrants exercisable from 5 August 2010
- 23,879,109 warrants exercisable from 1 July 2011
- 23,879,108 warrants exercisable from 1 July 2012

The terms and conditions of the warrants contain provisions for the adjustment of the exercise price, the underlying entitlement and other terms of the warrants upon the occurrence of certain dilutive events. The warrants expiry date is 30 June 2014 unless it is brought forward upon the occurrence of certain events.

On 5 August 2009 upon repayment of $704 million, four and five year term extension and amendment and waiver of identified past breaches of the Group's syndicated facility and Transpacific's USPP took effect.

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The pro-forma below represents the impact of the recapitalisation on the Group's Balance Sheet had the recapitalisation taken place on 30 June 2009.

	Consolidated				
	2009 $'000	(A)	(B)	(C)	2009 PRO-FORMA $'000
ASSETS					
Cash and cash equivalents	70,115	745,980	(735,331)	–	80,764
Trade and other receivables	352,103	–	–	–	352,103
Current tax assets	10,058	–	9,399	–	19,457
Inventories	151,757	–	–	–	151,757
Other financial assets	41,346	–	–	–	41,346
Other assets	10,822	–	–	–	10,822
Total current assets	**636,201**	**745,980**	**(725,932)**	**-**	**656,249**
Investments accounted for using the equity method	18,096	–	–	–	18,096
Other financial assets	21,195	–	–	–	21,195
Property, plant and equipment	1,092,233	–	–	–	1,092,233
Intangible assets	2,415,357	–	–	–	2,415,357
Deferred tax assets	67,695	7,350	(9,399)	–	65,646
Total non-current assets	**3,614,576**	**7,350**	**(9,399)**	**-**	**3,612,527**
Total assets	**4,250,777**	**753,330**	**(735,331)**	**-**	**4,268,776**
LIABILITIES					
Trade and other payables	251,648	(2,000)	–	–	249,648
Borrowings	2,421,678	–	(704,000)	(1,630,100)	87,578
Current tax liabilities	–	–	–	–	–
Employee benefits	34,198	–	–	–	34,198
Provisions	17,075	–	–	–	17,075
Other	107,342	–	(31,331)	–	76,011
Total current liabilities	**2,831,941**	**(2,000)**	**(735,331)**	**(1,630,100)**	**464,510**
Borrowings	32,801	(28,600)	–	1,630,100	1,634,301
Deferred tax liabilities	20,205	–	–	–	20,205
Employee benefits	8,178	–	–	–	8,178
Deferred government grants	1,318	–	–	–	1,318
Total non-current liabilities	**62,502**	**(28,600)**	**-**	**1,630,100**	**1,664,002**
Total liabilities	**2,894,443**	**(30,600)**	**(735,331)**	**-**	**2,128,512**
Net assets	**1,356,334**	**783,930**	**-**	**-**	**2,140,264**
EQUITY					
Issued capital	1,342,817	783,930	–	–	2,126,747
Reserves	(9,928)	–	–	–	(9,928)
Retained earnings	5,779	–	–	–	5,779
Parent entity interest	**1,338,668**	**783,930**	**-**	**-**	**2,122,598**
Minority interest	17,666	–	–	–	17,666
Total equity	**1,356,334**	**783,930**	**-**	**-**	**2,140,264**

Notes to the Financial Statements (continued)

for the Financial Year Ended 30 June 2009

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36 Subsequent Events (continued)

(A) NET PROCEEDS OF INITIAL PLACEMENT AND ENTITLEMENT OFFER

This adjustment is based on the proceeds from the equity raising, after the payment of estimated costs associated with the equity raising and debt restructure with applicable tax benefits recorded. The table below outlines the gross proceeds and deduction of these costs. As part of this adjustment $28.6 million in costs have been capitalised to Borrowings. While these costs relate to debt facilities, they are presented in this adjustment to reflect the net allocation of all proceeds from equity.

GROSS PROCEEDS	$'000
Entitlement offer	736,606
Initial placement	64,474
Gross proceeds from Entitlement Offer and Initial Placement[1]	801,080
Equity costs (estimated)	(24,500)
Debt costs (estimated)	(28,600)
USPP waiver and amendment costs	(2,000)
Net proceeds	**745,980**

1. Net issued capital recorded for accounting purposes of $783.93 million represents gross proceeds of $801.08 million net of equity raising costs after tax of $17.15 million.

A deferred tax asset of $7.35 million has been recorded for future tax deductions associated with equity raising costs of $24.5 million.

The adjustment has been prepared on the basis that the shareholders at the 2009 Annual General Meeting (AGM) approve the issue or transfer of shares in settlement of the warrants, following their exercise, thereby eliminating any cash settlement options on the exercise of warrants. Until this approval is received, the warrants will contain a cash settlement feature which while active would require these instruments to be classified as a liability under AAS, and any movements in fair value to be recorded in the income statement. Should shareholder approval not be received at the AGM, these instruments will continue to be recorded as a liability and movements in fair value recorded in the profit and loss until settlement or shareholder approval is received.

(B) DEBT REPAYMENT AND CLOSE OUT OF HEDGES

Debt repayments are based on repayment of $704 million of the existing syndicated facility and the closure of certain out-of-the-money interest rate hedges with a face value of $500 million at an estimated cost of $31.3 million (derivative market value at 30 June 2009). A deferred tax asset of $9.399 million has been transferred to a current tax asset as the settlement of hedge liabilities of $31.3 million is now realised for tax purposes.

(C) RECLASSIFICATION OF DEBT

The reclassification adjustment reclassifies certain debt to non-current following the waiver of the default by the banks and USPP noteholders and the extension of the syndicated facility.

On 25 June 2009 Transpacific refinanced its $2,095 million syndicated facility by amending and restating it as a $1,435 million facility in accordance with the Amended Facility Agreement. The Group reduced its total debt outstanding through the repayment of $704 million, and extending the terms of bank debt into new four and five year tranches, with no syndicated debt refinancing required until July 2013.

Following the partial prepayment of the syndicated facility, the Group will have commitments from the banks under the Amended Facility Agreement of $1,435 million in several tranches which are repayable in accordance with the table below.

FACILITY	VALUE PRE REFINANCING (A$ MILLION)	VALUE POST REFINANCING (A$ MILLION)	VALUE POST DECEMBER 2010 (A$ MILLION)	MATURITY
A	$378	$372	$422	July 2014. Increased from A$378 million to A$422 million from repayment of Facilities C and D
B	$317	–	–	Repaid in full from capital raising
C & D	$1,400	$1,063	–	Restructured with the balance repaid in December 2010
E	–	–	$601	July 2013
F	–	–	$412	July 2014
Total	**$2,095**	**$1,435**	**$1,435**	

The banks that participated in Facilities A, E and F (continuing participants) have provided commitments at least equal to the value of Facilities C and D. On the date that Facilities C and D mature, Facilities A, E and F are drawn.

There are no other matters or circumstances that have arisen since 30 June 2009 that have significantly affected, or may significantly affect the operations of the Group, the results of those operations in future financial years, or the state of affairs of the Group in subsequent financial years.

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Directors' Declaration

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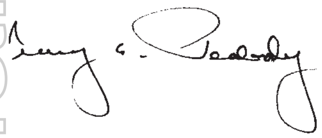
1. In the Directors' opinion:
   (a) the financial statements, additional disclosures included in the Directors' Report designated as audited and notes set out on pages 35 to 103 are in accordance with the *Corporations Act 2001*, including:
      (i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2009 and of their performance for the financial year ended on that date; and
      (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), and the Corporations Regulations 2001.
   (b) there are reasonable grounds to believe the Company will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by s295A of the *Corporations Act 2001*.
3. 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 25 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, 23 September 2009

Independent Audit Report

to the Members of Transpacific Industries Group Ltd

Bentleys
Thinking ahead
CHARTERED ACCOUNTANTS & BUSINESS ADVISORS

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of Transpacific Industries Group Ltd and the entities it controlled, which comprises the balance sheet as at 30 June 2009, 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 entities it controlled at the year's end or from time to time during the financial year.

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 2, the Directors state that the consolidated financial report of Transpacific Industries Group Ltd and the financial report of Transpacific Industries Group Ltd as a company comply with International Financial Reporting Standards.

AUDITOR'S 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, 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.

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 18 September 2009, would be in the same terms if provided to the Directors as at the date of this auditor's report.

AUDITOR'S OPINION

In our opinion:

a. the financial report of Transpacific Industries Group Ltd and Transpacific Industries Group Ltd and its 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 2009 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 2.

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Independent Audit Report (continued)

to the Members of Transpacific Industries Group Ltd

MATERIAL UNCERTAINTY REGARDING CONTINUATION AS A GOING CONCERN

Without qualification to the audit opinion expressed above, we draw attention to Note 3(Z) in the annual financial report which describes the covenant default in respect of the US Private Placement noteholders and the syndicated facility cross default. As a consequence of the defaults being in existence at 30 June 2009, all debt facilities are required to be classified as current liabilities at that date. These factors indicated the existence of a material uncertainty at 30 June 2009 as to whether the consolidated entity and Company would continue as a going concern and, therefore, whether the consolidated entity and Company would realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the annual financial report. We also draw attention to Note 36 in the annual financial report, which relates to events subsequent to 30 June 2009, where there is disclosure that on 5 August 2009, following a recapitalisation and debt reduction, there was a waiver by the syndicated facility and US Private Placement noteholders of identified past breaches of covenants. This waiver of the breaches would cause the appropriate debt facilities to be reclassified as non-current liabilities.

REPORT ON THE REMUNERATION REPORT

We have audited the Remuneration Report included on pages 24 to 31 of the Directors' Report for the financial year ended 30 June 2009.

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

AUDITOR'S OPINION

In our opinion the Remuneration Report of Transpacific Industries Group Ltd for the financial year ended 30 June 2009 complies with section 300A of the *Corporations Act 2001*.

Bentleys
Brisbane Partnership
Chartered Accountants

Brisbane

23 September 2009

R J Forbes
Partner

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Shareholder Information

Top 20 largest shareholders as at 31 August 2009	Units	% of Units
WPX Holdings BV	297,076,953	30.92
Filmore Limited	101,137,147	10.53
National Nominees Limited	65,864,137	6.86
J P Morgan Nominees Australia Limited	63,939,659	6.66
HSBC Custody Nominees (Australia) Limited	55,946,337	5.82
Tandom Pty Ltd	39,741,280	4.14
Brenzil Pty Ltd	36,527,759	3.80
HSBC Custody Nominees (Australia) Limited – GSCO ECA	26,345,444	2.74
ANZ Nominees Limited <SL Cash Income A/C>	21,790,998	2.27
Citicorp Nominees Pty Limited	17,356,225	1.81
HSBC Custody Nominees (Australia) Limited – A/C 2	15,809,828	1.65
Pan Australian Nominees Pty Limited	14,701,894	1.53
Cogent Nominees Pty Limited	12,507,991	1.30
ANZ Nominees Limited <Cash Income A/C>	11,012,725	1.15
JJ Richards & Sons Pty Ltd	8,891,724	0.93
Queensland Investment Corporation	8,018,802	0.83
Forbar Custodians Limited <Forsyth Barr Ltd – Nominee A/C>	5,279,390	0.55
Custodial Services Limited <Beneficiaries Holding A/C>	4,407,507	0.46
Citicorp Nominees Pty Limited <CFSIL Cwlth Aust SHS 5 A/C>	3,025,330	0.31
Masfen Securities Limited	3,000,000	0.31
Report Total	812,381,130	84.57
Remainder	148,257,605	15.43
Grand Total	960,638,735	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 20 September 2009 were:

WPX Holdings BV	297,076,953	30.92
Filmore Limited	101,137,147	10.53
Schroder Investment Management Australia Ltd	62,430,261	6.50
Total	460,644,361	47.95

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 2009 is 960,638,735 ordinary fully paid shares. At 31 August 2009 the total number of shareholders owning these shares was 13,818 on the register of members maintained by Computershare Investor Services Pty Ltd.

84.57% 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 2009, 295,690,028 shares on issue to WPX Holdings BV are subject to escrow arrangements until 27 February 2010.

At 31 August 2009, there were options over 8,878,336 unissued ordinary shares. These 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. 71,636,326 warrants are held by WPX Holdings BV under an Equity Warrant Deed. There are no voting rights attached to unissued ordinary shares. Voting rights will be attached to the unissued ordinary shares when the options and warrants have been exercised.

Distribution Schedule of Shareholders

No. of shares:	1 - 1,000	1,001 - 5,000	5,001 - 10,000	10,001 - 100,000	100,001 and over
No. of shareholders:	4,163	5,735	1,789	1,938	193

The number of shareholders each holding less than a marketable parcel of the Company's ordinary shares at 31 August 2009 was 1,341.

Securities Exchange listing

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

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Corporate Information

Transpacific Industries Group Ltd
ABN 74 101 155 220

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)
Rajiv Ghatalia (Non-Executive Director)
Gene Tilbrook (Non-Executive Director)
Martin Hudson (Non-Executive Director)

Company Secretary

Kellie Smith

Registered Office

Level 1
159 Coronation Drive
Milton QLD 4064

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