
BUILDING ON OUR FOUNDATIONS

2010 ANNUAL REPORT

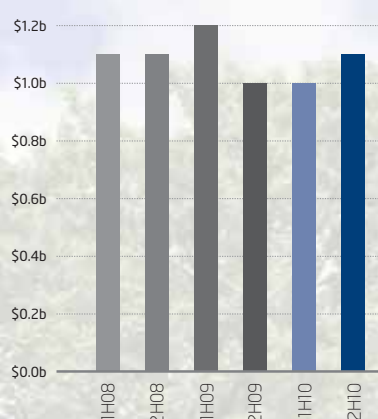


CONTENTS

- 1 CHAIRMAN'S LETTER
- 2 CEO'S REVIEW
- 3 BUILDING ON OUR FOUNDATIONS
- 8 SOLID WASTE
- 9 INDUSTRIALS
- 10 COMMERCIAL VEHICLES
AND MANUFACTURING
- 11 CORPORATE

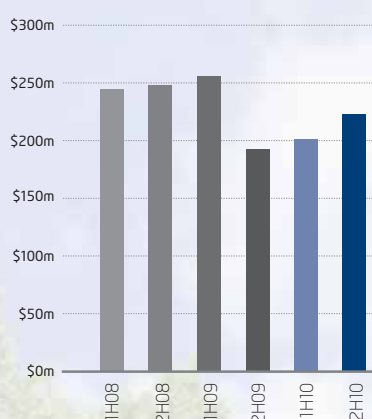
REVENUE

\$2.1b



OPERATING EBITDA

\$423.0m



SCORECARD

	FY10	FY09
	Actual \$m	Actual \$m
REVENUE	2071.4	2199.0
Operating EBITDA	423.0	447.3
Share of Associates NPAT	1.4	2.5
Irregular Items	0.0	9.0
Reported EBITDA	424.4	458.8
Depreciation and Amortisation	(168.6)	(143.8)
EBIT	255.8	315.0
Net Finance Costs	(166.8)	(188.1)
Profit before Tax, Associates, Borrowings & Other Costs and Significant Items	89.0	126.9
Borrowing & Other Costs	0.0	(27.2)
Non Cash Items	(5.9)	(9.4)
Significant Items	8.9	(328.1)
Profit/(loss) Before Tax	92.0	(237.8)
Tax (Expense)/Benefit	(19.3)	21.7
NPAT/(NLAT) from ordinary operations	72.7	(216.1)
Minority interests	(1.6)	(2.2)
Npat/(Nlat) Attributable to Equity Holders	71.1	(218.3)
SPS distribution	(12.1)	(19.1)
NPAT Attributable to TPI Shareholders	59.0	(237.4)
Underlying NPAT Attributable to TPI Shareholders	55.7	72.3

Chairman's Report



Dear Shareholders

Welcome to our sixth annual report as a public company.

I am pleased to present the 2010 Annual Report, my first as Chairman of your company.

Transpacific achieved a solid result for the year. While underlying earnings of

\$56 million were down on the previous year we have continued to improve our financial performance at the operational level. The net debt position of the company improved, through the recapitalisation completed in August 2009, ongoing capital management initiatives and cash flows generated by each of our divisions.

The year in many ways was one of consolidation and review, leading to many internal changes paving the way for the Group to take advantage of future opportunities.

There has also been a focus on improving our service to our customers and the communities in which we operate. Transpacific works closely with a wide range of valued customers across sectors from households and small business to heavy industry and mining. While levels of business activity are variable, we are seeing some trends of improvement in markets. In particular there is increasing demand for more environmentally sustainable services.

I would like to take this opportunity to note the company's appreciation of the extraordinary dedication and leadership of Terry Peabody since he founded Transpacific 27 years ago, and particularly since its listing in 2005.

Mr Peabody retired as Executive Chairman in June, 2010 having made an outstanding contribution to the development of Transpacific – building a resilient business spanning a cross-section of industries. We look forward to further growth from this platform.

Safety and Environment

The safety of our employees, customers and the community is paramount at Transpacific and over the past Financial Year our commitment to a Zero Harm philosophy has been our priority.

An incident during the year at one of our WA operations, in which our team member Paul Fry was fatally injured, has reinforced to us that this is a continuous journey and one to which we must remain vigilant.

The number of our Lost Time Incidents continues to trend downwards, which is a reflection of the concerted efforts of our business to minimise workplace risk. Transpacific's recently enhanced safety leadership course is a quality indicator of our continued efforts in this regard. In June 2010 our licence under the Comcare self-insurance scheme in Australia was renewed for a further four years, which rewards us for our efforts.

There continues to be a strong environmental focus across the Transpacific Group. Our 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.

This extends to working with customers on a large scale by encouraging them to reduce their waste to landfill through our industry-leading Harvest recycling program – which takes care of packaging waste including cardboard, polystyrene and clear plastic – to our own Green Office Guide which outlines ways our staff can make changes to reduce the impact Transpacific's offices have on the natural environment.

Reorganising for the future

We expect to find new business opportunities as the economies of Australia and New Zealand grow and recycling becomes more prevalent. To that end we have reorganised our structure streamlining our divisions into: Transpacific Cleanaway and Transpacific Waste Management; Transpacific Industrials; and Commercial Vehicles and Manufacturing.

The focus of this reorganised structure is to improve efficiencies through synergies and better use of our assets.

The final step in this process was a refreshing of our Five Year Business Plan which is now focused on the strategic objectives of organic growth, improved products and new offerings to our customers.

We are also enhancing the company's systems and have spent much of the past financial year developing an integrated Enterprise Resource Planning ("ERP") system, which we plan to implement next year.

Governance

During FY10, Transpacific refreshed its Corporate Governance structures, with new independent Non-executive Directors and restructured Board Committees to enhance focus on reporting and risk management.

Thank you

The outlook for Transpacific is encouraging and I would like to extend my thanks to my fellow Board members for their ongoing advice and support, and to Transpacific's senior management team led by Chief Executive Officer Trevor Coonan.

Together, the Board and the senior management team are positioning Transpacific for growth, sustainable outcomes and long-term value for our customers and shareholders.

Transpacific – with its integrated platform of operations and focus on organic growth – is well placed to take advantage of future demand for our increasingly diverse services and I look forward to guiding the company on that path.

A handwritten signature in dark ink, appearing to read 'Gene Tilbrook'.

Gene Tilbrook
Chairman



Transpacific finished FY10 in a solid position which will give every opportunity to capitalise on the hard work from the year to ensure we continue to deliver long term value for our customers and shareholders.

BUILDING ON OUR FOUNDATIONS

In last year's annual report I referred to the challenging economic environment.

"I am happy to report that our business has stabilised due to an improved operating environment and the resilience and support of our customers and our people."

Within FY10, H2 EBITDA (\$223 million) exceeded H1 (\$201 million) which continued the growth on FY09 H2 (\$192 million).

Operating cashflow of \$290 million (prior corresponding period (pcp) \$202 million) also improved.

Throughout FY10 we also laid much of the ground work to merge our Commercial Vehicles and Manufacturing businesses into one business unit, which will bring integrated solutions to the market place.

This is timely given Transpacific recently secured the sole importation rights to Foton Motors trucks and to Dennis Eagle vehicles-to which our manufactured bodies and products can be fitted. This change took effect on July 1 and we welcome these new brands alongside Western Star, MAN and Superior Pak.

As you will read, we had many "wins" during FY10.

Our Emergency Response team was quick to spring into action to assist in the clean up of the Great Barrier Reef oil leak in April.

Our solid waste business secured many partnerships with large customers, providing them with our own brand of tailored, total waste management solutions.

One of our major facilities-our Homebush liquid waste treatment plant- celebrated a milestone when it achieved more than 1500 days Lost Time Incident Free.

In New Zealand, Transpacific Waste Management embarked on several new innovations to further improve the environmental performance and financial return from its Redvale Landfill Gas to Energy operations. The most recent of these innovations – the Biogas Pilot Project-seeks to demonstrate the potential for biogas technology to provide a more attractive and beneficial use of landfill gas than electricity generation in that we may be able to replace the use of fossil fuels in our vehicles.

Over the next few pages we will look at our key wins in more detail and we will discuss the results and outlook for each area of our businesses. ►►

Building on our foundations



AUSTRALIA'S LARGEST AND MOST SOPHISTICATED LIQUID TREATMENT PLANT

“Due to the scale of Transpacific’s operations, we are able to significantly reduce our overall processing costs, attracting clients from all over Australia. ”

Located in Sydney’s western suburbs, the Homebush Bay liquid waste treatment plant is the largest treatment facility of its type in Australasia, processing in excess of 160 million litres of waste each year.

By June 2010, this plant, which is one of Transpacific’s major facilities, had achieved four years, or nearly 1500 days Lost Time Incident (LTI) free.

The Homebush plant is the most sophisticated facility of its kind in Australia, and the only plant able to treat such a large quantity and variety of liquid and hazardous waste materials.

It can handle many types of liquid wastes including acids, solvents, fuels, heavy metals, caustics, surfactants and pesticides.

Due to the scale of Transpacific’s operations, we are able to significantly reduce our overall processing costs, attracting clients from all over Australia.

The size and storage capacity of the facility combined with a large tanker fleet lends itself to assisting emergency response teams and fire brigades during emergencies.

Over the past few years we have developed strong relationships with fire brigades and other emergency services, assisting them with many large fires that have occurred over this time.

Because we are a one-stop shop, we can respond with appropriate equipment, collection and treatment resources, 24 hours a day, seven days per week.

Each year the plant processes up to 40 million litres of leachate collected and piped from the nearby Olympic Village site.

Historically, the site housed abattoirs, brickworks and numerous landfills prior to its 2000 Olympic Games redevelopment.

Transpacific is continuously researching new treatment processes that will further reduce waste-to-landfill, energy and water usage, waste processing costs and the impact on the environment.



Left: Dennis Eagle vehicle with a Superior Pak body
Right: Foton Motors Vehicle

FOTON AND DENNIS EAGLE BROADENING TRANSPACIFIC'S PORTFOLIO

Transpacific's Commercial Vehicles Group has introduced two new brands of commercial trucks to Australia.

Foton Motors and Dennis Eagle add to our Western Star and MAN Fleets and will be rolled out through Transpacific's existing dealer network.

These two new brands will complement our existing brands, providing many positive opportunities to Transpacific's Commercial Vehicles business.

Foton

Foton Motors brings a proven track record of product innovation and manufacturing quality.

The Aumark 4.5T light commercial truck is the first model in what will be a long line of models from Foton.

Targeted at tradespeople who have outgrown a one-tonne utility or van truck, Foton gives Transpacific the opportunity to reach the light commercial vehicle market, a market not reached by our existing MAN and Western Star networks.

Foton is the number one Commercial Vehicle manufacturer in China and by aligning with this brand Transpacific is in a position to capitalise on the positive opportunities this will bring in the future.

Foton vehicles are available at a competitive price and are fitted with the latest Cummins ISF 2.8L engine and ZF 5-speed transmission for outstanding reliability, performance and fuel economy.

Dennis Eagle

Transpacific's Commercial Vehicles Group has searched the globe for the very best product that could meet the difficult and demanding operational needs of an Australian refuse collection vehicle.

As well as providing Transpacific with a new, cost efficient refuse collection vehicle, Dennis Eagle vehicles will also service the broader refuse industry.

Dennis Eagle will allow Transpacific to enter a niche market, not accessible to our existing Western Star or MAN networks.

Transpacific intends to take maximum advantage of vertical integration opportunities by working closely with Superior Pak which will provide body manufacturing to the Transpacific Dennis Eagle fleet.

The Dennis Eagle will provide a more rationalised fleet long term with one platform to lower maintenance, training, overhead and operational costs.





TRANSPACIFIC PROVIDING POSITIVE SOLUTIONS TO WESTFIELD

“The contract will help Westfield reach the goal of reducing the amount of waste sent to landfill. ”



Transpacific will partner with Westfield retail centres to provide solid waste and recycling solutions across eight shopping centres in Western Australia, South Australia and the ACT.

The contract was announced in January 2010 and will help Westfield reach the goal of reducing the amount of waste sent to landfill.

Originally Transpacific worked with Westfield by taking care of its liquid waste. This relationship has grown and Transpacific now offers a total waste management solution.

Transpacific conducted comprehensive audits of the Westfield centres and identified a number of ways Westfield could streamline its waste management systems and increase recycling opportunities.

As well as educating Westfield retailers and cleaners to segregate their waste and recycling Transpacific also redesigned signage in the loading docks to ensure all separated waste is placed in the correct receptacles, thereby encouraging greater recycling.

Transpacific has also provided an SMS option to Westfield for its compactors. This system is called SMS Track.

One of the features of this system is when any of the Westfield compactors reach the three-quarter full mark an SMS will alert both Westfield and Transpacific that the container will need to be scheduled for collection.

By using this system Westfield will always know when the next collection is scheduled and the notification will streamline the collection process making it easier for Transpacific to allocate vehicles.

Transpacific's manufacturing arm Superior Pak will also play an important role in this contract by refurbishing and building a number of new compactors.



TRANSPACIFIC HELPS IN THE CLEAN UP OF THE GREAT BARRIER REEF OIL LEAK

“This was an excellent example of Transpacific’s varied capabilities and the way we can carry out extensive operations like this, providing a range of solutions and services that other companies can’t match. ”

In April 2010, the bulk carrier *Shen Neng 1* ran aground on the Great Barrier Reef at Douglas Shoals. Oil leaks were detected and authorities feared the vessel could break up resulting in further oil being leaked into the Marine Park.

After salvage crews moved fuel from the *Shen Neng 1* onto a local bunker barge, Transpacific’s emergency response team was appointed to remove fuel from the barge, transport it and store it off-site in Gladstone.

Transpacific used a boom to transfer 1,250 tonnes of fuel from the barge to six of Transpacific’s fuel trucks that transported the oil to storage tanks in Gladstone and Brisbane.

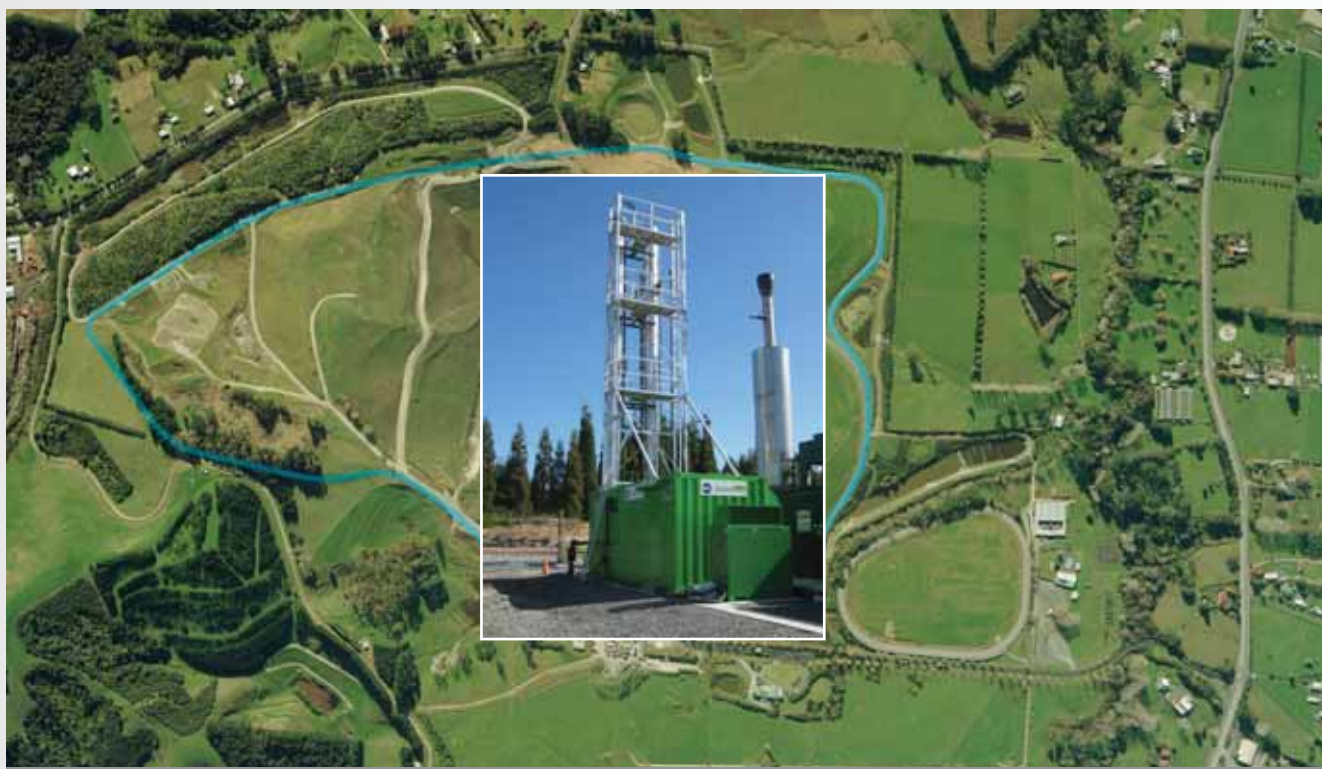
Transpacific Industrial Solutions General Manager Steve Rooks said: “Transpacific was the only one who had the expertise, the equipment and the network of contacts to be able to successfully carry out an operation of this scale.”

“We had the labour force, the trucks, and the equipment on standby for days while we waited for the most up to date information and we were able to act immediately when required.

“This was an excellent example of Transpacific’s varied capabilities and the way we can carry out extensive operations like this, providing a range of solutions and services that other companies can’t match,” he said.

This major win for Transpacific’s Industrial Services business has led to Transpacific becoming the preferred contractor for SVITZER Salvage, part of the A P Moller Maersk Group.

Transpacific and SVITZER Salvage are continuing their cooperation and are presently working on developing other projects in Australia.



BIOGAS PILOT PROJECT FOR REDVALE

“The project seeks to demonstrate the potential for biogas technology to provide a more attractive and beneficial use of landfill gas than electricity generation.”

Transpacific New Zealand has recently introduced several new innovations to further improve the environmental performance and financial return from its Redvale Landfill Gas to Energy operations.

The Redvale operation currently generates 9MW of electricity for the local grid which is soon to be increased to 11MW.

The most recent of these innovations is the biogas pilot project to produce and use fuel (or pipeline) quality biogas from raw landfill gas at the Redvale Landfill site.

The project seeks to demonstrate the potential for biogas technology to provide a more attractive and beneficial use of landfill gas than electricity generation.

Producing biogas from landfill gas, rather than generating electricity, will allow Transpacific to avoid the unstable electricity Spot Price market. The process will also produce an output which directly offsets and potentially replaces the use

of fossil fuels (and associated greenhouse gasses), providing a greater global environmental benefit.

It is anticipated the biogas will be suitable for use as a vehicle fuel and, potentially, for injection into the natural gas network. Both of these beneficial uses will be tested in a second phase of the pilot project, which is to be started soon.

Transpacific Managing Director, New Zealand Tom Nickels said: “It is conceivable that in the future biogas produced from Redvale would be of sufficient quantity to power Transpacific’s entire New Zealand collection fleet, with potential for surplus sales for regional bus fleets for example.”

The project is a collaboration between Transpacific, National Institute of Water & Atmospheric Research (NIWA) and Greenlane Biogas, a New Zealand technology supplier that has provided the biogas unit (called a MANUKA unit) which has been installed at the Redvale generation site.

Divisional Overview

SOLID WASTE

Transpacific Cleanaway

Despite a challenging economic climate throughout Australia, FY10 culminated in the Solid Waste Division posting good results.

The Division has achieved three half on half periods of growth which supports the restructure and cost controls implemented throughout the year. We also enjoyed an increase in both customer activity and returns from commodity prices.

Some highlights of the year include:

- The commencement of a partnership with a large automotive manufacturer
- The successful tender of a number of key municipal contracts
- Partnerships with a number of large retailers across the country

We aim to continue with a number of exciting business improvement and information technology projects that were commenced in FY10. We will also continue to build our presence in the field of alternate waste technologies.

Another key area of focus will be on the delivery of our Strategic Objectives across the Collections and Post Collections businesses which are aimed at lifting our market share across the country.

Transpacific Waste Management

In New Zealand our businesses continued to focus on providing innovative waste and resource recovery solutions for our customers, increasing recovery of recyclable materials, introducing new services and developing new business segments.

During the second half of FY10, activity levels began to improve and in the January to June period we delivered higher profits than the same period in FY09 and in the first half of FY10 – a pleasing end to the year.

Some highlights of the year include:

- Opening the new TTS Auckland facility upgrade for liquid, hazardous and medical waste processing
- Introducing our Waste Minimisation Education program with dedicated expert staff to work with customers assisting them in their recovery, recycle and reuse initiatives
- Winning preferred supplier tender from NZ Post, helping them achieve a 61.3% increase in recycled/recovered material

An important outcome of the strategic review process led to some realignment within our business streams, providing a more integrated structure to springboard enhanced operational synergies and efficiencies.

Our future focus will continue to be on our customers, innovation and operational enhancements, underpinned by investment in implementation of our strategic objectives.



NICK BADYK
CHIEF OPERATING OFFICER
TRANSPACIFIC CLEANAWAY



TOM NICKELS
MANAGING DIRECTOR
NEW ZEALAND

REVENUE

\$1023.6m

2H10	508.4
1H10	515.2
2H09	473.6
1H09	564.5

EBITDA

\$263.7m

2H10	136.9
1H10	126.8
2H09	119.4
1H09	144.1

EBIT

\$150.0m

2H10	78.7
1H10	71.3
2H09	69.9
1H09	98.3

SOLID WASTE CAPABILITIES

COLLECTIONS

Municipal, residential, commercial and industrial collection services of:

general waste
recyclables
construction and demolition waste
medical waste
organic waste

POST COLLECTION

Ownership and management of:

waste transfer stations
resource recovery and recycling facilities
landfills
alternative waste treatment (AWT) facilities

COMMODITIES TRADING

Sales of recyclables to the domestic and international marketplace, ensuring the long term sustainability of our limited natural resources:

paper and cardboard
metals
plastics
glass

INDUSTRIALS

Industrial Services

Transpacific's Industrial Services businesses retained their respective market shares throughout FY10, despite subdued conditions, and concentrated on strengthening core competencies and capabilities.

This has positioned us well to capitalise on recovering market conditions.

Key strategic developments focussed on new market segments were identified throughout FY10 and we are well placed to deliver on these in FY11.

Margins showed a recovery toward the end of FY10 due to a continued focus on operating and overhead efficiencies.

Our Emergency Response capabilities were recognised during FY10 when the business was contracted to remove bunker fuels and oily waters from the Sheng Neng 1 coal carrier, which had struck the Great Barrier Reef. Transpacific's national footprint enabled us to immediately respond to such an event.

Technical Services

The second half of FY10 showed improvement on the first in volume and revenue. We expect this improvement to continue into FY11.

During FY10 we employed a strategy to ensure market share was not lost during difficult times where the manufacturing sector was extremely subdued. This proved to be successful and has positioned the business well for the future.

Following Transpacific's restructure, and the subsequent formation of the Industrials Group, our new internal synergies allowed us to work together on a number of key projects. One such joint effort between the Liquid and Industrial Services divisions meant we could complete work on the Shen Neng 1 (as mentioned earlier).

Hydrocarbons

This group performed well throughout FY10. Favorable weather conditions realised higher than anticipated bitumen sales right through until June 30. Used oil collections remained high throughout the year and fully exploited our geographic spread of storage facilities.

Strategies put in place throughout the year will see the ongoing strength and growth of our refineries over the next five years.



TONY RODERICK
CHIEF OPERATING OFFICER
TRANSPACIFIC INDUSTRIALS

REVENUE

\$578.0m

2H10	292.1
1H10	285.9
2H09	283.6
1H09	324.3

EBITDA

\$128.9m

2H10	67.2
1H10	61.7
2H09	67.6
1H09	80.0

EBIT

\$83.4m

2H10	44.5
1H10	38.9
2H09	44.4
1H09	58.4

INDUSTRIALS CAPABILITIES

TECHNICAL SERVICES

Collection, treatment, processing, recycling of:

liquid and hazardous waste
industrial waste
grease trap waste
oily waters
used mineral and cooking oils

INDUSTRIAL SERVICES

Total waste management business solutions including:

industrial cleaning
vacuum tanker loading
site remediation
sludge management
parts washing
concrete remediation
CCTV
asbestos removal
refractory services

HYDROCARBONS

Refining, recycling, production and manufacture of:

used mineral oils
fuel and base oils
bituminous-based applications and coatings

COMMERCIAL VEHICLES & MANUFACTURING

Commercial Vehicles

FY10 results for CVG were again impacted as Australian Transport Companies continued to delay new capital purchases and the Australian Heavy Duty Truck market decreased a further 11% (2009 saw a decrease of 26%).

For Western Star it was a year of two halves with Market Share for the first half further decreasing to 6.8% and then a dramatic increase to 10.3% for the second half as exchange rates improved and stock levels stabilised.

For MAN the All Wheel Drive segment servicing the Mining Industry continued with no activity however there are significant signs of recovery for FY11.

The MAN Bus business continued to perform well achieving a Market Share of 13.4% in the Australian Heavy Duty Bus segment.

The new Parts Distribution Centre continues to perform with process continuing to create further efficiencies. The CVG Parts business continues to grow year on year and is performing financially.

During FY10 CVG completed Distribution agreements with Dennis Eagle in the UK for the supply of a purpose built refuse truck. These trucks will be imported in rolling chassis format and will be fitted with full engine, transmission and drivelines in CVG's own facility, making the truck a perfect fit for the Australian Refuse Market.

A distribution agreement was also finalised with Foton of China. CVG will receive a limited volume of trucks 4.5 ton GVM in FY 11 and will slowly expand the product range over the ensuing years.

CVG will continue to work with Western Star and MAN to widen the current product portfolio. Various engineering projects have been committed to by both suppliers and new models for MAN will arrive in FY11 and for Western Star in FY12.

Manufacturing

Slowing capital expenditure of major clients and greater competition lead to a challenging manufacturing environment in FY10.

Throughout the financial year our Superior Pak brand continued to grow in strength through increased activity at equipment shows, demonstration vehicles and a concentrated sales presence.

Highlights of the year include:

- Acquisition of Nylex Plastics in August 2009. Nylex is the second largest manufacturer of plastic two wheel bins and other waste related and general products for associated industries
- A major contract win with a municipal council, which included manufacturing over 90 vehicles and seven years of contract maintenance. This is reported to be the largest waste management manufacturing contract in the Southern Hemisphere
- Contracts for the installation of stationary compactors at a number of major facilities, including Westfield, Holden, Uncle Tobys and Streets
- Finalised the consolidation of our manufacturing and service facilities into three main manufacturing plants. These are in Bundaberg (mobile equipment), Tamworth (static and parts washers) and Seaford (plastics) and are supported by six Australian and New Zealand capital city service and parts centres

After a successful year of consolidation we have now laid the platform for an exciting year of growth through FY11 and with the merger between Commercial Vehicles and Manufacturing ahead we should move into an even stronger market position together.



HAROLD GRUNDELL
EXECUTIVE GENERAL
MANAGER NEW ZEALAND,
COMMERCIAL VEHICLES
AND MANUFACTURING



PAUL GLAVAC
MANAGING DIRECTOR,
COMMERCIAL VEHICLES
AND MANUFACTURING

REVENUE

\$447.7m

2H10	263.1
1H10	184.6
2H09	243.1
1H09	283.2

EBITDA

\$34.3m

2H10	22.9
1H10	11.4
2H09	8.7
1H09	31.3

EBIT

\$30.4m

2H10	20.9
1H10	9.5
2H09	7.2
1H09	29.9

COMMERCIAL VEHICLES AND MANUFACTURING CAPABILITIES

COMMERCIAL VEHICLES

Importation and distribution of:

Western Star trucks chassis and associated parts
MAN trucks chassis, bus chassis and associated parts
Foton trucks chassis and associated parts
Dennis Eagle truck chassis and associated parts

Dealer network provides services for an independent network of dealerships, including:

servicing	training	
parts	after sales	warranty
distribution	support	functions

The Brisbane and Tauranga (NZ) Truck Centres provide:

heavy vehicle sales
repairs and servicing

MANUFACTURING

Manufacture and servicing of:

vehicle bodies
parts washers
plastic and steel bins
waste compaction units

CORPORATE

The corporate services division continued to build on the foundations laid across the Group in the previous financial year.

A key Corporate function is safety across the Group. We have continued to successfully operate under an externally certified Integrated Management System meeting the requirements of key Australian standards and we achieved the following key statistics;

- 11,700 Zero Harm Observations of our work activities
- 7,500 staff communication sessions and Toolbox Talks
- 1,200 workplace site inspections
- Rollout across the Group of a new safety leadership programme
- 232 internal and external audits
- 12,300 employee and contractor drug and alcohol screenings
- 16% improvement in Lost Time Incident Frequency Rate to 2.51 for the Group

The initial licence period of two years for the self insurance of our Australian workers compensation via the Commonwealth's Comcare scheme was recently extended for a further four years, demonstrating our priority focus on employment safety. This allows us to continue with the implementation of our plans for enhanced injury management and return to work outcomes.

Transpacific's very capable in-house team of environmental specialists continued its ongoing reviews and site-specific assessments across the entire group. We continue to be totally committed to the use of best practice environmental procedures and compliance across the Group. In FY10 we reported under the Energy Efficiency Opportunities Act and National Greenhouse and Energy Reporting Act for the first time.

Our Human Resources department is implementing a fully integrated people

management application that will "go live" during 2011.

The Group's rewards framework was reviewed, resulting in the implementation of a job evaluation system and an enhanced incentive program for senior and middle managers which includes a balanced scorecard from 2011.

Our Continuous Improvement department continued to introduce business efficiency opportunities across the Group. The quarterly "Chairman's Awards" continue to encourage and motivate staff and strategic partnerships were strengthened with our key business partners and suppliers through contract reviews and renewals for all key services.

Transpacific progressed our five-year IT roadmap by focussing on standardising our ERP systems. We moved to a more secure and efficient data network and provided enhanced extranet reporting to some of our key customers.

Our property team continued its review and assessment of the Group's ongoing property and premises needs across all of its 370 sites, focussing on our valuable landfill properties.

Transpacific's Chief Risk Officer, appointed in March 2010, is responsible for updating and refining the existing risk management processes within the Group, execution of the annual internal audit plan and management of the independent KPMG-provided Whistleblower function. To ensure a best practice approach to internal auditing within Transpacific, KPMG has also been appointed to assist Transpacific with the completion of the annual internal audit plan.

During FY10 the legal team has dealt with matters ranging from acquisitions, commercial matters, competition law compliance training and dispute resolution. In the coming year we shall continue to ensure that we fully understand the needs of our businesses and provide them with the appropriate tools to address legal risks and to assist them in complying with the regulatory environment in which they operate.



KEVIN CAMPBELL
CHIEF FINANCIAL OFFICER



STEVE BARNARD
GENERAL MANAGER
CORPORATE SERVICES



MURRAY FLOYD
GENERAL COUNSEL



STEVEN JOHNSTONE
CHIEF RISK OFFICER

As you can see, at Transpacific we have worked very hard to position ourselves to capitalise on exciting future opportunities.

The progress and achievements Transpacific has enjoyed is a testament to the ingenuity of our people and the depth and breath of the solutions we can provide.

Our people and our customers remain the cornerstones of our continued success and I look forward to continuing our journey delivering and exceeding on our total waste management promise and providing vehicle and industrial solutions.

Trevor Coonan
Chief Executive Officer

Board of Directors



Gene Tilbrook

- Independent Non-Executive Chairman
- Chairman of the Nomination Committee
- Member of the Audit Committee
- Member of the Risk & Compliance Committee

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.

He is a Non-Executive Director of Fletcher Building Ltd (appointed September 2009), GPT Group (appointed May 2010), NBN Co Ltd (appointed September 2009) and QR Limited (appointed April 2010).



Bruce Brown

- Independent Non-Executive Director
- Member of the Audit Committee
- Member of the Human Resources Committee

Bruce Brown is currently a non-executive Director of Campbell Brothers Limited (appointed October 2005), 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 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 a Director and Chairman of Flight Centre Ltd (December 2005 – November 2007).



Rajiv Ghatalia

- Non-Executive Director
- Member of the Human Resources Committee
- Member of the Nomination Committee

Rajiv Ghatalia is a Managing Director of Warburg Pincus Asia LLC. He focusses 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 Titan Group Investment Limited, and was previously a Director of Nikko Asset Management.



Bruce Allan

- Independent Non-Executive Director
- Member of the Audit Committee
- Member of the Risk & Compliance Committee

Bruce Allan is a mining engineer who has some 47 years' experience working in the Australian resources industry, having 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 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 (appointed December 2007).



Graham Mulligan

- Independent Non-Executive Director
- Chairman of the Human Resources Committee
- Member of the Nomination Committee

Graham Mulligan is the Principal of International Infrastructure Ventures Pty Ltd, an independent consulting company which specialises in providing advisory services to major projects in the infrastructure, transport and oil industries. He holds both science and accountancy qualifications and has considerable experience as a senior executive in the international petroleum, infrastructure and transport industries. This included over 16 years with the New Zealand Oil & Gas Limited Group where he was both a Director and Senior Executive.

He has held a number of other Senior Executive roles, including CEO Port of Brisbane Corporation and Managing Director of Port Wellington Limited. He is a former Chairman of the Petroleum Exploration Association of New Zealand and is currently a Non-Executive Director of Chalmers Limited (appointed October 2009) and Roc Oil Company Limited (appointed September 2010).



Martin Hudson

- Independent Non-Executive Director
- Chairman of the Risk & Compliance Committee
- Acting Chairman of the Audit Committee

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 40 years of international legal and senior management experience.



Trevor Coonan

- Chief Executive Officer
- Executive Director

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

- Company Secretary

Kellie Smith joined Transpacific as Group Corporate Accountant in 2004 prior to its listing on the ASX. In 2005 she became Company Secretary. Kellie holds a Bachelor of Commerce (Honours) degree and is a Chartered Accountant.

Corporate Governance

Transpacific Industries Group Ltd (Transpacific or the Company) and its Board of Directors are committed to fulfilling their corporate governance obligations and responsibilities in the best interests of the Company and its stakeholders, and fully support the Australian Securities Exchange's (ASX) Corporate Governance Principles and Recommendations (ASX guidelines).

Throughout the reporting period Transpacific has enhanced its corporate governance framework to meet industry and market expectations, and best practice guidelines. This has included the appointment, in September 2009, of three additional Non-Executive Directors (two of whom are independent); the creation of a Risk and Compliance Committee, and separate Nomination and Human Resources Committees of the Board; the adoption of new Charters for the Board and each of its Committees; the appointment of a Chief Risk Officer; the appointment of KPMG as Internal Auditors; and the appointment in June 2010 of an independent Non-Executive Director (Mr Gene Tilbrook) as Chairperson of the Board.

Copies of the Charters, codes and policies in respect of Transpacific's corporate governance practices referred to in this Statement are available on the corporate governance section of the Transpacific website – www.transpacific.com.au

Principle 1: Lay solid foundations for management and oversight

The Transpacific Board operates under a Charter which sets out the role, powers and responsibilities of the Board. The Board is responsible for the overall corporate governance of the Company. The Board Charter sets out the following objectives of the Board:

- to provide strategic guidance for Transpacific and effective oversight of its management and its business activities;
- to optimise Transpacific's performance so as to create and build sustainable value for shareholders within a framework of appropriate risk assessment and management; and
- to ensure Transpacific's legal and other obligations to all legitimate stakeholders are being achieved.

The primary responsibilities of the Board towards achievement of these objectives are also set out in the Charter as follows:

- oversight of Transpacific, including its control and accountability systems;
- contribute to the development of, and final approval of, management's corporate strategy and performance objectives;
- monitoring the implementation of the policies, strategies and objectives of Transpacific;
- appointing, and, where appropriate, removing the Chief Executive Officer, and approving his/her terms of engagement and termination benefits;
- ratifying the appointment and, where appropriate, the removal of members of the Executive Management team, approving their terms of engagement and termination benefits, and monitoring their performance;
- promulgating clear standards of ethical behaviour required of Directors and key executives and encourage observance of those standards;
- reviewing, ratifying and monitoring systems of risk management, internal compliance and control, codes of conduct and legal compliance;
- protecting Transpacific's financial position and its ability to meet its debts and other obligations as they fall due; and
- ensuring Transpacific's financial report complies with relevant accounting standards and presents a true and fair view.

The Board Charter is regularly reviewed to ensure it remains consistent with the Board's objectives and responsibilities.

The Chief Executive Officer is responsible to the Board for the day-to-day management of Transpacific.

Evaluating the performance of Executive Management

The Board is responsible for monitoring and evaluating the performance of the members of the Executive Management team. Throughout the reporting period a review of the management structure of Transpacific was undertaken, and the job descriptions for all Senior Executives were reviewed and updated as part of this process, along with the process for evaluating their performance.

There was no formal performance evaluation of the members of the Executive Management team during the financial year, other than the Chief Executive Officer as discussed in Principle 2.

Principle 2: Structure the Board to add value

Transpacific's Constitution calls for at least three but not more than 10 Directors. Throughout the reporting period, the Board comprised six Non-Executive Directors (five of whom were independent), and two Executive Directors. Profiles of each Director, outlining their appointment dates, qualifications, directorships of other listed companies (including those held at any time in the three years immediately before the end of the financial year), experience and expertise, are set out on pages 12 to 13 of the Annual Report. At the end of the reporting period one of the Executive Directors, Mr Peabody, resigned.

Director independence

As required under the Board Charter and ASX guidelines, the Board comprises a majority of independent Non-Executive Directors.

The Charter states that Transpacific will regard a Non-Executive Director as independent if he or she is not a member of management and is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement.

When determining the independent status of a Non-Executive Director, the Board will take into account whether that Director:

- is a substantial shareholder of Transpacific or an officer of, or otherwise associated directly with, a substantial shareholder of Transpacific;
- is employed, or has previously been employed in an executive capacity by Transpacific, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- has within the last three years been:
 - a principal of a material professional adviser to the Transpacific Group;
 - a material consultant to the Transpacific Group; or
 - an employee materially associated with the service provided by such adviser or consultant to the Transpacific Group;
- is a material supplier or customer of the Transpacific Group, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- has a material contractual relationship with the Transpacific Group other than as a Director of Transpacific.

Whether or not a material relationship exists will be determined, on a case-by-case basis, giving consideration to the nature of the relationship and the circumstances of the Director. Materiality will be considered from the perspective of the Company, the Director, and the person or entity with which the Director has a relationship.

Applying these criteria the Board has determined that all Directors are independent, with the exception of:

- Mr Terry Peabody – Executive Director (resigned 30 June 2010) and substantial shareholder of Transpacific;
- Mr Trevor Coonan – Executive Director and Chief Executive Officer;
- Mr Rajiv Ghatalia – Non-Executive Director and Managing Director Warburg Pincus Asia, an entity related to a substantial shareholder of Transpacific.

Chair of the Board

The Board Charter requires an independent Non-Executive Director to hold the position of Chairperson of the Board, unless the Board otherwise resolves. The Board had determined that it was appropriate that the Company's founder, Mr Terry Peabody, who was not an independent Director, hold the position of Executive Chairman because of his particular vision, skills and deep industry knowledge. This appointment was not in accord with recommendation 2.2 of the ASX guidelines. Mr Peabody resigned as Executive Chairman on 3 June 2010 and as a Director on 30 June 2010. Mr Gene Tilbrook, an independent Non-Executive Director, became Chairman on 3 June 2010.

The Board confirms that as a result of the appointment of Mr Tilbrook as Non-Executive Chairman, the current corporate governance practices of the Company are consistent with the ASX guidelines.

Corporate Governance (continued)

The roles of the Chairperson and Chief Executive Officer are not exercised by the same person, as Mr Trevor Coonan is the Chief Executive Officer.

Conflicts of interest

Directors are required to keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of Transpacific. A Director who has an actual or potential conflict of interest or a material personal interest in a matter is required to declare that potential or actual conflict of interest to the Board. If the Board determines that there is a material conflict of interest, the Board may require the relevant Director to:

- (a) not receive the relevant papers;
- (b) not be present at the meeting while the matter is considered; and
- (c) 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 will minute full details of the basis of the determination and the nature of the conflict, including a formal resolution concerning the matter.

Board committees

The Board has restructured its committees during the reporting period, and now carries out a number of its duties and responsibilities through the following Board Committees:

- Audit Committee – (formerly the Audit, Risk and Compliance Committee);
- Risk and Compliance Committee – established 18 March 2010;
- Human Resources Committee – (formerly the Nomination and Remuneration Committee);
- Nomination Committee – established 31 May 2010.

These committees replace the former Audit, Risk and Compliance Committee and Nomination and Remuneration Committee which operated throughout the remainder of the reporting period.

The Charter of each Board Committee sets out the respective duties and responsibilities of that particular committee.

Details of individual Director's memberships of Board Committees are provided in the biographies included on pages 12 to 13 of the Annual Report.

Directors' attendance at Board and Board Committee meetings

The number of Board and Board Committee meetings held and attendance by Directors at these meetings is set out in the Directors' Report on page 24.

The Non-Executive Directors receive regular briefings on Transpacific's operations from the Senior Executive team, undertake site visits, and receive presentations from external parties in a range of fields.

The Non-Executive Directors meet without the presence of management during the course of regular Board meetings, and on other occasions as required outside regular Board meetings.

Independent advice

The Board and each of the committees have the authority to seek any information it requires from any employee or external party, including the Internal and External Auditors. Any Directors may take such independent legal, financial or other advice as it considers necessary to fulfil its duties, at the expense of the Company. Before the external advice is sought consent needs to be obtained from the Chairperson of the Board. The Chairperson may determine that any external advice received by an individual Director be circulated to the remainder of the Board.

Nomination Committee

The Nomination Committee consists entirely of Non-Executive Directors, and is chaired by the Board Chairperson. The members of the committee are:

G T Tilbrook (Chairman)
G D Mulligan
R A Ghatalia

The committee meets as required, and at least twice per year. Details of meetings of the former Nomination and Remuneration Committee, which was responsible for nomination matters throughout the reporting period, are set out on page 24.

The committee's role is to assist the Board to ensure that it is of an effective composition, size and commitment to adequately discharge its responsibilities and duties. Its duties include:

- reviewing, assessing and making recommendations to the Board on the necessary and desirable competencies of the Directors and relevant Board Committees;
- evaluating the Board's performance;
- overseeing the selection and appointment practices for Non-Executive Directors of Transpacific; and
- reviewing Board succession plans.

Performance evaluation

Under its Charter, the Nomination Committee is responsible for undertaking regular reviews of the Board's effectiveness, and the effectiveness of the Board Committees and individual Directors.

During the reporting period an external consultant was engaged to conduct a comprehensive review of the Board, its committees and individual Directors, including the Chief Executive Officer. This review involved surveys and interviews with each Director, Transpacific's Senior Executives and relevant external persons.

Individual Directors received feedback from the Chairman on a confidential basis. The results were also considered by the Board as a whole.

Principle 3: Promote ethical and responsible decision making

Code of Conduct

Transpacific recognises that its reputation is an essential element to its success, and that its reputation is directly attributable to the ethical behaviour of those who represent it. Transpacific has developed a Corporate Code of Conduct (the Code) which sets out certain basic principles that all Directors, employees, contractors and consultants are expected to follow in all dealings related to Transpacific, to ensure that Transpacific's business is conducted in accordance with the laws and regulations of the countries in which it operates.

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 Transpacific's integrity.

Any breach of the Code is considered a serious matter, which may result in disciplinary action, including termination of employment.

A copy of the Code is available on the Transpacific website – www.transpacific.com.au

Whistleblower Policy

Transpacific employees who are aware of any serious misconduct or unethical behaviour that contravenes the Corporate Code of Conduct, or any Transpacific policies or the law, are encouraged to report this to their manager or make a report under the Transpacific FairCall program.

The Whistleblower Policy provides that all reports will be investigated in an appropriate manner, and that feedback on the outcome of the investigation will be provided to the person making the report where appropriate.

The Company will not tolerate any reprisals, discrimination, harassment, intimidation or victimisation against any person suspected of making a report of unacceptable conduct.

Securities Trading Policy

Transpacific's Securities Trading Policy reinforces the *Corporations Act 2001* restrictions in relation to insider trading, and prohibits its Directors, Senior Executives and other employees from dealing in Transpacific shares at any time if that person is in possession of price-sensitive information that has not been made public.

Under the policy:

- Employees other than Directors and Senior Executives must not deal in TPI Securities, except during the following Trading Windows:
 - for a period of up to six weeks from the day after the release of Transpacific's half-year and full-year results to the ASX;
 - for a period of up to six weeks from the day after the Annual General Meeting has been held;
 - at any time Transpacific has a prospectus open; or
 - at any other time the Board declares trading permissible in a written note to all staff and the ASX.
- Before any Director or Senior Executive deals in any Transpacific securities at any time, including during Trading Windows, he or she must discuss the proposed dealing with, and obtain written approval from:
 - the Chairman, in the case of Directors and Senior Executives; or
 - in the case of the Chairman, the Chairman of the Risk and Compliance Committee.
- Directors, Senior Executives and other employees are prohibited from engaging in short-term or speculative trading in Transpacific securities, as well as trading in derivatives.
- No Director, Senior Executive or employee (to the extent their margin loan is considered material) may directly or indirectly enter into any margin loan facility against Transpacific securities unless the prior written consent of the Chairperson of the Board is obtained.

The Securities Trading Policy is available on the Transpacific website – www.transpacific.com.au

Principle 4: Safeguard integrity in financial reporting

Audit Committee

Transpacific has established an Audit Committee, which consists entirely of independent Non-Executive Directors as follows:

M M Hudson (Acting Chairman)

B R Brown

G T Tilbrook

B S Allan

Corporate Governance (continued)

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 meets as required, normally at least four times per year – see page 24 for details of meetings. The Chairperson of this committee is also a member of the Risk and Compliance Committee. The Chairperson of the Board is not permitted to chair this committee.

The committee's role is to assist the Board to independently verify and safeguard the integrity of Transpacific's financial reporting, and review and evaluate all material capital management financing and treasury risk management proposals. The committee's primary responsibilities are to:

- assess whether the Company's external reporting is legally compliant, consistent with committee members' information and knowledge, and suitable for shareholder needs;
- assess the management processes supporting external reporting;
- liaise with the External Auditors and ensure that the annual statutory audit and half-year review are conducted in an effective manner;
- make recommendations for the appointment or removal of the External and the Internal Auditors;
- on an annual basis, assess the performance and independence of the External and Internal Auditors;
- monitor the coordination of the internal and external audits;
- approve the external audit plan; and
- in conjunction with the Risk and Compliance Committee, approve the internal audit plan.

The committee has the authority to seek any information it requires from any employee or external party, including the Internal and External Auditors.

At each meeting the committee meets with the Internal and External Auditors without management present.

Certification under section 295A of the *Corporations Act 2001*

In accordance with section 295A of the *Corporations Act 2001*, Senior Management performing the chief executive and chief financial officer functions have provided a written statement to the Board (Declaration) confirming that, in their opinion:

- the Company's financial report presents a true and fair view of the Company's financial condition and operating results and is in accordance with applicable accounting standards; and
- the Company's financial records for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*.

This written statement also confirms to the Board that the Declaration was founded on a sound system of risk management and internal control and that the system to the extent it relates to financial reporting was operating effectively and efficiently in all material respects.

Independence of the External Auditor

Ernst & Young were appointed as the Company's External Auditors in November 2009. The lead external audit partner is required to rotate after a maximum of five years.

Ernst & Young has provided an independence declaration to the Board for the financial year ended 30 June 2010. The independence declaration forms part of the Directors' Report and is provided on page 38 of this Annual Report.

Principle 5: Make timely and balanced disclosure

Transpacific has adopted a Continuous Disclosure Policy which sets out the procedures and requirements expected of all employees of the Company, including Directors and Senior Executives to ensure compliance with its continuous disclosure obligations under the ASX Listing Rules and the *Corporations Act 2001*.

The Continuous Disclosure Policy is available on the Transpacific website – www.transpacific.com.au

Principle 6: Respect the rights of shareholders

Transpacific is committed to ensuring shareholders are provided with full, open and timely material information about its activities. In addition to compliance with its continuous disclosure obligations under the ASX Listing Rules, Transpacific achieves this through:

- 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 available via a link to the ASX website under the investor section of the Transpacific website;
- encouraging shareholders to attend annual general meetings to hear the Chairman's address, and to use the 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 meetings 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, and are provided an opportunity to submit written questions prior to the meeting.

A copy of the Shareholder Communication Policy is available on the Transpacific website – www.transpacific.com.au

Principle 7: Recognise and manage risk

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.

Risk and Compliance Committee

The Risk and Compliance Committee (created during the reporting period out of the former Audit, Risk and Compliance Committee to allow for more focus on the risks that face Transpacific) consists entirely of Non-Executive Directors. The members of the committee are:

M M Hudson (Chairman)

B S Allan

G T Tilbrook

G D Mulligan

The committee meets as required, normally at least four times per year – see page 24 for details. The Chairperson of this committee is also a member of the Audit Committee.

The committee is responsible for:

- ensuring Transpacific addresses all legal and other obligations to all legitimate stakeholders including employees, shareholders and other external counterparties;
- establishing a sound system of risk oversight, management and internal control;
- ensuring that Transpacific's systems and processes are properly controlled and functioning effectively;
- with the Audit Committee, approve the internal audit plan; and
- actively promoting ethical and responsible decision making within Transpacific.

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 risk management and reporting systems, including:

- guidelines and limits for approval of all expenditure inclusive of capital expenditure and investments;
- 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;
- preparation and ongoing review of five-year strategic plans for all divisions;
- health and safety programs and targets; and
- due diligence procedures for acquisitions.

Transpacific appointed a Chief Risk Officer in March 2010 who is responsible for updating and refining the existing risk management processes within Transpacific, and implementing a detailed internal audit function across the Group. To ensure a best practice approach to internal auditing with TPI, KPMG has also been appointed to assist Transpacific with the completion of the annual internal audit plan.

At each meeting the Risk and Compliance Committee meets with the Internal Auditors without Management present.

Certification under section 295A of the *Corporations Act 2001*

The written statement provided to the Board under section 295A of the *Corporations Act 2001*, referred to above in respect of Principle 4, confirmed that the Declaration was founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Occupational Health, Safety and Environment (OHSE)

Transpacific recognises the importance of OHSE issues and is committed to a Zero Harm philosophy. Transpacific:

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

The OHSE department conducts management systems, operational and licensing audits throughout the year as part of the Compliance Management Strategy. Transpacific has an externally certified Integrated Management System meeting the requirements of AS 4801 (Occupational Health and Safety), ISO 14001 (Environment) and ISO 9001 (Quality).

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 Transpacific achieve this goal.

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

Corporate Governance (continued)

Principle 8: Remunerate fairly and responsibly

Human Resources Committee

The Board has recently moved the human resources responsibilities of the former Nomination and Remuneration Committee to a Human Resources Committee. The role of this committee is to assist the Board in ensuring Transpacific has in place appropriate human resources strategies and remuneration and employment policies that are consistent with best practice and business requirements, and that Transpacific adopts and complies with remuneration and employment policies that:

- attract, retain and motivate high calibre executives and directors so as to encourage enhanced performance of Transpacific;
- are consistent with the human resource needs of Transpacific;
- motivate management to pursue the long-term growth and success of Transpacific within an appropriate control framework; and
- demonstrate a clear relationship between executive performance and remuneration.

The Human Resources Committee consists entirely of Non-Executive Directors, as follows:

G D Mulligan (Chairman)

B R Brown

R A Ghatalia

The committee meets as required and at least four times per year – see page 24 for more details.

Remuneration Report

The Remuneration Report, which has been included in the Directors' Report, provides information on Transpacific's remuneration policies and payment details for Directors and Senior Executives.

FINANCIAL REPORT

Financial Year Ended 30 June 2010

Contents

Directors' Report	22
Auditor's Independence Declaration	38
Statement of Financial Position	39
Statement of Comprehensive Income	40
Statement of Changes in Equity	42
Statement of Cash Flows	43
Notes to the Financial Statements	44
Directors' Declaration	110
Independent Audit Report to the Members	111
Shareholder Information	112

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 for the financial year ended 30 June 2010 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 (resigned as Chairman 3 June 2010 and Director 30 June 2010)

G T Tilbrook – Non-Executive Chairman (appointed Director 3 September 2009 and Chairman 3 June 2010)

T J Coonan – Executive Director and Chief Executive Officer

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)

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 pages 12 to 13 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:

	2010 \$'000	2009 \$'000
ORDINARY SHARES:		
Final dividend for the year ended 30 June 2009 - 0 cents per share (2008: 10.1 cents)	-	29,621
Interim dividend for the year ended 30 June 2010 - 0 cents per share (2009: 0 cents)	-	-
TOTAL DIVIDENDS PAID	-	29,621

	2010 \$'000	2009 \$'000
SPS PREFERENCE SECURITIES:		
Distribution of \$2.31 per unit paid on 15 October 2009 (2009: \$4.02)	5,775	10,050
Distribution of \$2.54 per unit paid on 15 April 2010 (2009: \$3.60)	6,350	9,000
TOTAL DISTRIBUTIONS PAID	12,125	19,050
TOTAL DIVIDENDS AND DISTRIBUTIONS PAID	12,125	48,671

In accordance with certain restrictions on payment of future dividends agreed with WPX Nominees B.V. ("the Cornerstone Investor"), syndicate banks and USPP noteholders, the Directors have decided not to declare a final dividend for 2010.

The payment of the SPS preference securities distribution for the period ending 30 September 2010 of \$7,175,000 (\$2.87 per unit) is to be paid on 15 October 2010. The financial effect of this distribution has not been brought to account in the financial statements for the year ended 30 June 2010 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 Group net profit after income tax attributable to ordinary equity holders of Transpacific Industries Group Ltd for the year ended 30 June 2010 was \$59.0 million (2009: loss \$237.4 million).

The 2010 results include a mark to market for change in the fair value of derivative financial instruments and warrants of \$11.7 million profit (pre-tax). Additional results commentary is included in the CEO's report on page 2.

The 2009 results were negatively affected by significant items including:

- mark to market 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); and
- other items of \$2.1 million (pre-tax).

Underlying net profit after income tax for the year ended 30 June 2010 (excluding significant items) was \$55.7 million (2009: \$72.3 million (excluding profit on repurchase of convertible bonds and significant items)).

In August 2009, the Group concluded a major recapitalisation project raising \$801 million from the issue of 649,657,609 fully paid ordinary shares. \$704 million of these proceeds were used to reduce debt. This process delivered a strengthened statement of financial position and long-term extensions to the Group's syndicated debt facilities. The syndicated debt maturities have been extended into new four and five year tranches due in July 2013 and July 2014.

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

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.

Directors' Report (continued)

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 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 have 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. The aggregate fines paid during the year were \$95,023 but are not considered material.

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

DIRECTOR	BOARD MEETINGS		AUDIT RISK MANAGEMENT AND COMPLIANCE COMMITTEE		AUDIT COMMITTEE	
	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	12	*	*	*	*
G T Tilbrook	12	11	4	4	2	2
T J Coonan	15	15	*	*	*	*
H W Grundell	3	3	*	*	*	*
B R Brown	15	15	5	5	2	2
G D Mulligan	15	15	5	4	*	*
B S Allan	15	12	5	5	2	1
R A Ghatalia	12	12	*	*	*	*
M M Hudson	12	11	4	4	2	2

DIRECTOR	RISK COMMITTEE		NOMINATION & REMUNERATION COMMITTEE		HUMAN RESOURCES COMMITTEE	
	MEETINGS HELD WHILE A DIRECTOR	NUMBER ATTENDED	MEETINGS HELD WHILE A MEMBER	NUMBER ATTENDED	MEETINGS HELD WHILE A MEMBER	NUMBER ATTENDED
T E Peabody	*	*	5	5	1	0
G T Tilbrook	2	2	*	*	*	*
T J Coonan	*	*	*	*	*	*
H W Grundell	*	*	*	*	*	*
B R Brown	*	*	5	5	1	1
G D Mulligan	2	2	5	5	1	1
B S Allan	2	2	*	*	*	*
R A Ghatalia	*	*	4	4	1	1
M M Hudson	2	2	*	*	*	*

* 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	PERFORMANCE RIGHTS
<i>EXECUTIVE</i>			
T J Coonan	-	-	2,074,079
<i>NON-EXECUTIVE</i>			
G T Tilbrook	30,000	-	-
B R Brown	200,000	-	-
G D Mulligan	82,810	-	-
B S Allan	25,653	-	-
R A Ghatalia	-	-	-
M M Hudson	7,000	-	-

Mr Coonan has a call option to purchase 1,275,384 shares from the counterparties, exercisable at any time until 5 August 2014. The purchase price is:

PURCHASE BEFORE	PRICE PER SHARE
5 August 2010	\$3.253
5 August 2011	\$3.528
5 August 2012	\$3.826
5 August 2013	\$4.149
5 August 2014	\$4.500

The counterparties to the Put and Call options have a put option which requires the purchase of 1,275,384 shares after 5 August 2014, at a purchase price of \$4.50 per share. The put option may be exercised immediately if Mr Coonan is dismissed from employment by the Group for cause, or leaves to take a position with a competitor of the Group.

REMUNERATION REPORT (AUDITED)

REMUNERATION POLICY

The key driver of the Company'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 stakeholders.

During the 2010 financial year, the Board worked closely with management and external consultants to conduct a complete review of the Senior Executive remuneration structure, including incentive programs. Details of the remuneration structure are set out in this report.

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

- A. Human Resources Committee
- B. Non-Executive Directors' Remuneration
- C. Executive Director and Senior Executive Remuneration Policy and Structure
- D. Key Executive Contract Terms
- E. Remuneration of Executive Directors and Key Management Personnel
- F. Share Based Remuneration

This Remuneration Report outlines the Director and Executive remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. This information has been audited as required by section 308(3C) of the Act.

Directors' Report (continued)

For the purposes of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether Executive or otherwise) of the parent company, and includes the five highest remunerated Executives of the Group.

A. Human Resources Committee

The Human Resources Committee assists the Board in ensuring the Group establishes appropriate human resources strategies and remuneration and employment policies consistent with best practices and business requirements, and adopts and complies with remuneration and employment policies that:

- attract, retain and motivate high calibre Executives and Directors so as to encourage enhanced performance of the Group;
- are consistent with the human resources needs of the Group;
- motivate management to pursue the long-term growth and success of the Group within an appropriate risk and control framework; and
- demonstrate a clear relationship between Executive performance and remuneration.

B. Non-Executive Directors' Remuneration

Non-Executive Directors are paid Directors' fees which reflect the demands that are made on, and the responsibilities of, those 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 Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders. The maximum aggregate Director fee pool limit currently stands at \$750,000 per annum, to be apportioned among the Non-Executive Directors as the Board determines in its absolute discretion. The Board will make a recommendation to the November 2010 annual general meeting to increase the aggregate Directors' fee pool limit to \$1.2 million as a result of the appointment of a Non-Executive Chairman, an increase in the number of Non-Executive Directors, and to ensure fees paid are comparable with other companies of a similar size. For the year ended 30 June 2010, Non-Executive Directors were paid a flat fee of \$125,000 (inclusive of superannuation) per annum. Should the increased fee pool be approved, it is intended that for the year ending 30 June 2011 the Non-Executive Chairman receive a fee of \$275,000 and Non-Executive Directors receive a fee of \$125,000 (excluding Mr Ghatalia). It is also intended that the Chair of the Audit Committee receive a fee of \$30,000 and the Chairs of the Risk and Compliance Committee and the Human Resource Committee receive a fee of \$20,000 each. The fees of the Chairs of the Committees reflect the additional work required by the Directors holding such positions.

The remuneration Non-Executive Directors received for the year ended 30 June 2010 and 30 June 2009 are set out below

		SHORT-TERM			SHARE-BASED PAYMENTS	POST EMPLOYMENT		
		SALARY AND FEES \$	STI CASH BONUS \$	NON-MONETARY BENEFITS \$	OPTIONS ⁴ \$	SUPER-ANNUATION BENEFITS \$	TOTAL \$	% OF REMUNERATION PERFORMANCE RELATED
NON-EXECUTIVE								
G T Tilbrook ¹	– 2010	94,830	-	-	-	8,535	103,365	-
B R Brown	– 2010	109,399	-	-	-	9,846	119,245	-
	– 2009	83,000	-	-	408	7,470	90,878	-
G D Mulligan	– 2010	109,399	-	-	-	9,846	119,245	-
	– 2009	83,000	-	-	408	7,470	90,878	-
B S Allan	– 2010	109,399	-	-	1,493	9,846	120,738	-
	– 2009	83,000	-	-	10,877	7,470	101,347	-
R A Ghatalia ²	– 2010	-	-	-	-	-	-	-
M M Hudson ³	– 2010	91,743	-	-	-	8,257	100,000	-
Total	– 2010	514,770	-	-	1,493	46,330	562,593	
Total	– 2009	249,000	-	-	11,693	22,410	283,103	

¹ Appointed as Non-Executive Director on 3 September 2009 and Non-Executive Chairman on 3 June 2010.

² Appointed as Non-Executive Director on 1 September 2009. He has elected not to receive any Directors fees as the representative Director of Warburg Pincus, a major shareholder.

³ Appointed as Non-Executive Director on 14 September 2009.

⁴ Share based payment expense relates to options issued under the former Long Term Incentive Plan. Non-Executive Directors do not participate in the new Long Term Incentive Plan adopted by the Board during the financial year.

C. Executive Director and Senior Executive Remuneration Policy and Structure

The Group's remuneration strategy is designed to attract, retain and motivate employees.

The Board ensures that Executive remuneration satisfies the following key criteria for good remuneration governance practices:

- aligned to the Group's business strategy;
- competitiveness and reasonableness - as benchmarked against the external market;
- performance linked - to individual and financial performance; and
- aligned to shareholder value - through measuring Total Shareholder Return (TSR).

During the year, the Human Resources Committee sought independent advice in setting the structure and levels of Executive remuneration. The Board, upon the recommendation of the Human Resources Committee, has developed and adopted a structure driven by these key criteria which consists of:

- base pay (total fixed remuneration (TFR)); and
- incentive or "at-risk" components. These take the form of:
 - o annual incentives that represent between 10% and 75% of TFR; and
 - o long-term incentives that represent between 20% and 75% of TFR; and
 - o a one-off Executive engagement award issued in June 2010 (refer below for further details).

The proportion of remuneration that is at-risk (being the annual incentive and long-term incentive elements) increases for more senior positions to ensure that a significant part of an Executive's reward is dependent on achieving business objectives and generating shareholder returns.

A detailed description of each of these elements is provided below.

Total Fixed Remuneration (TFR)

Executives are offered a competitive base salary as part of TFR, which also includes statutory superannuation contributions, and other packaged allowances.

The amount of TFR for each Executive Director and Senior Executive is approved annually by the Board, based on the recommendation of the Human Resources Committee, with consideration given to business and individual performance as well as market relativity. There are no guaranteed base pay increases included in any Senior Executive contracts.

For the 2010 financial year, there were no salary increases for Executives, with the exception of two Senior Executives who were promoted to new positions.

Annual incentive plan

During the 2010 financial year the Board adopted a revised annual incentive plan, which is being implemented in two stages, as detailed below:

2009/2010: Actual incentive payments for the year ended 30 June 2010 were determined by achievement of clearly defined group Earnings Per Share (EPS) and divisional Earnings Before Interest and Tax (EBIT) financial targets only. The incentive is payable by a mix of cash and Performance Rights which entitle the employee to one share in the Company for each right granted after a period of two years from the grant date and subject to forfeiture if the employee resigns before the end of that period.

2010/2011: For the 2011 financial year, actual incentive payments will be determined as outlined above, but with the inclusion of a predetermined scorecard of individual measures and performance standards.

These performance measures were chosen primarily to align participant reward outcomes with the accomplishment of annual business plans and targets that drive divisional and Group performance.

Executives have the ability to earn up to 200% of their annual incentive where:

- 120% of the relevant financial targets are achieved; and
- the highest level of individual measures and performance standards are met.

Annual incentive payments are determined after the preparation of the financial statements each year (in respect of the financial measures) and after a review of performance against individual measures. Payments of annual incentives are generally made in October each year.

For the 2009 and 2010 financial years, no annual incentive bonuses were payable to Senior Executives as the fixed Group and divisional financial targets were not met. However, the Board has discretion to award bonuses based on circumstances and other criteria. These have not yet been considered for the 2010 financial year.

Long-Term Incentive Plan

A new Long-Term Incentive Plan (LTIP) was adopted by the Board during the 2010 financial year.

The LTIP was designed to reward Executives for delivering long-term shareholder return. It is intended that the plan be put to the 2010 annual general meeting for shareholder approval.

Under the LTIP, participants are issued performance rights which will entitle them to one ordinary share in the Group for each right granted at the end of a three year period if certain performance standards are met. Offers are made annually at the discretion of the Board.

The LTIP performance standards are measured as follows:

- The Company achieving a total shareholder return (TSR) ranking of equal to or greater than the 50th percentile of the TSR of the S&P/ASX 200 Industrial Sector Index (excluding companies involved in resources or mining); and
- If the TSR ranking is achieved and the Group achieves certain earnings per share (EPS) growth targets, the following percentages of performance rights vest:
 - o 50% vesting on achievement of 15% annualised EPS growth;
 - o 75% on achievement of 20% annualised EPS growth; and
 - o 100% vest on achievement of 25% annualised EPS growth.

Relative TSR performance provides an objective measure for rewarding Executives based on the extent to which shareholder returns are generated, relative to the performance of companies of a similar size. EPS is also used as it aligns directly with the increasing value of the business.

2,613,063 performance rights were granted under the LTIP on 1 June 2010, which vest upon release of results for the year ending 30 June 2012, subject to achievement of the performance standards outlined above. Fifty per cent of the ordinary shares allocated upon vesting of performance rights will be restricted shares, meaning that where the participant does not hold shares in the Company to the value of at least 12 months TFR at the vesting date, they will not be allowed to sell these restricted shares until they hold 12 months TFR in the Company's shares. The Board has the right to waive any such restriction.

Where a participant ceases employment prior to the vesting of their award, the performance rights are forfeited unless the Board applies its discretion in appropriate circumstances.

The Board has discretion to determine the extent of vesting in the event of a change of control.

There were no options issued under the former long-term incentive plan of the Group (Transpacific Executive Share Option plan) during the 2010 financial year, however options remain on issue from prior years. Options granted under this scheme vest in equal tranches over two or three years. Seventy five per cent of the options vest if TSR totals at least 15% per annum on a cumulative basis and 25% vest if the volume weighted average price of the Company's 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 under this plan to date were issued for no consideration. No options have vested during the period as the performance criteria were not satisfied.

Executive Engagement Award

On 1 June 2010, the Board issued 9,945,265 performance rights to certain Executives under a one-off Executive Engagement Award (EEA).

The purpose of this Award was to:

- provide one-off incentives to retain certain eligible Executives and senior managers;
- foster a responsible balance between short-term and long-term corporate results and long term shareholder value creation; and
- build and maintain a strong spirit of performance and entrepreneurship.

The vesting of the performance rights issued under this Award is conditional upon the participant being employed at vesting date (30 June 2015), and will vest at various percentages based on the Company's ordinary share price at that date as follows:

20 day VWAP	PERCENTAGE OF PERFORMANCE RIGHTS VESTING
Less than \$3.00	0%
\$3.00	50%
\$4.50	100%
\$6.00	200%
\$9.00 or more	300%

The award is subject to the same employment and change of control clauses as the LTIP.

Securities Trading Policy

The Company prohibits Executives from entering into any hedging arrangements or acquiring financial products (such as equity swaps, caps and collars or other hedging products) over unvested options or performance rights which have the effect of reducing or limiting exposure to risks associated with the market value of the Company's securities.

No Directors or Senior Executives may directly or indirectly enter into any margin loan facility against the Company's securities unless the prior written consent of the Chairperson of the Board is obtained.

The Group's Performance

The following table summarises the Group's performance over the five year period from 1 July 2005 to 30 June 2010:

	2006	2007	2008	2009	2010
EPS	23.6c	41.1c	61.8c	(77.9)c	6.7c ¹
Dividends per share	9.3c	11.7c	18.1c	-	-
Share price at 30 June 2010	\$6.63	\$13.36	\$6.00	\$1.80	\$1.00

¹ In August 2009, the Company completed a recapitalisation, issuing 649,657,609 fully paid ordinary shares.

Based on the Group's performance, no annual incentives were paid to Senior Executives in respect of the 2009 and 2010 financial years. No options issued under the former long-term incentive plan vested during the 2010 financial year.

D. Key Executive Contract Terms

The remuneration and other terms of employment for Executive Directors and Senior Executives are covered in formal employment contracts. A summary of the key terms of employment contracts for nominated Executives is outlined below.

TFR consists of cash salary, statutory superannuation contributions and packaged benefits such as motor vehicle allowances. There is no fixed term for key Executive contracts. Participation in the annual incentive plan and LTIP is at the Board's discretion.

Performance appraisals are undertaken annually.

The Company may terminate service agreements immediately for cause, in which case the Executive is not entitled to any payment in lieu of notice or compensation.

A summary of the key contract terms are below

	RESIGNATION	TERMINATION BY TPI (WITHOUT CAUSE)	REDUNDANCY
T E Peabody	6 months' notice	6 months' notice	Two weeks for every year of service
T J Coonan, H W Grundell, N M Badyk, A G Roderick	12 months' notice	12 months' notice	Payment equal to 12 months' TFR
P A Glavac, S T Barnard, K L Smith	6 months' notice	6 months' notice	6 months' notice plus a severance payment of 2 weeks for every year of service. Payment capped at 12 months' TFR.
T Nickels	3 months' notice	1 months' notice	6 months' notice plus a severance payment of 4 weeks for the first year of service and 2 weeks for every year of service thereafter, capped at 26 weeks.

E. Remuneration of Executive Directors and Key Management Personnel

Details of the remuneration of the Executive 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 and performance rights have been costed in accordance with methodology set out in F below.

A listing of all employees who were KMP during the 2010 and 2009 years is set out below

NAME	TITLE WHILST KMP	PERIOD KMP (IF LESS THAN FULL YEAR)
T E Peabody	Executive Chairman	
T J Coonan	Executive Director and Chief Executive Officer	
H W Grundell	Executive General Manager, Commercial Vehicles and Manufacturing	
N M Badyk	Chief Operating Officer, Transpacific Cleanaway	
A G Roderick	Chief Operating Officer, Transpacific Industrials	
S T Barnard	General Manager, Corporate Services	
P A Glavac	Managing Director, Commercial Vehicles	
T Nickels	Managing Director, New Zealand	From 1 July 2009
K L Smith	Company Secretary	From 1 July 2009
G R W Battershill	Chief Financial Officer	Until 5 March 2010
G S Campbell	Managing Director, Solid Waste Australia and New Zealand	Until 13 November 2009
B D Stam	General Manager, Corporate Services	Until 13 November 2008
T A A Woods	Managing Director, Mergers and Acquisitions	Until 30 June 2009

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 AND RIGHTS \$	SUPER-ANNUATION BENEFITS \$	TERMINATION PAY \$	TOTAL \$	% OF REMUNERATION PERFORMANCE RELATED ⁸
EXECUTIVE DIRECTOR									
T J Coonan	– 2010	874,017	-	4,136	94,595	76,502	-	1,049,250	-
	– 2009	874,017	-	106,511	234,767	76,502	-	1,291,797	-
FORMER EXECUTIVE DIRECTORS									
T E Peabody ¹	– 2010	700,014	-	8,340	-	63,001	1,222,184	1,993,539	-
	– 2009	750,014	-	15,851	-	67,501	-	833,366	-
H W Grundell ²	– 2009	599,012	-	26,121 ⁷	67,757	51,751	-	744,641	-
KEY MANAGEMENT PERSONNEL									
H W Grundell	– 2010	599,011	-	2,652	43,027	51,751	-	696,441	-
N M Badyk	– 2010	479,341	-	98	22,002	40,981	-	542,422	-
	– 2009	399,000	-	10,037 ⁷	67,757	33,750	-	510,544	-
A G Roderick	– 2010	482,342	-	647	33,309	41,251	-	557,549	-
	– 2009	399,008	-	588	126,777	33,751	-	560,124	-
S T Barnard	– 2010	303,011	-	2,240	32,944	25,200	-	363,395	-
	– 2009	285,877	-	20,691	63,836	23,929	-	394,333	-
P A Glavac	– 2010	399,007	-	2,130	15,730	33,751	-	450,618	-
	– 2009	399,008	-	11,293 ⁷	67,757	33,751	-	511,809	-
T Nickels	– 2010	329,376	-	31,138	11,430	6,588	-	378,532	-
K L Smith	– 2010	245,004	-	5,157	10,468	20,250	-	280,879	-
FORMER KEY MANAGEMENT PERSONNEL									
G R W Battershill ³	– 2010	231,486	-	-	-	19,544	29,422	280,452	-
	– 2009	323,006	-	5,810	117,329	27,270	-	473,415	-
G S Campbell ⁴	– 2010	165,879	-	488	-	12,578	343,625	522,570	-
	– 2009	603,344	-	5,810	257,106	51,751	-	918,011	-
B D Stam ⁵	– 2010	-	-	-	-	-	-	-	-
	– 2009	148,234	-	12,752	13,030	10,432	-	184,448	-
T A A Woods ⁶	– 2010	-	-	-	-	-	-	-	-
	– 2009	339,006	22,935	29,992 ⁷	67,757	28,351	-	488,041	-
Total	– 2010	4,808,488	-	57,026	263,505	391,397	1,595,231	7,115,647	
Total	– 2009	5,119,526	22,935	245,456	1,083,873	438,739	-	6,910,529	

¹ T E Peabody ceased employment on 30 June 2010. Pursuant to his contract of employment dated 19 March 2005, Mr Peabody received a redundancy payment of \$724,950, a payment in lieu of accrued long service leave of \$359,172 and a payment in lieu of accrued annual leave of \$138,082. Mr Peabody's redundancy payment was less than the average of his annual base salary over the previous three years.

² H W Grundell resigned as an Executive Director on 3 September 2009, but continued as key management personnel.

³ G R W Battershill resigned as Chief Financial Officer on 5 March 2010. Termination post-employment benefits consist of leave accrual payments.

⁴ G S Campbell resigned as Managing Director, Solid Waste Australia and New Zealand on 13 November 2009. Termination post-employment benefits consist of 26 weeks' severance pay in accordance with his contract, and leave accrual payments.

⁵ B D Stam resigned as General Manager Corporate Services on 13 November 2008.

⁶ T A A Woods was not a KMP for the 2010 financial year, therefore 2009 remuneration details are shown for comparative purposes only. The STI cash bonus shown for 2009 was in respect of the 2008 financial year.

⁷ Non-monetary benefits in 2009 include a remuneration benefit paid in relation to loans provided during the year as detailed in Note 35 of the financial statements. No loans were provided during 2010.

⁸ There was no remuneration paid or payable relating to current year performance.

F.Share Based Remuneration

Details of the aggregate LTIP and EEA share opportunities in the Company that were granted as compensation to each key management personnel during the reporting period and details on share opportunities that were vested during the reporting period are as follows

	NUMBER OF SHARE OPPORTUNITIES GRANTED DURING THE YEAR		NUMBER OF SHARE OPPORTUNITIES VESTED DURING THE YEAR		NUMBER OF SHARE OPPORTUNITIES LAPSED/CANCELLED DURING THE YEAR	
	2010 ¹	2009 ²	2010	2009	2010	2009
DIRECTORS						
T J Coonan	1,324,080	-	-	216,665	200,000	-
B S Allan	-	-	-	16,666	-	-
G D Mulligan	-	-	-	16,666	-	-
B R Brown	-	-	-	16,666	-	-
KEY MANAGEMENT PERSONNEL						
H W Grundell	785,109	-	-	166,667	-	-
N M Badyk	653,604	-	-	166,667	100,000	-
A G Roderick	653,604	-	-	133,333	-	-
S T Barnard	301,740	-	-	-	-	-
P A Glavac	401,532	-	-	166,668	100,000	-
T Nickels	456,455	-	-	-	-	-
K L Smith	246,155	-	-	50,000	-	-
FORMER KEY MANAGEMENT PERSONNEL						
G R W Battershill	-	200,000	-	-	200,000	-
G S Campbell	-	-	-	133,333	650,000	-

¹ Share opportunities granted during 2010 financial year are performance rights under the LTIP and EEA incentive schemes.

² Share opportunities granted during 2009 year are share options issued under the former long-term incentive plan

The assessed fair value at grant date of share opportunities 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. Details of the vesting conditions are set out earlier in the report.

Subsequent to year end, performance rights have been issued to KMP.

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

Directors' Report (continued)

Details of ordinary shares in the Company provided as a result of the exercise of remuneration share opportunities to each Director and key management personnel are set out below

	2010		2009	
	AMOUNT PAID PER SHARE	NUMBER OF SHARES	AMOUNT PAID PER SHARE	NUMBER OF SHARES
EXECUTIVE DIRECTORS				
T J Coonan	-	-	\$2.40	183,335
NON-EXECUTIVE DIRECTORS				
B R Brown	-	-	\$2.40	50,000
G D Mulligan	-	-	\$2.40	50,000
KEY MANAGEMENT PERSONNEL				
H W Grundell	-	-	\$2.40	166,667
P A Glavac	-	-	\$2.40	166,666
N M Badyk	-	-	\$2.40	166,667
FORMER KEY MANAGEMENT PERSONNEL				
T A A Woods	-	-	\$2.40	166,667

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

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

	VALUE OF SHARE OPPORTUNITIES AS PROPORTION OF REMUN- ERATION	FINANCIAL YEAR GRANTED	NUMBER	% VESTED AT 30 JUNE 2010	% LAPSED / CANCELLED IN 2010	FINANCIAL YEARS IN WHICH SHARE OPPOR- TUNITIES VEST	MINIMUM TOTAL VALUE YET TO VEST \$	MAXIMUM TOTAL VALUE YET TO VEST \$
OPTIONS ISSUED UNDER FORMER LONG-TERM INCENTIVE PLAN								
EXECUTIVE DIRECTORS								
T J Coonan		2007	200,000	-	100%	B	-	-
		2008	200,000	-	-	C	-	6,414
		2008	100,000	67%	-	A	-	-
NON-EXECUTIVE DIRECTORS								
B S Allan		2007	50,000	33%	-	A	-	-
KEY MANAGEMENT PERSONNEL								
H W Grundell		2007	100,000	-	-	B	-	1,603
N M Badyk		2007	100,000	-	100%	B	-	-
A G Roderick		2006	150,000	33%	-	A	-	-
		2006	150,000	33%	-	A	-	-
		2007	100,000	-	-	B	-	-
		2007	100,000	-	-	C	-	-
		2008	30,000	33%	-	A	-	-
S T Barnard		2008	20,000	-	-	B	-	-
		2008	100,000	-	-	C	-	3,207

	VALUE OF SHARE OPPORTUNITIES AS PROPORTION OF REMUN- ERATION	FINANCIAL YEAR GRANTED	NUMBER	% VESTED AT 30 JUNE 2010	% LAPSED / CANCELLED IN 2010	FINANCIAL YEARS IN WHICH SHARE OPPOR- TUNITIES VEST	MINIMUM TOTAL VALUE YET TO VEST \$	MAXIMUM TOTAL VALUE YET TO VEST \$
KEY MANAGEMENT PERSONNEL								
P A Glavac		2007	100,000	-	100%	B	-	-
T Nickels		2008	150,000	-	-	D	-	-
		2009	50,000	-	-	D	-	-
K L Smith		2008	75,000	-	-	D	-	-
FORMER KEY MANAGEMENT PERSONNEL								
G S Campbell		2006	150,000	33%	67%	A	-	-
		2007	100,000	-	100%	B	-	-
		2007	100,000	-	100%	C	-	-
		2008	100,000	-	100%	B	-	-
		2008	150,000	-	100%	C	-	-
G R W Battershill		2009	200,000	-	100%	D	-	-
T A A Woods		2007	100,000	-	-	C	-	-
PERFORMANCE RIGHTS ISSUED UNDER LONG-TERM INCENTIVE PLAN								
EXECUTIVE DIRECTORS								
T J Coonan	59%	2010	531,996	-	-	E	-	473,476
		2010	792,083	-	-	F	-	1,061,391
KEY MANAGEMENT PERSONNEL								
H W Grundell	58%	2010	242,817	-	-	E	-	216,107
		2010	542,292	-	-	F	-	726,671
N M Badyk	59%	2010	202,146	-	-	E	-	179,910
		2010	451,458	-	-	F	-	604,954
A G Roderick	58%	2010	202,146	-	-	E	-	179,910
		2010	451,458	-	-	F	-	604,954
S T Barnard	50%	2010	84,940	-	-	E	-	75,597
		2010	216,800	-	-	F	-	290,512
P A Glavac	52%	2010	113,032	-	-	E	-	100,598
		2010	288,500	-	-	F	-	386,590
T Nickels	61%	2010	123,121	-	-	E	-	109,578
		2010	355,000	-	-	F	-	475,700
K L Smith	52%	2010	69,282	-	-	E	-	61,661
		2010	176,833	-	-	F	-	236,956

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

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

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

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

E – Performance rights under LTIP vest 14 days after the date on which the financial results for the year ending 30 June 2012 are released to the ASX.

F – Performance rights vest under the EEA on 30 June 2015.

END OF REMUNERATION REPORT

Directors' Report (continued)

Shares under Option

In the financial year ended 30 June 2010 and up to the date of this report, no options were granted over unissued shares. The Company has adopted a new LTIP and no longer intends to use options as part of its remuneration strategy.

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
OPTIONS			
12 March 2007	31 July 2011	\$9.98	420,000
3 May 2007	31 July 2011	\$12.51	50,000
16 May 2007	31 July 2011	\$13.06	610,000
22 October 2007	31 July 2011	\$11.15	145,000
11 February 2008	31 July 2011	\$7.96	856,500
6 November 2008	31 July 2012	\$3.55	485,000
			2,566,500

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

Details of performance rights granted under the revised LTIP in the 2010 financial year are set out in a previous section of the Remuneration Report.

Shares Issued on the Exercise of Options

During or since the end of the financial year to the date of this report, the Company did not issue any ordinary shares as a result of the exercise of options.

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.

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 2010 and 2009 non-audit services included taxation compliance services and advice and due diligence services.

The Board of Directors has considered the position and 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 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, and its related practices for audit and non-audit services' is set out below.

	CONSOLIDATED	
	2010	2009
1. Audit services:		
Ernst & Young ¹	1,086,000	-
Bentleys Brisbane Partnership ¹	97,875	891,407
Overseas auditor's associated with Bentleys Brisbane Partnership	-	225,000
Total audit services	1,183,875	1,116,407
2. Non-audit services:		
<i>Due diligence services:</i>		
Ernst & Young	612,335	-
Bentleys Brisbane Partnership and Bentleys (Qld) Pty Ltd	-	23,379
<i>Other:</i>		
Bentleys Brisbane Partnership and Bentleys (Qld) Pty Ltd	5,363	40,465
	617,698	63,844
<i>Taxation services:</i>		
Ernst & Young	13,200	-
Bentleys (Qld) Pty Ltd	25,680	251,498
Overseas auditor's associated with Bentleys	10,800	8,921
	49,680	260,419
Total non-audit services	667,378	324,263

¹ Ernst & Young were appointed auditor's at the annual general meeting of shareholders held on 4 November 2009, replacing Bentleys Brisbane Partnership.

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 38.

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.



G T Tilbrook

Chairman

Brisbane, 23 September 2010

Auditor's Independence Declaration'



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Auditor's Independence Declaration to the Directors of Transpacific Industries Group Limited

In relation to our audit of the financial report of Transpacific Industries Group Limited for the financial year ended 30 June 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A stylized, handwritten signature of 'Ernst & Young' in a cursive script.

Ernst & Young

A handwritten signature of 'Mike Reid' in a cursive script.

Mike Reid
Partner
21 September 2010

Liability limited by a scheme approved
under Professional Standards Legislation

Statement of Financial Position

As at 30 June 2010

CONSOLIDATED			
	NOTES	2010 \$'000	2009 \$'000
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	9	140,954	70,115
Trade and other receivables	10	280,709	352,103
Current tax assets	11	14,520	10,058
Inventories	12	157,019	151,757
Derivative financial instruments	13	18,635	41,346
Other assets	15	12,298	10,822
TOTAL CURRENT ASSETS		624,135	636,201
<i>Non-current assets</i>			
Investments accounted for using the equity method	16	18,987	18,096
Other financial assets	14	23,942	21,195
Property, plant and equipment	17	1,128,009	1,079,907
Intangible assets	18	2,412,865	2,427,683
Deferred tax assets	8	71,365	67,695
TOTAL NON-CURRENT ASSETS		3,655,168	3,614,576
TOTAL ASSETS		4,279,303	4,250,777
LIABILITIES			
<i>Current liabilities</i>			
Trade and other payables	19	218,003	251,648
Borrowings	20	47,269	2,421,678
Employee benefits		42,791	34,198
Provisions	21	20,667	17,075
Derivative financial instruments	13	31,440	87,028
Other	22	19,659	20,314
TOTAL CURRENT LIABILITIES		379,829	2,831,941
<i>Non-current liabilities</i>			
Borrowings	20	1,654,924	32,801
Deferred tax liabilities	8	31,046	20,205
Employee benefits		9,774	8,178
Deferred government grants		1,136	1,318
TOTAL NON-CURRENT LIABILITIES		1,696,880	62,502
TOTAL LIABILITIES		2,076,709	2,894,443
NET ASSETS		2,202,594	1,356,334
EQUITY			
Issued capital	24	1,821,646	1,092,971
Reserves	24	56,823	(9,928)
Retained earnings	24	64,815	5,779
Parent entity interest		1,943,284	1,088,822
Non-controlling interest	24	9,464	17,666
Step-up preference security holders	24	249,846	249,846
TOTAL EQUITY		2,202,594	1,356,334

The above Statement of Financial Position should be read in conjunction with the accompanying Notes.

Statement of Comprehensive Income

For the Financial Year Ended 30 June 2010

CONSOLIDATED			
	NOTES	2010 \$'000	2009 \$'000
CONTINUING OPERATIONS			
Revenue	4	2,073,996	2,202,243
Cost of sales		(726,684)	(851,070)
Gross profit		1,347,312	1,351,173
Other income	5	2,474	12,977
Employee expenses		(567,221)	(570,270)
Depreciation and amortisation expenses		(168,571)	(143,827)
Finance costs	6	(175,957)	(225,299)
Repairs and maintenance		(98,796)	(90,740)
Fuel purchases		(63,881)	(68,746)
Leasing charges		(53,685)	(51,356)
Freight costs		(25,602)	(24,000)
Other expenses		(117,105)	(147,638)
Results from operating activities		78,968	42,274
Share of net profits of associates accounted for using the equity method	26C	1,373	2,516
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	21,724	(76,378)
Change in fair value of warrants	7	(10,029)	-
Profit/(loss) before income tax		92,036	(237,775)
Income tax benefit/(expense)	8	(19,300)	21,668
Profit/(loss) from continuing operations after income tax		72,736	(216,107)
Attributable to:			
Ordinary equity holders of the parent		59,036	(237,406)
Non-controlling interest		1,575	2,249
Step-up preference security holders		12,125	19,050
Profit/(loss) from continuing operations after income tax		72,736	(216,107)

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

CONSOLIDATED			
	NOTES	2010 \$'000	2009 \$'000
Profit/(loss) for the period		72,736	(216,107)
Other comprehensive income			
Cash flow hedges			
Net gain/(loss) taken to equity (net of tax)	24	1,126	(207)
Translation of foreign operations			
Exchange differences taken to equity	24	1,692	11,314
Revaluation of assets			
Revaluation of available-for-sale assets	24	2,747	3,704
Net income recognised directly in equity		5,565	14,811
Total comprehensive income/(loss) for the period		78,301	(201,296)
Attributable to:			
Ordinary equity holders of the parent		64,601	(222,595)
Non-controlling interest		1,575	2,249
Step-up preference security holders		12,125	19,050
Total comprehensive income/(loss) for the period		78,301	(201,296)
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share	34	6.7	(77.9)
Diluted earnings per share	34	6.6	(77.9)

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

Statement of Changes in Equity

For the Year Ended 30 June 2010

	ORDINARY SHARES	CONVERTIBLE NOTE	ASSET REVALUATION RESERVE	WARRANT RESERVE	EMPLOYEE EQUITY BENEFITS RESERVE	CASH FLOW HEDGE RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	RETAINED EARNINGS	OWNERS OF THE PARENT	NON – CONTROLLING INTEREST	STEP-UP PREFERENCE SECURITIES	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 30 June 2009	1,041,383	51,588	36,752	-	590	(2,120)	(45,150)	5,779	1,088,822	17,666	249,846	1,356,334
Profit for period								59,036	59,036	1,575	12,125	72,736
Other comprehensive income			2,747			1,126	1,692		5,565			5,565
Total comprehensive income for the year	-	-	2,747	-	-	1,126	1,692	59,036	64,601	1,575	12,125	78,301
Transfer of warrants to equity settlements				60,892					60,892			60,892
Issue of Ordinary Shares	750,217								750,217			750,217
Share-based payment					294				294			294
Distribution to Step-up Preference Securities									-		(12,125)	(12,125)
Dividend paid									-	(1,156)		(1,156)
Reduction in non-controlling interest									-	(8,621)		(8,621)
Transaction costs	(21,542)								(21,542)			(21,542)
Balance at 30 June 2010	1,770,058	51,588	39,499	60,892	884	(994)	(43,458)	64,815	1,943,284	9,464	249,846	2,202,594
At 30 June 2008	919,450	51,951	33,048	-	6,371	7,038	(56,464)	272,806	1,234,200	23,545	249,846	1,507,591
Profit/(Loss) for period								(237,406)	(237,406)	2,249	19,050	(216,107)
Other comprehensive income			3,704			(207)	11,314		14,811			14,811
Total comprehensive income for the year		-	3,704	-	-	(207)	11,314	(237,406)	(222,595)	2,249	19,050	(201,296)
Transfer to issued capital	8,400				(8,400)				-			-
Exercise of executive share options	13,803								13,803			13,803
Exercise of share options	13,529								13,529			13,529
Part settlement of business combinations	30,802								30,802			30,802
Dividend Reinvestment Plan and Underwrite	49,440								49,440			49,440
Part settlement of convertible notes	6,601								,601			6,601
Transaction costs	(642)								(642)			(642)
Buy back equity component of convertible note		(363)							(363)			(363)
Share-based payment					2,619				2,619			2,619
Transfer to net profit						(8,951)			(8,951)			(8,951)
Dividend Paid								(29,621)	(29,621)			(29,621)
Distribution to Step-up Preference Securities									-		(19,050)	(19,050)
Reduction in non-controlling interest									-	(8,128)		(8,128)
Balance at 30 June 2009	1,041,383	51,588	36,752	-	590	(2,120)	(45,150)	5,779	1,088,822	17,666	249,846	1,356,334

Statement of Cash Flows

For the Year Ended 30 June 2010

	CONSOLIDATED		
	NOTES	2010 \$'000	2009 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (incl. of GST)		2,317,993	2,421,979
Payments to suppliers/employees (incl. of GST)		(1,859,138)	(2,015,011)
Other revenue		8,391	15,378
Interest received		2,576	3,212
Interest paid		(158,227)	(189,016)
Income taxes paid		(21,757)	(34,911)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	27	289,838	201,631
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of equity and other investments		-	(97)
Payments for purchase of businesses		(6,901)	(55,868)
Payments for property, plant and equipment		(134,416)	(162,480)
Proceeds from sale of business		2,000	2,014
Proceeds from disposal of property, plant and equipment		11,883	4,198
NET CASH (USED IN) INVESTING ACTIVITIES		(127,434)	(212,233)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of equity		801,080	69,901
Payment of dividend to minority shareholders		(1,156)	(1,691)
Dividend received from associates		2,345	1,420
Payment of step-up securities distribution		(12,125)	(19,050)
Ordinary equity dividends paid		-	(29,621)
Dividend reinvestment plan and underwrite		-	6,871
Net movement in trade and vendor finance		(65,830)	43,016
Payment of equity raising costs		(23,272)	(642)
Payment of debt raising costs		(25,440)	(7,357)
Repayment of bank loans		(711,562)	(76,950)
Buy back of convertibles notes		-	(18,325)
Proceeds from bank loans		2,371	78,458
Repayment of lease liabilities		(27,439)	(23,017)
Repayment of loans by/(to) related parties		(1,874)	(780)
Repayment of hedges		(29,169)	-
NET CASH (USED IN)/FROM FINANCING ACTIVITIES		(92,071)	22,233
NET INCREASE IN CASH HELD		70,333	11,631
Cash at the beginning of the financial year		70,115	58,126
Net foreign exchange differences		506	358
CASH AT THE END OF THE FINANCIAL YEAR	9	140,954	70,115

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

Notes to the Financial Statements

For the Financial Year Ended 30 June 2010

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 2010 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.

The consolidated financial report of the Group complies 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 2010.

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets (non-landfill land and buildings and listed company investments) 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 Group'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 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.

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.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2010. The impact of these not yet effective Standards and Interpretations has not yet been determined by management.

3. Significant Accounting Policies (continued)

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 2010 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, so as to obtain the benefits from their activities. 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 deconsolidated from the date that control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Intercompany transactions, balances, income and expenses and profit and losses resulting from intragroup transactions have been eliminated in full.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values. The difference between these items and the fair value of the consideration is goodwill or a discount on acquisition.

A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

Non-controlling interests (formerly known as minority interests) are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position separately from the equity of the owners of the parent. Losses are attributed to the non-controlling interest even if that results in a deficit balance.

If the Group loses control over a subsidiary it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences, recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2010 (continued)

3. Significant Accounting Policies (continued)

(A) BASIS OF CONSOLIDATION (CONTINUED)

(i) Subsidiaries (continued)

In comparison to the above mentioned requirements which were applied on a prospective basis from 1 July 2009, the following differences applied:

- Non-controlling interests represented the portion of profit or loss and net assets of a subsidiary that were not wholly-owned by the Group and were presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position separately from parent shareholders' equity. Acquisitions of non-controlling interest were accounted for using the parent entity extension method, whereby the difference between the consideration and the book value of the share of the net assets acquired was recognised in goodwill.
- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributed to the parent, unless the non-controlling interest had a binding obligation to cover these.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost.

(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.

Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in associates. Goodwill included in the carrying amount of the investment in associate is not tested separately, rather the entire carrying amount of the investment is tested for impairment as a single asset. If any impairment is recognised, the amount is not allocated to the goodwill of the associate.

The Group's share of its associates' post-acquisition profits or losses is recognised in the statement of comprehensive income, 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.

Dividends receivable from associates are recognised in the parent entity's statement of comprehensive income as a component of other income.

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

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

3. Significant Accounting Policies (continued)

(B) BUSINESS COMBINATIONS (CONTINUED)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

Prior to 1 July 2009, the Group used the purchase method of accounting for business combinations.

Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for in separate steps. Any additional interest in the acquiree acquired did not affect previously recognised goodwill. The goodwill amounts calculated at each step acquisition were accumulated.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were adjusted against goodwill.

(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 reporting date and are expected to apply when the related deferred income asset is realised or the deferred income tax liability is settled.

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

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

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and 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.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2010 (continued)

3. Significant Accounting Policies (continued)

(C) INCOME TAX (CONTINUED)

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.

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 reporting 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 statement of comprehensive income 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 reporting date. The revenues and expenses of foreign operations, excluding foreign operations in hyper-inflationary 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 hyper-inflationary economies are translated to Australian dollars at the foreign exchange rates ruling at the reporting date. Foreign exchange differences arising on re-translation 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 statement of comprehensive income, 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 reporting 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.

3. Significant Accounting Policies (continued)

(E) DERIVATIVE FINANCIAL INSTRUMENTS (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 instrument that does not qualify for hedge accounting are recognised immediately in profit or loss.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2010 (continued)

3. Significant Accounting Policies (continued)

(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.

(ii) Energy

Revenue is recognised on the sale of oil and by-products to customers on shipment or passing of control of the goods.

(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 statement of comprehensive income 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 statement of comprehensive income 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 generally no more than 30 days from the date of invoice. Some divisions may give extended terms. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off when identified. A provision for impairment is raised when collection of an amount is no longer probable (shown in Note 33(G)).

3. Significant Accounting Policies (continued)

(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, vehicle parts are valued at weighted average cost and the remainder of inventory is valued at standard cost. Landfill land held for sale may also be included in inventory in line with the Group's accounting policy for landfills Note 3(J)(iv).

(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 statement of comprehensive income. 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.

(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. Landfill airspace and licences are both considered to be integral components of a landfill asset and as such have been combined with effect from 1 July 2008.

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;

Notes to the Financial Statements

For the Financial Year Ended 30 June 2010 (continued)

3. Significant Accounting Policies (continued)

(J) PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- (e) measure the tangible land value by reference to fair value determined by Directors or an independent valuation (carried out periodically every three years); and
- (f) transfer the consumption of landfill airspace to landfill land, 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(I)). Landfill assets are carried at Directors' valuation in the accounts which is based on cost increased for the amortisation of any landfill airspace.

(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 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.

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. 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; 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.

3. Significant Accounting Policies (continued)

(J) PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Future landfill site restoration and aftercare costs provided for are initially capitalised in the statement of financial position. 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 statement of financial position.

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 statement of comprehensive income 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 inventory or non-current assets held for sale as applicable.

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 statement of comprehensive income 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

For the Financial Year Ended 30 June 2010 (continued)

3. Significant Accounting Policies (continued)

(J) PROPERTY, PLANT AND EQUIPMENT (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 to 40 years
Plant and equipment	2.5 to 20 years
Leasehold improvements	5 to 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 statement of financial position 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 statement of comprehensive income 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 statement of comprehensive income 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).

3. Significant Accounting Policies (continued)

(L) INTANGIBLES (CONTINUED)

(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 net income on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite (e.g. brand names). Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at each reporting 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 20 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 statement of comprehensive income 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 benefits 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.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2010 (continued)

3. Significant Accounting Policies (continued)

(Q) EMPLOYEE BENEFITS (CONTINUED)

(ii) Long service leave

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

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

A liability for employee benefits in the form of IC is recognised when the Human Resources Committee determines that IC criteria has been achieved and an amount is payable in accordance with the terms of the IC plan.

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

(iv) Employee benefit on-costs

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

(v) Share-based payment transactions

Share-based payments are provided to Directors and employees via the Transpacific Industries Group Executive Share Option Plan, Long Term Incentive Plan and an Executive Engagement Award.

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 or performance rights. Fair value is measured by an external valuer using a binomial model that takes into account the exercise price, the term of the option or performance right, 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 or performance right.

(R) PROVISIONS

A provision is recognised in the statement of financial position 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 statement of cash flows.

3. Significant Accounting Policies (continued)

(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 until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss. 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) STEP-UP PREFERENCE SHARES

The units are classified as equity according to AASB 132 Financial Instruments: Presentation due to the redemption and settlement features resulting in a fixed amount of equity instruments. AASB 132 states that if a contract is for the exchange of a fixed amount of cash for a fixed number of shares the contract is considered to represent a residual interest and be classified as equity. The redemption of the shares is at the discretion of the Group rather than the unit holder, therefore the units are classified as equity.

(W) 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.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2010 (continued)

3. Significant Accounting Policies (continued)

(X) 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 statement of financial position.

Cash flows are included in the statement of cash flows 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.

(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 17 and 18.
- (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). It should be noted that given the deferral and uncertainty surrounding the pricing of carbon and the effect on methane emissions from landfill sites, these variables have not been included in the measurement of these provisions.
- (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 17 and 18.
- (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.
- (vi) Recovery of deferred tax assets: deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future profits over the next two years together with future tax planning strategies.

3. Significant Accounting Policies (continued)

(Y) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

- (vii) Taxation: the Group's accounting policy for taxation requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised in the statement of financial position. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.
- Deferred tax liabilities arising from temporary differences in investments, caused principally by retained earnings held in foreign tax jurisdictions, are recognised unless repatriation of retained earnings can be controlled and are not expected to occur in the foreseeable future. Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, operating costs, restoration costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation.
- These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the statement of financial position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the statement of comprehensive income.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2010 (continued)

	CONSOLIDATED	
	2010 \$'000	2009 \$'000
4. Revenue		
Sale of goods and services	2,049,270	2,172,247
Product stewardship oil benefits	16,233	15,615
Interest revenue	2,576	3,212
Other revenue	5,917	11,169
	2,073,996	2,202,243
5. Other Income		
Profit on sale of business	1,000	873
Profit on acquisition of business	1,021	-
Profit on sale of convertible notes	-	8,767
Foreign currency exchange gains (net)	143	277
Gain on disposal of property, plant and equipment	310	3,060
	2,474	12,977
6. Finance Costs		
Interest on bank overdrafts and loans	131,338	154,362
Interest on obligations under finance leases	6,149	5,953
Interest on convertible notes	20,864	21,624
Total interest	158,351	181,939
Amortisation of deferred borrowing costs	8,190	35,637
Amortisation of convertible bonds	6,601	6,829
Unwinding of discounts on provisions	2,815	894
	175,957	225,299
7. Significant Items of Revenue and Expense		
Revenue		
Profit on sale of convertible notes	-	8,767
Expenses		
Impairment of available-for-sale financial instruments	-	52,505
Impairment of intangible assets	-	153,682
Change in fair value of derivative financial instruments (gain)/loss	(21,724)	76,378
Change in fair value of warrants	10,029	-
Provision re-estimates	-	43,274
Borrowing costs	-	27,200
Other items	2,771	2,135

	CONSOLIDATED	
	2010 \$'000	2009 \$'000
NOTES		

8. Income Tax

(A) RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME

Current tax expense		
Current year	6,341	16,293
Adjustments for prior years	(9,337)	(4,373)
	(2,996)	11,920
Deferred tax expense		
Origination and reversal of temporary differences	22,426	(33,285)
Benefit of tax losses recognised	(130)	(303)
	22,296	(33,588)
Total income tax expense/(benefit) in statement of comprehensive income	19,300	(21,668)

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

Profit/(loss) before tax	92,036	(237,775)
Income tax using the domestic corporation tax rate of 30% (2009: 30%)	27,611	(71,333)
Increase/(decrease) in income tax expense due to:		
Rebateable dividends	-	-
Share of associates' net profits	(412)	(755)
Non-deductible expenses/non-assessable income	(59)	(13,984)
Impairment writedowns	-	60,278
Effect of tax losses recognised	(130)	(303)
Under/(over) provision in prior years	(9,337)	-
Other	3,177	4,429
Change in overseas tax rate	(1,550)	-
Differential tax rate on overseas income	-	-
Income tax expense/(benefit)	19,300	(21,668)

Notes to the Financial Statements

For the Financial Year Ended 30 June 2010 (continued)

	CONSOLIDATED	
NOTES	2010 \$'000	2009 \$'000
8. Income Tax (continued)		
Deferred income tax in the statement of financial position as at 30 June 2010 relates to the following:		
Deferred tax assets		
Employee benefits	15,770	12,744
Provisions	34,234	37,978
Finance leases	-	593
Tax losses	20,645	1,174
IPO costs	251	215
Other	465	14,991
	71,365	67,695
Deferred tax liabilities		
Property, plant and equipment	5,867	(86)
Finance leases	631	-
Deferred income	-	(939)
Other	12,860	9,542
Revaluation of land and buildings to fair value	11,688	11,688
	31,046	20,205

Deferred income tax expense in the statement of comprehensive income for the year ended 30 June 2010 relates to the following:

Deferred tax assets		
Employee post employment benefits	(3,025)	(534)
Provisions	3,744	(4,826)
Finance leases	38	165
Tax losses	(130)	(303)
Deductible transaction costs	(36)	(153)
Change in fair value of cash flow hedges	6,517	(22,914)
Other	4,310	(714)
Deferred tax liabilities		
Property, plant and equipment	5,953	(104)
Other	5,055	(4,205)
	22,426	(33,588)

Deferred income tax on items charged directly to equity for the year totalled \$483,000 (2009: (\$89,000)), all of which relate to cash flow hedges.

The Group has recognised tax losses as a deferred tax asset in relation to the New Zealand tax jurisdiction. It is expected that sufficient profits will be generated in the future to utilise these carried forward tax losses.

CONSOLIDATED			
	NOTES	2010 \$'000	2009 \$'000
9. Cash and Cash Equivalents			
Cash at bank and on hand		109,254	65,284
Short-term deposits		31,700	4,855
Bank overdrafts		-	(24)
Cash and cash equivalents in the statement of cash flows		140,954	70,115

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.

10. Trade and Other Receivables

Current

Trade receivables		263,781	307,108
Less: impairment of trade receivables		(4,528)	(4,537)
		259,253	302,571
Other receivables		21,363	47,467
Amounts owing: related parties and associates	31C	93	2,065
		280,709	352,103

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

11. Current Tax Assets

Income tax receivable		14,520	10,058
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12. Inventories

Raw materials and consumables – at cost		21,056	18,573
Work in progress – at cost		8,100	7,438
Finished goods – at cost		120,603	117,121
Land held for sale		9,613	9,613
		159,372	152,745
Less: provision for obsolescence		(2,353)	(988)
		157,019	151,757

Inventories recognised as an expense for the year ended 30 June 2010 totalled \$496,439,000 (2009: \$533,388,000) for the Group. This expense has been included in the cost of sales line item as a cost of inventories.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2010 (continued)

CONSOLIDATED			
	NOTES	2010 \$'000	2009 \$'000
13. Derivative Financial Instruments			
Current assets			
Derivatives at fair value		18,635	41,346
		18,635	41,346
Current liabilities			
Derivatives at fair value		31,440	87,028
		31,440	87,028
14. Other Financial Assets			
Non current			
Other investments in listed companies at fair value		23,942	21,195
		23,942	21,195
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.			
15. Other Assets			
Prepayments		5,927	5,015
Other current assets		6,371	5,807
		12,298	10,822
16. Investments Accounted for Using the Equity Method			
Investment in associates	26A	18,987	18,096
		18,987	18,096

	CONSOLIDATED	
	2010 \$'000	2009 \$'000
NOTES		

17. Property, Plant and Equipment

LAND

Land at fair value	191,569	180,731
Net book value	191,569	180,731
Movements		
Opening written down value	180,731	202,730
Additions through business combinations	-	6,342
Additions	16,077	3,635
Disposals	(2,753)	(323)
Transfer between categories	(2,785)	(32,076)
Revaluation	-	-
Effect of movements in foreign exchange	299	423
Closing written down value	191,569	180,731

LANDFILL, CELL DEVELOPMENT AND REMEDIATION

Landfill and cell development	316,574	268,244
Provision for remediation	(93,446)	(91,105)
Provision for depreciation	(62,864)	(36,409)
Net book value	160,264	140,730
Movements		
Opening written down value	140,730	87,605
Additions	33,504	31,894
Increase in remediation provision through profit and loss	-	(14,130)
Movement in remediation provision	(2,341)	1,865
Transfer from landfill airspace	15,608	25,055
Correction to prior period transfer from landfill airspace	-	(12,326)
Transfer between categories	(1,541)	35,690
Depreciation	(26,455)	(16,132)
Effect of movements in foreign exchange	759	1,209
Closing written down value	160,264	140,730

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 5.1%.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2010 (continued)

	CONSOLIDATED	
	2010 \$'000	2009 \$'000
NOTES		
17. Property, Plant and Equipment (continued)		
<i>BUILDINGS</i>		
Buildings at fair value	95,319	81,798
Provision for depreciation	(14,783)	(10,795)
Net book value	80,536	71,003
<i>Movements</i>		
Opening written down value	71,003	68,098
Additions through business combinations	-	2,537
Additions	5,791	12,881
Disposals	(663)	(346)
Transfer between categories	8,454	(8,743)
Depreciation	(4,294)	(3,438)
Effect of movements in foreign exchange	245	14
Closing written down value	80,536	71,003
<i>LEASEHOLD IMPROVEMENTS</i>		
Leasehold improvements	9,984	9,145
Provision for depreciation	(1,851)	(1,530)
Net book value	8,133	7,615
<i>Movements</i>		
Opening written down value	7,615	6,297
Additions through business combinations	92	-
Additions	679	1,782
Disposals	(95)	(40)
Transfer between categories	300	-
Depreciation	(494)	(457)
Effect of movements in foreign exchange	36	33
Closing written down value	8,133	7,615

	CONSOLIDATED	
	2010 \$'000	2009 \$'000
NOTES		
17. Property, Plant and Equipment (continued)		
<i>PLANT AND EQUIPMENT</i>		
Plant and equipment	1,095,530	948,312
Provision for depreciation	(472,656)	(362,686)
Net book value	622,874	585,626
<i>Movements</i>		
Opening written down value	585,626	549,236
Additions through business combinations	4,939	11,542
Additions	127,732	157,238
Disposals	(7,258)	(25,487)
Impairment of assets	-	(2,093)
Transfer between categories	40,919	5,130
Depreciation	(129,754)	(111,853)
Effect of movements in foreign exchange	670	1,913
Closing written down value	622,874	585,626
<i>CAPITAL WORK IN PROGRESS</i>		
Balance at beginning of year	94,202	51,268
Transfer	(45,347)	-
Net movement	15,778	42,934
Balance at end of year	64,633	94,202
<i>TOTAL PROPERTY, PLANT AND EQUIPMENT</i>		
Property, plant and equipment	1,773,609	1,582,432
Provision for remediation	(93,446)	(91,105)
Provision for depreciation	(552,154)	(411,420)
Net book value	1,128,009	1,079,907
<i>Movements</i>		
Opening written down value	1,079,907	965,233
Additions through business combinations	5,031	20,421
Additions	181,442	195,165
Net movement in capital WIP	15,778	42,934
Disposals	(10,769)	(26,196)
Impairment of assets	-	(2,093)
Transfer from landfill airspace	15,608	12,729
Depreciation	(160,997)	(131,880)
Effect of movements in foreign exchange	2,009	3,594
Closing written down value	1,128,009	1,079,907

Notes to the Financial Statements

For the Financial Year Ended 30 June 2010 (continued)

17. Property, Plant and Equipment (continued)

VALUATIONS

On 30 June 2010, an independent valuation was obtained to determine the fair value of non-landfill land and buildings which was determined by reference to an open market basis, being the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arms length transaction at the valuation date. The revaluations of land and buildings were based on independent assessments by a member of the Australian Property Institute. The 2010 valuations did not result in any significant revaluation increments or decrements and therefore no adjustment has been made to the carrying values at 30 June 2010.

Any revaluation surplus (net of tax) is credited to the asset revaluation reserve included in the equity section of the statement of financial position. 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 (if any) are discussed in Note 24(G).

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

	CONSOLIDATED	
	2010 \$'000	2009 \$'000
NOTES		
LAND (EXCLUDING LANDFILL)		
Cost	116,324	105,785
BUILDINGS		
Cost	97,919	84,337
Accumulated depreciation	(16,138)	(11,844)
Net carrying amount	81,781	72,493

LEASED PLANT AND EQUIPMENT

The carrying amount of plant and equipment held under finance lease and hire purchase contracts at 30 June 2010 is \$158,581,000 (2009: \$133,269,000). Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase liabilities.

18. Intangible Assets

	CONSOLIDATED	
	2010 \$'000	2009 \$'000
NOTES		
GOODWILL		
Goodwill at cost	2,158,501	2,150,730
Net book value	2,158,501	2,150,730
Movements		
Opening written down value	2,150,730	2,002,294
Correction of prior period landfill airspace classification ¹	-	119,226
Additions through business combinations	2,038	36,988
Impairment of goodwill	-	(18,199)
Effect of movements in foreign exchange	5,733	10,421
Closing written down value	2,158,501	2,150,730

¹ Mathematical misallocation between landfill airspace and goodwill (both within intangibles) disclosed in the 2008 financial year, that required correction.

	CONSOLIDATED	
	2010 \$'000	2009 \$'000
18. Intangible Assets (continued)		
LANDFILL AIRSPACE		
Landfill airspace at cost	133,622	149,230
Net book value	133,622	149,230
Movements		
Opening written down value	149,230	331,767
Correction of prior period landfill airspace classification to goodwill ¹	-	(119,226)
Reclassification of landfill licences ²	-	74,728
Impairment of intangible	-	(125,310)
Transfer to landfill land and cell development costs	(15,608)	(25,055)
Correction to prior period transfer to landfill and cell development costs	-	12,326
Closing written down value	133,622	149,230
PATENTS AND LICENCES		
Patents and licences at cost	2,389	2,389
Provision for amortisation	(2,389)	(2,150)
Net book value	-	239
Movements		
Opening written down value	239	75,397
Reclassification of licences associated with airspace	-	(74,728)
Amortisation	(239)	(430)
Closing written down value	-	239
OTHER INTANGIBLES		
Other intangibles at cost	129,953	129,361
Provision for amortisation	(9,211)	(1,877)
Net book value	120,742	127,484
Movements		
Opening written down value	127,484	132,787
Additions	577	-
Amortisation	(7,335)	(633)
Impairment of intangibles	-	(4,684)
Effect of movement in foreign exchange	16	14
Closing written down value	120,742	127,484
TOTAL INTANGIBLES		
Intangibles at cost	2,424,465	2,431,710
Provision for amortisation	(11,600)	(4,027)
Net book value	2,412,865	2,427,683
Movements		
Opening written down value	2,427,683	2,542,245
Acquisitions through business combinations	2,038	36,988
Additions	577	-
Transfer to landfill land and cell development costs	(15,608)	(12,729)
Amortisation	(7,574)	(1,063)
Impairment of intangibles	-	(148,193)
Effect of movement in foreign exchange	5,749	10,435
Closing written down value	2,412,865	2,427,683

¹ See footnote 1 on prior page.

² Landfill airspace and licences are both considered to be integral components of a landfill asset and as such have been combined with effect from 1 July 2008.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2010 (continued)

18. Intangible Assets (continued)

Other intangibles include customer contracts valued at \$40,423,000 (2009: \$42,883,000) and brand names valued at \$78,600,000 (2009: \$78,600,000).

During the financial year ended 30 June 2010, all intangible assets were tested for impairment as required by AASB 136 'Impairment of Assets'. No impairment (2009: loss \$153.7 million) was charged for the 2010 financial year.

The Group has multiple cash-generating units that were tested for impairment. The cash-generating units ("CGU") with significant goodwill, indefinite life intangibles attributable to them and the growth rates (excluding inflation) assumed for impairment purposes are:

		2010		2009	
	FUTURE GROWTH RATE	GOODWILL \$'000	INDEFINITE LIFE INTANGIBLES \$'000	GOODWILL \$'000	INDEFINITE LIFE INTANGIBLES \$'000
CASH-GENERATING UNIT					
Transpacific Industries Group (NZ) Ltd	2.00%	692,457	-	714,703	-
Victoria Landfill Division	3.25%	65,993	-	66,047	-
Transpacific Cleanaway Pty Ltd	3.25%	1,161,852	78,600	1,123,811	78,600
		1,920,302	78,600	1,904,561	78,600

There are no other individual CGUs 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% and 3.25% (depending on CGU) per annum plus inflation of 2.75% per annum. The terminal values used in the value-in-use calculations are based on the same growth assumptions used in the cash flow projections. A post-tax nominal discount rate of 9.0% (2009: 9.21%) has been used in discounting the projected cash flows. Growth and discount rate assumptions are deemed appropriate as there are no intentions to dispose of any businesses.

All CGUs (excluding Victorian Landfill) have sufficient headroom and as such management believes that any reasonably possible change in the key assumptions on which recoverable amounts are based would not cause the carrying amount to materially exceed its recoverable amount.

In the prior year the Victorian Landfill Division recorded an impairment to restate its intangibles to recoverable amount. The impairment calculations were based on estimates around the present value of landfill land together with the uncertainty of the ultimate sell date. This resulted in no impairment for the 2010 financial year, however the division continues to have a carrying value equivalent to its recoverable amount. Any negative change in the underlying assumptions in the future would result in an impairment of this division.

19. Trade and Other Payables

	NOTES	CONSOLIDATED	
		2010 \$'000	2009 \$'000
CURRENT			
Trade payables		95,799	124,898
Other payables and accruals		117,838	123,801
Payables to related parties and associates	31C	16	270
Deferred settlements		4,350	2,679
		218,003	251,648

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

CONSOLIDATED			
	NOTES	2010 \$'000	2009 \$'000
20. Borrowings			
<i>CURRENT</i>			
<i>UNSECURED</i>			
Bank loans		4,663	1,824,999
US Private Placement notes		-	184,228
6.75% Subordinated Convertible notes*		-	267,883
Loans to related parties and associates	31C	7,131	8,601
Other		446	614
		12,240	2,286,325
<i>SECURED</i>			
Obligations under finance leases and hire purchase liabilities	29B	35,029	135,353
		47,269	2,421,678
<i>NON-CURRENT</i>			
<i>UNSECURED</i>			
Bank loans		1,067,850	30,685
US Private Placement notes		174,605	-
6.75% Subordinated Convertible notes*		275,434	-
Other		1,192	2,116
		1,519,081	32,801
<i>SECURED</i>			
Obligations under finance leases and hire purchase liabilities	29B	135,843	-
		1,654,924	32,801

All borrowings are net of prepaid borrowing costs.

Within unsecured borrowings, the bank loans, US Private Placement and Convertible notes are currently in the process of having security granted over assets of the Group members who are party to these financing facilities.

*** CONVERTIBLE NOTES**

Opening balance	273,067	299,569
Reduction in principal on buyback	-	(24,564)
Amortisation	6,601	6,829
Profit on repurchase	-	(8,767)
Closing balance	279,668	273,067

Notes to the Financial Statements

For the Financial Year Ended 30 June 2010 (continued)

	CONSOLIDATED	
	2010 \$'000	2009 \$'000

20. Borrowings (continued)

FINANCING FACILITIES

On 5 August 2009, the Company raised \$801 million through the settlement of a placement of shares, Institutional Entitlement Offer, Institutional Entitlement Bookbuild, pre-funded Retail Entitlement Offer (the Equity Raising) and the issue of warrants.

The Equity Raising proceeds were used to repay \$704 million of syndicated bank debt.

The existing \$2,095 million syndicated debt facility was amended and restated as a \$1,435 million facility through the repayment of \$704 million, and the terms of the syndicated debt were extended into new four and five year tranches, with no syndicated debt refinancing required until July 2013.

The Group's finance facilities are summarised below:

FACILITY AMOUNT		
Syndicated Facility Agreement	1,434,562	2,095,160
US Private Placement notes*	175,106	184,869
6.75% Subordinated Convertible notes	309,100	309,100
	1,918,768	2,589,129

* This is translated at the spot rate at 30 June. Details of hedging are set out below.

Interest rates are variable under the Syndicated Facility Agreement. The Company manages its exposure to floating rate debt by economically 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 subordinated convertible 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 in December 2012.

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

DEBT FACILITIES

Total facilities available	1,918,768	2,589,129
Facilities utilised at balance date	(1,833,750)	(2,544,252)
Facilities not utilised at balance date	85,018	44,877

Facilities used at balance date include \$134.8 million (2009: \$136.2 million) in guarantees and letters of credit which are not included in the statement of financial position. Refer Note 29.

	CONSOLIDATED	
	2010 \$'000	2009 \$'000
NOTES		

21. Provisions

CURRENT

Provision for warranty		
Balance at beginning of year	5,382	5,657
Provisions acquired through business combinations	1,286	-
Provisions made during the year	3,654	2,968
Provisions used during the year	(3,985)	(3,243)
Provisions reversed during the year	(1,015)	-
Balance at end of year	5,322	5,382
Provision – other		
Balance at beginning of year	11,693	2,135
Provisions made during the year	18,685	16,590
Provisions used during the year	(14,142)	(10,980)
Provisions reversed during the year	(891)	3,948
Balance at end of year	15,345	11,693
Total current provisions		
Balance at beginning of year	17,075	7,792
Provisions acquired through business combinations	1,286	-
Provisions made during the year	22,339	19,558
Provisions used during the year	(18,127)	(14,223)
Provisions reversed during the year	(1,906)	3,948
Balance at end of year	20,667	17,075

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 \$4.2 million (2009: \$2.6 million) in relation to workers compensation self-insurance of the Group in Australia under the Comcare scheme. The workers compensation self-insurance provision is reassessed annually in consultation with actuarial advice.

22. Other Liabilities

	CONSOLIDATED	
	2010 \$'000	2009 \$'000
NOTES		
Deferred income	19,659	20,314
	19,659	20,314

Notes to the Financial Statements

For the Financial Year Ended 30 June 2010 (continued)

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.

No options were issued during the reporting period.

New incentive schemes were introduced to replace the Option Plan during the year.

The following option arrangements were in existence during the current and comparative reporting periods:

DATE GRANTED	FIRST EXERCISE DATE ON OR AFTER	EXPIRY DATE	EXERCISE PRICE	NUMBER UNDER OPTION 2010	NUMBER UNDER OPTION 2009
OPTIONS					
(1) 3 May 2005	31 August 2006	31 July 2009	\$2.40	-	70,000
(2) 8 November 2005	31 August 2006	31 July 2009	\$4.26	-	100,000
(3) 17 February 2006	31 August 2007	31 July 2010	\$5.40	333,334	333,334
(4) 24 April 2006	31 August 2007	31 July 2010	\$8.53	450,000	708,334
(5) 13 September 2006	31 August 2007	31 July 2010	\$7.25	386,667	720,001
(6) 20 September 2006	31 August 2007	31 July 2010	\$7.28	175,000	283,333
(7) 23 October 2006	31 August 2007	31 July 2010	\$8.20	40,000	40,000
(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	53,334
(10) 12 March 2007	31 August 2008	31 July 2011	\$9.98	695,000	1,295,000
(11) 12 March 2007	31 August 2008	31 July 2010	\$9.98	900,000	1,200,000
(12) 3 May 2007	31 August 2008	31 July 2011	\$12.51	50,000	175,000
(13) 16 May 2007	31 August 2008	31 July 2011	\$13.06	885,000	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	911,500	1,005,000
(16) 23 September 2008	31 August 2009	31 July 2012	\$6.13	200,000	400,000
(17) 6 November 2008	31 August 2009	31 July 2012	\$3.55	830,000	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 up to the expiry date. Seventy five per cent 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. Twenty five per cent 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 binominal model incorporating a Monte-Carlo simulation. The fair value of the options range from \$0.02 cents to \$2.23.

The majority of options expense in relation to these options are in prior periods based on the contractual life.

23. Share Based Payments (continued)

On 1 June 2010 the Group issued performance rights attached to a long term incentive plan and an Executive Engagement Award. The Long Term Incentive Plan ("LTIP") and the Executive Engagement Award ("EEA") are exercisable in one tranche if certain performance standards are met.

The LTIP performance standards are measured by the Company achieving a total shareholder return (TSR) ranking of equal to or greater than the 50th percentile TSR of the S&P/ASX 200 Industrial Sector Index (excluding companies involved in resources or mining) and the Group achieves certain earnings per share growth targets.

The performance rights attached to the EEA will vest upon the condition that the participant is employed at vesting date and at various percentages based on the Company ordinary share price at that date.

DATE GRANTED	FIRST EXERCISE DATE ON OR AFTER	EXPIRY DATE	NUMBER GRANTED 2010	NUMBER GRANTED 2009
PERFORMANCE RIGHTS				
(1) 1 June 2010	Release of results for year ending 30 June 2012	Six months following exercise date	2,613,063	-
(2) 1 June 2010	30 June 2015	Six months following exercise date	9,945,265	-

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

	WEIGHTED AVERAGE EXERCISE PRICE 2010	NUMBER OF SHARE OPPORTUNITIES 2010	WEIGHTED AVERAGE EXERCISE PRICE 2009	NUMBER OF SHARE OPPORTUNITIES 2009
Outstanding at the beginning of the period	\$8.96	8,878,336	\$6.77	9,465,122
Granted during the period	\$1.47	12,558,328	\$4.22	1,550,000
Exercised during the period (i)	-	-	\$2.40	(2,136,786)
Cancelled/lapsed during the period		(2,773,501)		-
Outstanding at the end of the period (ii)		18,663,163		8,878,336
- Options		6,104,835		8,878,336
- Performance rights		12,558,328		-
Exercisable at the end of the period	\$8.81	3,918,836	\$8.96	2,842,666

(i) Exercised during the financial year

No options were exercised during the period.

(ii) Balance at end of the financial year

The options outstanding at 30 June 2010 have an exercise price in the range of \$3.55 to \$13.06 (2009: \$2.40 to \$13.06) and a weighted average contractual life of 2.1 years (2009: 2.0 years).

Total share-based payment expense included in the statement of comprehensive income is set out in Note 24(G).

The performance rights granted during the year were fair valued by an external party using a Monte-Carlo simulation. The following table sets out the assumptions made in determining the value of these options:

	LTIP 2,613,063 01/06/10	EEA 9,945,265 01/06/10
Vesting period	August 2010	June 2015
Measurement period (years)	2.1	5.08
Risk free interest rate (%)	4.92%	5.38%
Volatility (%)	68.34%	54.94%
Fair value	\$0.89	\$1.34

Notes to the Financial Statements

For the Financial Year Ended 30 June 2010 (continued)

24. Equity

(A) ISSUED CAPITAL

	CONSOLIDATED	
	2010 \$'000	2009 \$'000
Ordinary shares - issued and fully paid	1,770,058	1,041,383
Convertible notes equity component	51,588	51,588
	1,821,646	1,092,971

(B) MOVEMENTS IN ORDINARY SHARES

	2010		2009	
	NUMBER OF SHARES	\$'000	NUMBER OF SHARES	\$'000
Balance at the beginning of the year	310,981,126	1,041,383	287,219,707	919,450
Issued during the financial year:				
- shares issued for business acquisitions	-	-	4,651,690	30,802
- shares issued for equity raising	649,657,609	750,217	-	-
- dividend reinvestment plan and underwrite agreement	-	-	8,297,105	49,440
- 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
- transaction costs	-	(21,542)	-	(642)
BALANCE AT THE END OF THE YEAR	960,638,735	1,770,058	310,981,126	1,041,383

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.

(C) MOVEMENTS IN STEP-UP PREFERENCE SECURITIES

	2010		2009	
	NUMBER OF UNITS	\$'000	NUMBER OF UNITS	\$'000
Balance at the beginning of the year	2,500,000	249,846	2,500,000	249,846
Issued during the financial year:				
- 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.

24. Equity (continued)

(C) MOVEMENTS IN STEP-UP PREFERENCE SECURITIES (CONTINUED)

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 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;
- redeem for cash;
- exchange SPS for a variable number of the Company's 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. The Company has not declared any dividends payable for the 2010 financial year.

(E) SHARE OPTIONS AND PERFORMANCE RIGHTS

The details of the Executive Share Option Plan, Long Term Incentive Plan and Executive Engagement Award are set out at Note 23.

(F) WARRANTS

In August 2009 the Group issued 71,637,326 warrants to its major shareholder, WPX Holdings BV. The warrants are exercisable in three tranches:

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

The warrants expire 30 June 2014 and the exercise price is \$1.20 (subject to certain dilutive events).

(G) RESERVES

	NOTES	CONSOLIDATED	
		2010 \$'000	2009 \$'000
Foreign currency translation reserve		(43,458)	(45,150)
Asset revaluation reserve		39,499	36,752
Warrants reserve		60,892	-
Hedging reserve		(994)	(2,120)
Employee equity benefits reserve		884	590
		56,823	(9,928)

Notes to the Financial Statements

For the Financial Year Ended 30 June 2010 (continued)

	CONSOLIDATED	
	2010 \$'000	2009 \$'000
NOTES		

24. Equity (continued)

(G) RESERVES (CONTINUED)

Foreign Currency Translation Reserve

Nature and purpose of reserve

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

Movements

Foreign currency translation reserve:		
Opening balance	(45,150)	(56,464)
Exchange differences taken to equity	1,692	11,314
CLOSING BALANCE	(43,458)	(45,150)

Asset Revaluation Reserve

Nature and purpose of reserve

The asset revaluation reserve is used to record revaluations of non-current assets (including non landfill land and buildings and listed company investments).

Movements

Asset revaluation reserve:		
Opening balance	36,752	33,048
Revaluation of available-for-sale assets	2,747	3,704
CLOSING BALANCE	39,499	36,752

Warrants Reserve

Nature and purpose of reserve

The warrants reserve is used to record revaluations of warrants issued on recapitalisation.

Movements

Warrants reserve:		
Opening balance	-	-
Warrants issued	50,863	-
Revaluation*	10,029	-
CLOSING BALANCE	60,892	-

* Revaluation was at the date that the cash settlement option of the warrants was removed.

	CONSOLIDATED	
	2010 \$'000	2009 \$'000
NOTES		

24. Equity (continued)

(G) RESERVES (CONTINUED)

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	(2,120)	7,038
Transfer to net profit	-	(8,951)
Net gain/(loss) taken to equity	1,126	(207)
CLOSING BALANCE	(994)	(2,120)

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	590	6,371
Share based payment expense	294	2,619
Transfer to issued capital	-	(8,400)
CLOSING BALANCE	884	590

(H) DIVIDENDS AND DISTRIBUTIONS

	2010		2009	
	AMOUNT PER SHARE/UNIT	TOTAL \$'000	AMOUNT PER SHARE/UNIT	TOTAL \$'000
Ordinary shares				
Interim dividend: fully franked at 30% tax rate	-	-	-	-
Final dividend: fully franked at 30% tax rate	-	-	10.1c	29,621
TOTAL DIVIDENDS PAID		-		29,621
Step-up Preference Securities				
Distribution period ended 30 September: fully franked at 30% tax rate	\$2.31	5,775	\$4.02	10,050
Distribution period ended 31 March: fully franked at 30% tax rate	\$2.54	6,350	\$3.60	9,000
TOTAL DISTRIBUTION PAID		12,125		19,050

Notes to the Financial Statements

For the Financial Year Ended 30 June 2010 (continued)

24. Equity (continued)

(H) DIVIDENDS AND DISTRIBUTIONS (CONTINUED)

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

	2010		2009	
	AMOUNT PER SHARE/UNIT	TOTAL \$'000	AMOUNT PER SHARE/UNIT	TOTAL \$'000
<i>Proposed for :</i>				
<i>Step-up preference securities</i>				
Distribution period ended 30 September: fully franked at 30% tax rate	\$2.87	7,175	\$2.31	5,775

(I) FRANKING CREDIT BALANCE

	CONSOLIDATED	
	2010 \$'000	2009 \$'000
30% franking credits available to shareholders of Transpacific Industries Group Ltd for subsequent financial years	62,797	43,226

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.

(J) RETAINED EARNINGS

Retained profits at beginning of year	5,779	272,806
Net profit attributable to members of the parent entity	71,161	(218,356)
Dividends paid – ordinary shares	-	(29,621)
Distributions paid – Step-up Preference Securities	(12,125)	(19,050)
Retained profits at end of year	64,815	5,779

(K) NON-CONTROLLING INTEREST

Contributed equity	7,771	15,696
Retained profits	1,693	1,970
	9,464	17,666

25. Consolidated Entities

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

INTEREST HELD BY GROUP

ENTITY	COUNTRY OF INCORPORATION	2010 %	2009 %
Transpacific Industries Group Ltd – parent	Australia		
Transpacific Innovations Pty Ltd	Australia	100	100
Transpacific Co Pty Ltd*	Australia	100	100
Transpacific Resources Pty Ltd*	Australia	100	100
Transpacific Industries Group Finance (NZ) Ltd	New Zealand	100	100
Transpacific Industries Group (NZ) Ltd	New Zealand	100	100
Western Star Trucks Australia Pty Ltd*	Australia	100	100
Man Automotive Imports Pty Ltd*	Australia	100	100
Man Imports Pty Ltd	Australia	100	100
MAN Automotive Imports (NZ) Ltd	New Zealand	100	100
Western Star Truck Centre Trust	Australia	100	50
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
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	100
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
Rubus Holdings Pty Ltd*	Australia	100	100
Rubus Intermediate Two Pty Ltd*	Australia	100	100
Transpacific Cleanaway Holdings Pty Ltd*	Australia	100	100

Notes to the Financial Statements

For the Financial Year Ended 30 June 2010 (continued)

25. Consolidated Entities (continued)

ENTITY	COUNTRY OF INCORPORATION	INTEREST HELD BY GROUP	
		2010 %	2009 %
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	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
Superior Pak NZ	New Zealand	100	-
Mann Waste Management Pty Ltd	Australia	100	100
Transpacific All-Brite Ltd	New Zealand	100	100
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	100
Canterbury Waste Services Ltd	New Zealand	100	100
Transwaste Canterbury Pty Ltd	New Zealand	50	50
Tiromoana Station Limited	New Zealand	100	100
Enviroguard Pty Ltd *	Australia	100	100
Transpacific Resource Recycling Pty Ltd	Australia	100	75
Transpacific Recycling Pty Ltd	Australia	100	100
Transpacific Hygiene Pty Ltd	Australia	70	70
Transpacific SPS Trust	Australia	100	100

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

25. Consolidated Entities (continued)

The consolidated statement of comprehensive income and statement of financial position of the entities who are a party to the deed of cross guarantee are:

STATEMENT OF COMPREHENSIVE INCOME	2010 \$'000	2009 \$'000
Revenue from continuing activities	1,639,762	1,791,382
Other income	45,923	85,251
Cost of sales	(629,017)	(674,142)
Employee expenses	(435,925)	(436,532)
Depreciation and amortisation expenses	(124,807)	(112,189)
Net finance costs	(126,817)	(152,932)
Repairs and maintenance	(76,494)	(69,309)
Fuel purchases	(49,249)	(55,163)
Leasing charges	(23,390)	(19,588)
Freight costs	(12,904)	(12,882)
Other expenses	(144,199)	(413,125)
Mark to market	11,695	(86,130)
Share of net profits of associates accounted for using the equity method	(34)	684
Profit/(loss) before income tax	74,544	(154,675)
Income tax expense/(benefit)	(33,918)	35,806
Profit/(loss) from continuing operations	40,626	(118,869)
Other Comprehensive Income		
Cash flow hedges		
Net gain/(loss) taken to equity	1,332	(1,993)
Translation of foreign operations		
Exchange differences taken to equity	-	-
Revaluations of assets		
Revaluation of available-for-sale assets	-	-
Net income/(loss) recognised directly in equity	1,332	(1,993)
Profit/(loss) from continuing operations	41,958	(120,862)

Notes to the Financial Statements

For the Financial Year Ended 30 June 2010 (continued)

25. Consolidated Entities (continued)

STATEMENT OF FINANCIAL POSITION	2010 \$'000	2009 \$'000
ASSETS		
Cash and cash equivalents	106,846	48,753
Trade and other receivables	601,844	334,083
Current tax assets	9,739	-
Inventories	105,082	115,031
Other assets	14,142	13,566
TOTAL CURRENT ASSETS	837,653	511,433
Investments accounted for using the equity method	12,053	6,354
Investments	584,906	554,801
Property, plant and equipment	756,919	693,347
Intangible assets	1,547,726	1,604,659
Deferred tax assets	48,352	65,423
TOTAL NON-CURRENT ASSETS	2,949,956	2,924,584
TOTAL ASSETS	3,787,609	3,436,017
LIABILITIES		
Trade and other payables	203,202	228,865
Interest-bearing loans and borrowings	21,565	2,118,594
Income tax payable	-	870
Employee entitlements	36,191	31,587
Provisions	27,482	25,917
Other	35,991	24,306
TOTAL CURRENT LIABILITIES	324,431	2,430,139
Interest-bearing loans and borrowings	1,629,646	-
Deferred tax liabilities	3,989	11,191
Employee entitlements	9,058	7,600
TOTAL NON-CURRENT LIABILITIES	1,642,693	18,791
TOTAL LIABILITIES	1,967,124	2,448,930
NET ASSETS	1,820,485	987,087
EQUITY		
Issued capital	1,821,646	1,092,971
Reserves	89,944	26,852
Retained earnings	(91,105)	(132,736)
TOTAL EQUITY	1,820,485	987,087

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	2010 %	2009 %	2010 \$'000	2009 \$'000
Truck and bus dealership:						
Western Star Truck Centre Trust ⁽¹⁾	Australia	30 June	100	50	N/A	(1,886)
Liquid waste management:						
Total Waste Management Pty Ltd	Australia	31 December	50	50	5,203	5,257
Western Resource Recovery Pty Ltd	Australia	31 December	50	50	6,210	5,173
Solid waste management:						
Otago Southland Waste Services Ltd	New Zealand	30 June	50	50	675	808
Living Earth Ltd	New Zealand	30 June	50	50	1,887	2,106
Midwest Disposals Ltd	New Zealand	30 June	50	50	2,373	2,673
Pikes Point Transfer Station Ltd	New Zealand	30 June	50	50	943	993
Superior Pak Ltd ⁽²⁾	New Zealand	30 June	100	50	N/A	1,143
Wellington Waste Disposal Pty Ltd	Australia	30 June	50	50	-	-
Wonthaggi Recyclers Pty Ltd	Australia	30 June	50	50	1,695	1,829
Earthpower Technologies Sydney Pty Ltd	Australia	30 June	50	50	(17)	-
Oil Stream Partners Pty Ltd	Australia	30 June	-	50	-	-
ERS Co Pty Ltd	Australia	30 June	50	50	18	-
					18,987	18,096

⁽¹⁾ Ownership interest increased to 100% on 1 July 2009. The entity is now consolidated rather than equity accounted for.

⁽²⁾ Ownership interest increased to 100% on 26 February 2010. The entity is now consolidated rather than equity accounted for.

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.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2010 (continued)

26. Investments Accounted for Using the Equity Method (continued)

(B) SHARE OF ASSOCIATES STATEMENT OF FINANCIAL POSITION

	CONSOLIDATED	
	2010 \$'000	2009 \$'000
Total assets	53,588	89,864
Total liabilities	(15,614)	(53,672)
Net assets as reported by associates	37,974	36,192
Share of associates net assets equity accounted	18,987	18,096

(C) SHARE OF ASSOCIATES REVENUE AND PROFIT

Revenues (100%)	55,715	80,144
Profit before income tax (100%)	4,890	8,101
Share of associates profit before income tax	2,445	4,051
Share of income tax expense	(1,072)	(1,535)
Share of associates net profit/(loss) recognised	1,373	2,516

(D) IMPAIRMENT LOSSES AND COMMITMENTS

During the year the associates were tested for impairment and no adjustments were made as a result (2009: \$3.4 million).

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

	CONSOLIDATED	
	2010 \$'000	2009 \$'000
27. Reconciliation of Cash Flows from Operating Activities		
Cash flows from operating activities		
Profit/(loss) for the period	72,736	(216,107)
<i>ADJUSTMENTS FOR:</i>		
Share options expensed	294	2,619
Other non-cash items	6,651	76,375
Impairment on available-for-sale financial assets	-	52,505
Impairment on intangible assets	-	153,682
Change in fair value of derivative financial instruments	(15,207)	53,465
Change in fair value of warrants	10,029	-
Gain on acquisition of business	(1,021)	-
Gain on sale of business	(1,000)	(947)
Depreciation	162,829	140,213
Amortisation	5,742	3,614
Share of associates' net profits	(1,373)	(2,516)
Distribution received	-	710
Net (gain)/loss on disposal of property, plant and equipment	(310)	(3,408)
Net cash flow from operating activities before changes in assets and liabilities	239,370	260,205
<i>CHANGES IN ASSETS AND LIABILITIES ADJUSTED FOR EFFECTS</i>		
(Increase)/decrease in receivables	43,227	8,460
(Increase)/decrease in other assets	23,154	(382)
(Increase)/decrease in inventories	23,924	15,408
Increase/(decrease) in payables	(46,706)	(47,484)
Increase/(decrease) in income tax payable	(9,249)	(11,842)
Increase/(decrease) in deferred taxes	11,756	(14,994)
Increase/(decrease) in other liabilities	(838)	(4,333)
Increase/(decrease) in other provisions	5,200	(3,407)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	289,838	201,631

During the 2010 financial year the Group acquired plant and equipment with an aggregate fair value of \$57,102,000 (2009: \$70,433,000) by means of finance lease. These acquisitions are not reflected in the statement of cash flows.

During the year ended 30 June 2010 nil (2009: 6,378,000) ordinary shares were issued at no value (2009: \$37,403,000) as part settlement for acquisitions. These share issues are not reflected in the statement of cash flows as they were not cash flows.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2010 (continued)

28. Business Combinations

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
Cash and cash equivalents	1,276	1,276
Inventories	30,239	30,239
Other current assets	5,273	5,273
Property, plant and equipment	4,770	4,770
Investment in associates	(165)	(165)
	<u>41,393</u>	<u>41,393</u>
Trade creditors	(30,287)	(30,287)
Employee entitlements	(1,972)	(1,972)
Other provisions	(7,251)	(7,251)
	<u>(39,510)</u>	<u>(39,510)</u>
Fair value of net assets	1,883	1,883
Profit arising on acquisition	(1,021)	
Non-controlling interest acquired	8,621	
Goodwill arising on acquisition	2,038	
	<u>11,521</u>	
Consideration:		
Shares issued, at fair value	-	
Acquisition price paid	11,521	
Total consideration paid	<u>11,521</u>	
The cash outflow on acquisition is as follows:		
Net cash acquired with the business	1,276	
Purchase price and associated costs	(11,521)	
Deferred settlement	4,600	
	<u>(5,645)</u>	

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 acquirees due to their nature.

No ordinary shares were issued as part settlement of these business combinations and deferred settlements.

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. However, the contributions made from acquisition date to year end amounted to \$2,819,000 EBITDA.

	CONSOLIDATED	
NOTES	2010 \$'000	2009 \$'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 ten years. Leases generally provide the Group with a right of renewal at which time all terms are renegotiated.

Non-cancellable operating lease rentals are payable as follows:

Within one year	37,402	26,433
Between one and five years	96,177	63,636
More than five years	48,215	42,611
	181,794	132,680

(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.

Commitments in relation to finance leases are payable as follows:

Within one year		47,458	163,888
Between one and five years		123,044	-
More than five years		38,185	-
Minimum lease payments		208,687	163,888
Less:			
Future finance charges		(37,815)	(28,535)
TOTAL LIABILITIES		170,872	135,353
Representing:			
Current	20	35,029	135,353
Non-current	20	135,843	-
TOTAL LIABILITIES		170,872	135,353

All commitments were classified as payable within one year at 30 June 2009 due to a breach of the debt covenants which was not waived until after the 30 June 2009 balance date.

(C) CAPITAL EXPENDITURE AND OTHER COMMITMENTS

Commitments in relation to capital expenditure and purchase commitments entered into:

Within one year	68,343	57,151
Other	-	3,257
COMMITMENTS NOT RECOGNISED IN THE FINANCIAL STATEMENTS	68,343	60,408

Notes to the Financial Statements

For the Financial Year Ended 30 June 2010 (continued)

	CONSOLIDATED	
NOTES	2010 \$'000	2009 \$'000

29. Commitments and Contingencies (continued)

(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.

Letters of credit issued to suppliers	2,750	4,307
Bank guarantees outstanding at balance date in respect of financing facilities	12,075	12,717
Bank guarantees outstanding at balance date in respect of contractual performance	119,941	119,130
	134,766	136,154

(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.

30. Auditor's Remuneration

	CONSOLIDATED	
	2010	2009
1. Audit services:		
Ernst & Young	1,086,000	-
Bentleys Brisbane Partnership	97,875	891,407
Overseas auditor's associated with Bentleys	-	225,000
Total audit services	1,183,875	1,116,407
2. Non-audit services:		
<i>Due diligence services:</i>		
Ernst & Young	612,335	-
Bentleys Brisbane Partnership and Bentleys (Qld) Pty Ltd	-	23,379
<i>Other:</i>		
Bentleys Brisbane Partnership and Bentleys (Qld) Pty Ltd	5,363	40,465
	617,698	63,844
<i>Taxation services:</i>		
Ernst & Young	13,200	-
Bentleys (Qld) Pty Ltd	25,680	251,498
Overseas auditor's associated with Bentleys	10,800	8,921
	49,680	260,419
Total non-audit services	667,378	324,263

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 2010 and 30 June 2009 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 are all eliminated on consolidation.

(C) OTHER RELATED PARTIES

	CONSOLIDATED	
	2010 \$'000	2009 \$'000
Aggregate amounts included in the determination of profit before tax that resulted from transactions with each class of other related parties:		
Interest revenue		
Minority shareholders	-	-
Interest expense		
Director-related parties	-	-
Minority shareholders	230	319
Aggregate amounts brought to account in relation to other transactions with each class of other related parties:		
Loans advanced to/(from):		
Associates	261	755
Minority shareholders	-	-
Loan repayments (from):		
Associates	-	-
Minority shareholders	-	-
Loan repayments to:		
Associates	-	254
Minority shareholders	448	49
Write down of bad debt:		
Associates	-	250

Notes to the Financial Statements

For the Financial Year Ended 30 June 2010 (continued)

31. Related Parties (continued)

(C) OTHER RELATED PARTIES (CONTINUED)

	CONSOLIDATED	
	2010 \$'000	2009 \$'000
Aggregate amounts receivable from, and payable to, each class of other related parties at balance date:		
Current receivables:		
Associates	93	2,065
Director-related entities	-	-
Minority shareholders	-	-
	93	2,065
Current payables:		
Associates	16	270
Director-related entities	-	-
Minority shareholders	-	-
	16	270
Current borrowings:		
Associates	7,131	8,601
	7,131	8,601

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% (2009: 9%).

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

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

The Group expensed \$356,744 (2009: \$446,493) for the hire of aircraft from Brenzil Pty Ltd (an entity related to Mr Terry Peabody) which was used to fly the Group's Executives in connection with the acquisition of businesses, bank negotiations and investor relations. No amounts (2009: \$168,141) were capitalised to the cost of acquisitions. The Group performed a small amount of administrative work in relation to Brenzil Pty Ltd. No charter revenue or costs, other than when the Group hired the aircraft, were borne by the Group. The Group charged the related party \$10,000 per annum for administration time. At 30 June 2010 the related party owed nil (2009: \$93,893) to the Group and the Group owed the related party \$52,287 (2009: nil).

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 2010 the related party owed nil (2009: \$286,593) in respect of the business and its employees. The Group charged no margin on these costs.

The Group administered costs in relation to MV Whistler, an associate related to Mr Terry Peabody. At 30 June 2010, the related party owed \$2,487 to the Group (2009: \$70,016).

During the period ended 30 June 2010 the Group paid an amount of \$52,478 (2009: \$51,198) to an individual associated with the former Executive Chairman. These payments are in the process of being reviewed by the Group.

31 Related Parties (continued)

(C) OTHER RELATED PARTIES (CONTINUED)

The Group trades on normal commercial terms and conditions on an arm's-length basis with GPT Group Ltd, Queensland Rail group and Fletcher Buildings Limited. Mr Gene Tilbrook, the Non-Executive Chairman of the Group, is a Non-Executive Director of these companies.

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.

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

The Group trades on normal commercial terms and conditions on an arm's length basis with Chalmers Ltd. Mr Graham Mulligan, a Non-Executive Director of the Group, is a Non-Executive Director of this company. The Group also trades on normal commercial terms and conditions on an arm's length basis with Stockland Corporation Ltd with whom Mr Graham Mulligan was a consultant during the 2010 financial year.

32. Segment Information

Under AASB 8, a condition for identifying an operating segment is that it is a component of the entity whose results are regularly reviewed by each entity's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance ("the management approach"). The chief operating decision maker for the Group during the reporting period was considered to be the Executive Chairman.

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.

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

The Group has the following allocation policies:

- Sales between segments are on normal commercial terms.
- Corporate charges are allocated where possible based on estimated usage of corporate resources.
- Interest charges are allocated based on the use of debt facilities and loan balances.
- Income tax is not allocated to segments.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2010 (continued)

32. Segment Information (continued)

Items included in unallocated income and expenses in the following table relate to:

	2010 \$'000	2009 \$'000
Interest charges not allocated out to divisions	(41,789)	(52,520)
Borrowing costs relating to Group debt facilities	-	(27,200)
Change in fair value of hedges	11,695	(76,378)
Other corporate costs not allocated	(2,955)	(4,990)
	(33,049)	(161,088)

Segment assets and liabilities have not been disclosed as these are not provided to the chief operating decision maker. This information is provided at a Group level only.

2010	LIQUID WASTE MANAGEMENT \$'000	ENERGY \$'000	INDUSTRIAL SOLUTIONS \$'000	COMMERCIAL VEHICLES \$'000	SOLID WASTE \$'000	OTHER \$'000	CONSOLIDATED \$'000
Revenue							
Sales – external	167,710	105,962	287,374	374,695	1,023,628	89,901	2,049,270
Inter-segment sales	40,576	43,420	10,093	7,754	52,002	59,419	213,264
TOTAL SALES	208,286	149,382	297,467	382,449	1,075,630	149,320	2,262,534
Other revenue	1,331	15,769	281	-	3,968	626	21,975
TOTAL SEGMENT REVENUE	209,617	165,151	297,748	382,449	1,079,598	149,946	2,284,509
Inter-segment elimination							(213,264)
Unallocated revenue							2,751
TOTAL CONSOLIDATED							2,073,996
Result							
Segment result	14,931	27,217	7,237	21,059	54,973	(1,705)	123,712
Unallocated revenue less unallocated expenses							(33,049)
Share of profit of associates	983	-	-	-	390	-	1,373
PROFIT BEFORE INCOME TAX							92,036
Income tax benefit							(19,300)
NET PROFIT							72,736
Depreciation and amortisation expense	9,873	7,175	27,638	1,472	113,643	3,219	163,020
Unallocated							5,551
Total depreciation and amortisation							168,571
Impairment of assets	-	-	-	-	-	-	-
Acquisition property, plant and equipment	10,753	6,318	14,080	1,808	123,860	40,999	197,818

32. Segment Information (continued)

2. Segment information (continued)

2009	LIQUID WASTE MANAGEMENT \$'000	ENERGY \$'000	INDUSTRIAL SOLUTIONS \$'000	COMMERCIAL VEHICLES \$'000	SOLID WASTE \$'000	OTHER \$'000	CONSOLIDATED \$'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	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							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 expense							21,668
NET PROFIT							(216,107)
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

For the Financial Year Ended 30 June 2010 (continued)

32. Segment Information (continued)

REVENUE BY GEOGRAPHIC LOCATIONS

In presenting information on the basis of geographic locations, external customer revenue is based on the geographical location of business.

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

	AUSTRALIA \$'000	NEW ZEALAND \$'000	SOUTH EAST ASIA \$'000	TOTAL \$'000
2010				
Sales to external customers	1,690,075	359,195	-	2,049,270
Segment net assets	1,785,150	418,407	(963)	2,202,594
Acquisition of property, plant and equipment	161,672	36,146	-	197,818
2009				
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

33. Financial Instruments

The Group's principal financial instruments, other than derivatives, comprise bank loans, Convertible Notes, US Private Placement Notes, 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 on policies for managing each of these risks and they are summarised below.

33. Financial Instruments (continued)

(A) CURRENCY RISK

Hedging

The Commercial Vehicles division sells vehicles and parts purchased from the United States, United Kingdom and Germany. The Solid and Energy divisions sell commodities, predominantly cardboard, paper and oil, to Asia in US dollars. In order to protect against exchange rate movements, the Group enters into forward exchange contracts to purchase US dollars, British pounds, New Zealand dollars and euro.

The contracts are timed to mature when:

- major shipments are scheduled to arrive in Australia; and
- receipt of payment from customer is expected.

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

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

30 JUNE 2010				
	USD	GBP	NZD	EUR
	\$'000	\$'000	\$'000	\$'000
Trade receivables	5,017	-	33	-
Trade payables	(12,485)	-	-	(702)
Gross statement of financial position exposure	(7,468)	-	33	(702)
Estimated forecast sales	27,496	-	12,292	-
Estimated forecast purchases	(152,065)	(7,751)	-	(1,405)
Gross exposure	(132,037)	(7,751)	12,325	(2,107)
Forward exchange contracts	22,028	3,596	-	-
Net exposure	(110,009)	(4,155)	12,325	(2,107)

30 JUNE 2009			
	USD \$'000	EUR \$'000	
Trade receivables	1,923	5,988	
Trade payables	(14,965)	(16,996)	
Gross statement of financial position exposure	(13,042)	(11,008)	
Estimated forecast sales	34,130	-	
Estimated forecast purchases	(152,335)	(35,185)	
Gross exposure	(131,247)	(46,193)	
Forward exchange contracts	12,992	8,734	
Net exposure	(118,255)	(37,459)	

The following significant exchange rates applied during the year:

	AVERAGE RATE		REPORTING DATE SPOT RATE	
	2010	2009	2010	2009
NZD	1.2552	1.2291	1.2308	1.2428
USD	0.8821	0.7477	0.8523	0.8114
EUR	0.6355	0.5420	0.6979	0.5751

Notes to the Financial Statements

For the Financial Year Ended 30 June 2010 (continued)

33. Financial Instruments (continued)

(A) CURRENCY RISK (CONTINUED)

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.

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 Group held the following facilities denominated in foreign currency:

	USD \$'000	AUD \$'000
30 June 2010		
US Private Placement	150,000	175,106
Tranche D	81,866	96,053
	231,866	271,159
30 June 2009		
US Private Placement	150,000	184,869
Tranche D	108,006	132,967
	258,006	317,836

(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 \$'000	DECREASE TO NPAT \$'000
30 June 2010		
Listed securities	2,339	-
30 June 2009		
Listed securities	1,966	(1,966)

33. Financial Instruments (continued)

(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 statement of financial position. The Group's maximum exposure to credit risk at the reporting date was:

CARRYING AMOUNT			
	NOTE	2010 \$'000	2009 \$'000
Loans and receivables	10	280,709	352,103
Cash and cash equivalents (excluding bank overdrafts)	9	140,954	70,139
Other forward exchange contracts (derivatives)	13	18,635	41,346
		440,298	463,588

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

CARRYING AMOUNT		
	2010 \$'000	2009 \$'000
Australia	215,046	258,127
New Zealand	44,207	44,444
	259,253	302,571

Notes to the Financial Statements

For the Financial Year Ended 30 June 2010 (continued)

33. Financial Instruments (continued)

(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 51% (2009: 41%) of term debt outstanding and expire October 2010, September 2011, March 2013, July 2013, February 2015 and July 2015. The fixed interest rates currently range between BBSY 5.03% and 7.25% (2009: 2.84% and 7.25%).

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

At the reporting date the interest rate profile of the Group's interest bearing financial instruments was:

	CONSOLIDATED CARRYING AMOUNT	
	2010 \$'000	2009 \$'000
Fixed rate instruments		
Financial assets	159,682	93,906
Financial liabilities	(668,084)	(685,249)
	(508,402)	(591,343)
Variable rate instruments		
Financial liabilities	(1,091,647)	(1,845,543)
	(1,600,049)	(2,436,886)

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 (excluding the movement in profit before tax) 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 2010				
Variable rate instruments	(10,900)	10,900	-	-
Interest rate swap	(28,119)	29,589	-	-
Cash flow sensitivity (net)	(39,019)	40,489	-	-
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)	-	-

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 reporting 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
2010							
FINANCIAL ASSETS							
Cash and deposits	4.56	140,954	140,954	-	-	-	-
Loans to related parties	9.00	93	93	-	-	-	-
TOTAL FINANCIAL ASSETS		141,047	141,047	-	-	-	-
FINANCIAL LIABILITIES							
US Private Placement	10.84	175,106	-	-	-	-	175,106
Convertible notes	6.75	279,668	-	-	-	-	279,668
Unsecured bank loans	7.93	1,093,070	-	-	1,093,070	-	-
Lease liabilities	8.28	170,872	38,858	35,024	38,319	27,405	31,266
Payable to related parties	9.00	7,131	7,131	-	-	-	-
Interest rate swaps	6.84	31,440	31,440	-	-	-	-
Other	6.00	2,444	2,444	-	-	-	-
TOTAL FINANCIAL LIABILITIES		1,759,731	79,873	35,024	1,131,389	27,405	486,040
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

Notes to the Financial Statements

For the Financial Year Ended 30 June 2010 (continued)

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	CONTRACT- UAL CASH FLOWS \$'000	LESS THAN 1 YEAR \$'000	1 – 2 YEARS \$'000	2 – 5 YEARS \$'000	MORE THAN 5 YEARS \$'000
2010						
<i>Non-derivative financial liabilities</i>						
US Private Placement	175,106	(243,365)	(18,321)	(18,321)	(138,468)	(68,255)
Convertible notes	279,668	(402,989)	(20,864)	(20,864)	(361,261)	-
Loans from associates	7,131	(7,773)	(7,773)	-	-	-
Finance lease liabilities	170,873	(208,686)	(47,458)	(42,775)	(99,362)	(19,091)
Unsecured bank loans	1,093,070	(1,287,201)	(89,217)	(62,114)	(1,135,870)	-
Trade and other payables*	218,003	(218,003)	(218,003)	-	-	-
<i>Derivative financial liabilities</i>						
Interest rate swaps	31,440	(31,440)	(31,440)	-	-	-
Foreign currency swaps	-	-	-	-	-	-
	1,975,291	(2,399,457)	(433,076)	(144,074)	(1,734,961)	(87,346)
2009						
<i>Non-derivative financial liabilities</i>						
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)	-	-	-
<i>Derivative financial liabilities</i>						
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)	-	-

* 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.

33. Financial Instruments (continued)

(F) CAPITAL MANAGEMENT

The capital structure of the Group comprises debt, which includes the borrowings disclosed in Note 20, 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 statement of financial position.

The Company undertook a major review of its capital structure during 2009 which was finalised in August 2009.

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.

The Group has complied with all external requirements for capital management.

(G) IMPAIRMENT LOSSES

The ageing of the Group's trade receivables at the reporting date was:

	GROSS 2010 \$'000	IMPAIRMENT 2010 \$'000	GROSS 2009 \$'000	IMPAIRMENT 2009 \$'000
Not past due	132,165	-	155,879	-
Past due 0-30 days	90,205	-	72,988	-
Past due 31-120 days	36,478	1,838	48,440	-
Past due 121 days to one year	4,850	2,607	25,381	2,327
More than one year	83	83	4,420	2,210
	263,781	4,528	307,108	4,537

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

	2010 \$'000	2009 \$'000
Balance at 1 July	4,537	2,899
Impairment loss/(reversed) recognised	(9)	1,638
Balance 30 June	4,528	4,537

The impairment loss at 30 June 2010 of \$83,000 > one 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

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets.

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2010 (continued)

33. Financial Instruments (continued)

(H) FAIR VALUES (CONTINUED)

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs. The fair value of the listed equity investments are based on quoted market prices.

For financial instruments not quoted in active markets, the Group uses valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

The fair value of unlisted debt and equity securities, as well as other investments that do not have an active market, are based on valuation techniques using market data that is not observable.

Other than as disclosed on the following pages there are no differences between the carrying value and the fair value of financial assets and liabilities.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

CONSOLIDATED				
	QUOTED MARKET PRICE (LEVEL 1)	VALUATION TECHNIQUE – MARKET OBSERVABLE INPUTS (LEVEL 2)	VALUATION TECHNIQUE – NON MARKET OBSERVABLE INPUTS (LEVEL 3)	TOTAL
2010				
Financial assets				
Derivative financial instruments:				
Currency rate swaps	-	18,635	-	18,635
Available-for-sale investments:				
Listed investments	23,942	-	-	23,942
Financial liabilities				
Derivative financial instruments:				
Interest rate swaps	-	31,440	-	31,440
2009				
Financial assets				
Derivative financial instruments:				
Currency rate swaps	-	41,346	-	41,346
Available-for-sale investments:				
Listed investments	21,195	-	-	21,195
Financial liabilities				
Derivative financial instruments:				
Interest rate swaps	-	76,378	-	76,378
Currency rate swaps	-	10,650	-	10,650

Transfer between categories

There were no transfers between Level 1 and Level 2 during the year.

34. Earnings per Share

	2010	2009
Calculated in accordance with AASB 133:		
Basic earnings per share (cents per share)	6.7c	(77.9c)
Diluted earnings per share (cents per share)	6.6c	(77.9c)
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	883,487,199	304,615,091
Effect of share options and warrants on issue	6,015,348	-
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	889,502,547	304,615,091
	2010	2009
	\$'000	\$'000
Reconciliation of earnings used as the numerator in calculating basic and diluted earnings per share:		
Profit/(loss) from continuing operations	72,736	(216,107)
Net profit attributable to non-controlling interests	(1,575)	(2,249)
Distribution to Step-up Preference Security holders	(12,125)	(19,050)
	59,036	(237,406)

Notes to the Financial Statements

For the Financial Year Ended 30 June 2010 (continued)

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 – Executive Chairman, resigned as Chairman 3 June 2010 and Director 30 June 2010

T J Coonan – Executive Director and Chief Executive Officer Transpacific Industries Group Ltd

H W Grundell – Executive General Manager, New Zealand, Commercial Vehicles and Manufacturing, resigned as a Director 3 September 2009

(ii) Non-Executive Directors

G T Tilbrook, appointed 3 September 2009

B R Brown

G D Mulligan

B S Allan

R A Ghatalia, appointed 1 September 2009

M M Hudson, appointed 14 September 2009

(iii) Key Executives

N M Badyk – Chief Operating Officer, Transpacific Cleanaway

A G Roderick – Chief Operating Officer, Transpacific Industrials

S T Barnard – General Manager, Corporate Services

P A Glavac – Managing Director, Commercial Vehicles and Manufacturing

T Nickels – Managing Director, New Zealand

K L Smith – Company Secretary

G Battershill – Chief Financial Officer, resigned 5 March 2010

G S Campbell – Managing Director, Solid Waste Australia and New Zealand, resigned 13 November 2009

(B) KEY MANAGEMENT PERSONNEL COMPENSATION

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

	CONSOLIDATED	
	2010 \$'000	2009 \$'000
Short-term employee benefits	5,380	5,636
Post-employment benefits	2,032	461
Equity compensation benefits	265	1,095
	7,677	7,192

The disclosures relating to remuneration of specified Directors and Executives is set out in the Remuneration Report section of the Directors' Report on pages 25 to 35.

35. Key Management Personnel Disclosures (continued)

(C) OPTIONS AND PERFORMANCE RIGHTS OVER EQUITY INSTRUMENTS GRANTED

The movement during the reporting period in the number of opportunities 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.

2010

NAME	BALANCE AT THE START OF THE YEAR	GRANTED DURING THE YEAR AS REMUNERATION	EXERCISED DURING THE YEAR	OTHER CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR	VESTED AND EXERCISABLE AT THE END OF THE YEAR
Executive Directors:						
T J Coonan	433,334	1,324,080	-	(200,000)	1,557,414	-
Non-Executive Directors:						
G T Tilbrook	-	-	-	-	-	-
B R Brown	-	-	-	-	-	-
G D Mulligan	-	-	-	-	-	-
B S Allan	50,000	-	-	-	50,000	-
R A Ghatalia	-	-	-	-	-	-
M M Hudson	-	-	-	-	-	-
Key Executives:						
H W Grundell	100,000	785,109	-	-	885,109	-
N M Badyk	100,000	653,604	-	(100,000)	653,604	-
A G Roderick	500,000	653,604	-	-	1,153,604	-
S T Barnard	150,000	301,740	-	-	451,740	-
P A Glavac	100,000	401,532	-	(100,000)	401,532	-
T Nickels	200,000	456,455	-	-	656,455	-
K L Smith	75,000	246,155	-	-	321,155	-
G R W Battershill	200,000	-	-	(200,000)	-	-
G S Campbell	700,000	-	-	(700,000)	-	-

2009

NAME	BALANCE AT THE START OF THE YEAR	GRANTED DURING THE YEAR AS REMUNERATION	EXERCISED DURING THE YEAR	OTHER CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR	VESTED AND EXERCISABLE AT THE END OF THE YEAR
Executive Directors:						
T E Peabody	6,950,000	-	(6,950,000)	-	-	-
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 R W Battershill	-	200,000	-	-	200,000	-
S T Barnard	150,000	-	-	-	150,000	9,999
P A Glavac	266,668	-	(166,668)	-	100,000	-
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

Notes to the Financial Statements

For the Financial Year Ended 30 June 2010 (continued)

35. Key Management Personnel Disclosures (continued)

(D) SHARE HOLDINGS

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

2010

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)	118,158,430	-	58,129,450	176,287,880
T J Coonan	1,275,384	-	(1,275,384)	-
Non-Executive Directors:				
G T Tilbrook	-	-	30,000	30,000
B R Brown	150,000	-	50,000	200,000
G D Mulligan	82,810	-	-	82,810
B S Allan	9,261	-	16,392	25,653
M M Hudson	-	-	7,000	7,000
Key Executives:				
H W Grundell	625,714	-	(625,714)	-
N M Badyk	186,517	-	-	186,517
S T Barnard	20,500	-	-	20,500
P A Glavac	455,749	-	(227,875)	227,874
K L Smith	150,000	-	(73,535)	76,465

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

(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

On 1 September 2010 Mr Kevin Campbell joined the Group as Chief Financial Officer.

35. Key Management Personnel Disclosures (continued)

(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 REMUNERATION* \$000	WRITTEN OFF \$000	BALANCE AT THE END OF THE YEAR \$000	NUMBER IN GROUP
2010	-	-	-	-	-	-
2009	93	306	148	-	-	5

* 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.

There are no key management personnel with loans above \$100,000 during the 2010 financial year.

Details of key management personnel with loans above \$100,000 in the 2009 financial year are as follows:

	BALANCE AT THE START OF THE YEAR \$000	INTEREST CHARGED \$000	INTEREST INCLUDED AS REMUNERATION* \$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
N M Badyk	-	8	4	-	-	345
T A Woods	-	45	23	-	-	1,450

* 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.

Loans to Directors and Executives were charged interest at a rate of 30 day BBSY plus 1.5%.

The loans were repayable upon demand. All principal and interest amounts outstanding were repaid during the 2009 year.

36. Subsequent Events

There were no significant events subsequent to year end.

37. Parent Entity Disclosure

	2010 \$'000	2009 \$'000
Current assets	60,923	39,643
Total assets	3,575,383	3,325,100
Current liabilities	161,346	2,227,704
Total liabilities	1,686,807	2,228,285
Issued capital	1,819,917	1,092,971
Retained earnings	7,859	3,254
Reserves	60,800	590
Total shareholder equity	1,888,576	1,096,815
Profit or loss of the parent entity	3,984	69,238
Total comprehensive income of the parent entity	3,984	69,238

The parent entity does not have any guarantees, contingent liabilities or contractual commitments for 2010 or 2009.

Directors' Declaration

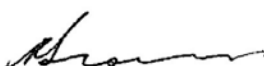
In the Directors' opinion:

- (a) the financial statements, additional disclosures included in the Directors report designated as audited and notes set out on pages 44 to 109 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its 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) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2; and
- (c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section s295A of the Corporations Act 2001 for the financial year ended 30 June 2010; and
- (e) as at the date of this declaration, there are reasonable grounds to believe that the members of the closed group identified in Note 25 will be able to meet any obligation or liabilities to which they are or may become subject to, by virtue of the deed of cross guarantee.

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



G T Tilbrook
Non-Executive Chairman



B R Brown
Deputy Chairman

Brisbane, 23 September 2010

Independent auditor's report to the members of Transpacific Industries Group Limited

Report on the Financial Report

We have audited the accompanying financial report of Transpacific Industries Group Limited, which comprises the statement of financial position as at 30 June 2010 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

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 the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls 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 also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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 our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls 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 controls. 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 met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. The Auditor's Independence Declaration would have been expressed in the same terms if it had been given to the directors at the date this auditor's report was signed. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

1. the financial report of Transpacific Industries Group Ltd is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the consolidated entity's financial position at 30 June 2010 and of its 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*.
2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 25 to 35 of the directors' report for the year ended 30 June 2010. 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 year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.



Ernst & Young

Brisbane
23 September 2010



Mike Reid
Partner

Corporate Information

Transpacific Industries Group Ltd

ABN 74 101 155 220

Directors

Gene Tilbrook (Non-Executive Chairman)

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)

Martin Hudson (Non-Executive Director)

Company Secretary

Kellie Smith

Registered Office

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