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TRANSPACIFIC INDUSTRIES PTY LTD
ABN 40 010 745 383

AND CONTROLLED ENTITIES

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2003

TRANSPACIFIC INDUSTRIES PTY LTD
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AND CONTROLLED ENTITIES

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TRANSPACIFIC INDUSTRIES PTY LTD
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DIRECTORS' REPORT

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2003.

Directors

The names of the directors in office at any time during or since the end of the financial year are:

Terrence Elmore Peabody

Geoffrey Francis Sparks

David Francis Keating

Stewart Gordon Smith

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Economic Entity Results (Consolidated)

The consolidated profit/(loss) of the economic entity for the financial year after providing for income tax and eliminating outside equity interests amounted to $(2,514,659) (2002: $700,090).

Review of Operations

A review of the operations of the company during the financial year and the results of those operations found that during the year, the company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant Changes in State of Affairs

No significant changes in the state of affairs of the economic entity occurred during the financial year.

Principal Activity

The principal activity of the company during the financial year was:

- transportation, recycling, treatment and disposal of liquid waste;
- industrial cleaning and high pressure water blasting;
- collection and distribution of waste oil;
- transportation and disposal of hazardous waste.

No significant change in the nature of these activities occurred during the year.

After Balance Date Events

After balance date, in January 2004, the parent entity completed a successful takeover of Environmental Recovery Services Limited. The financial effect of this transaction has not been brought to account in the 2003 financial report.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in future financial years.

Likely Developments

Likely developments in the operations of the economic entity and the expected results of those operations have not been included in this report as the directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the economic entity.

Environmental Issues

The economic entity's operations are subject to environmental regulations under a law of the Commonwealth or of a State or Territory. There have been no significant breaches of the economic entity's licencing conditions during the year.

Dividends Paid or Recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

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DIRECTORS' REPORT cont

Options

No options over issued shares or interests in the company or a controlled entity were granted during or since the end of the financial year and there were no options outstanding at the end of the financial year.

Indemnification of Officer or Auditor

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the economic entity.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Board of Directors:

Director Terrence Elmore Peabody

Director Geoffrey Francis Sparks

Dated this 14th day of May 2004

TRANSPACIFIC INDUSTRIES PTY LTD
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STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2003

	Notes	Economic Entity		Parent Entity	
		2003 $	2002 $	2003 $	2002 $
Revenue from ordinary activities	2	136,189,308	73,104,529	26,545,808	18,812,365
Cost of sales		(60,262,117)	(12,409,410)	(4,454,285)	(3,471,105)
Employee benefits expense		(27,522,513)	(24,856,366)	(6,721,286)	(7,359,388)
Subcontractors		(1,415,542)	(796,325)	(1,395,755)	(602,002)
Repairs and maintenance		(8,724,569)	(4,152,309)	(868,705)	(1,158,092)
Fuel purchases		(2,799,686)	(2,718,184)	(743,549)	(689,310)
Depreciation and amortisation expenses	3	(11,997,647)	(7,952,001)	(2,137,926)	(1,935,580)
Lease expenses		(3,626,752)	(1,844,307)	(296,613)	194,371
Equipment hire		(2,964,676)	(823,554)	(125,845)	(277,323)
Other expenses from ordinary activities		(16,949,425)	(11,703,481)	(3,171,270)	(2,945,119)
Borrowing costs expense	3	(4,317,126)	(2,309,663)	(1,808,976)	(782,445)
Share of net profits (losses) of associates and joint ventures accounted for using the equity method		(321,910)	(476,552)	-	-
(Loss)/Profit from ordinary activities before income tax expense (income tax revenue)		(4,712,655)	3,062,377	4,821,598	(213,628)
Income tax revenue (income tax expense) relating to profit/(loss) from ordinary activities	4	939,456	(1,239,938)	(159,186)	(76,177)
(Loss)/Profit from ordinary activities after related income tax expense (income tax revenue)	3	(3,773,199)	1,822,439	4,662,412	(289,805)
Net loss/(profit) attributable to outside equity interests		1,258,540	(1,122,349)	-	-
Net (loss)/profit attributable to members of the parent entity		(2,514,659)	700,090	-	-
Net decrease in reserves	23(a)	(867,272)	-	-	-
Total changes in equity other than those resulting from transactions with owners as owners		(3,381,931)	700,090	4,662,412	(289,805)

The accompanying notes form part of these financial statements.

TRANSPACIFIC INDUSTRIES PTY LTD
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AND CONTROLLED ENTITIES

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2003

	Notes	Economic Entity		Parent Entity	
		2003	2002	2003	2002
		$	$	$	$
CURRENT ASSETS					
Cash assets	7	6,109,508	7,621,444	1,423,033	643,301
Receivables	8	33,998,451	20,321,553	24,118,830	17,665,092
Inventories	9	4,826,700	1,832,551	153,894	68,213
Other	10	1,022,859	789,225	175,829	69,631
TOTAL CURRENT ASSETS		45,957,518	30,564,773	25,871,586	18,446,237
NON-CURRENT ASSETS					
Other financial assets	11	1,422,625	1,274,742	19,247,922	16,576,051
Investments accounted for using the equity method	12	5,876,636	4,948,548	-	-
Property, plant and equipment	15	78,303,578	63,628,959	17,291,282	12,717,899
Intangible assets	16	13,355,369	6,977,722	2,151,769	1,030,136
Deferred tax assets	17	5,130,693	1,929,155	365,196	312,295
TOTAL NON-CURRENT ASSETS		104,088,901	78,759,126	39,056,169	30,636,381
TOTAL ASSETS		150,046,419	109,323,899	64,927,755	49,082,618
CURRENT LIABILITIES					
Payables	18	29,579,069	15,830,533	10,987,230	13,711,803
Current tax liability		282,821	759,777	-	-
Interest-bearing liabilities	19	4,129,073	2,453,485	1,510,740	932,686
Provisions	21	5,875,141	2,134,202	892,248	749,270
TOTAL CURRENT LIABILITIES		40,169,670	21,177,997	13,390,218	15,393,759
NON-CURRENT LIABILITIES					
Payables		-	-	-	-
Interest-bearing liabilities	19	75,899,862	54,663,878	32,950,735	19,680,517
Deferred tax liabilities	20	2,736,909	2,346,519	145,755	246,536
Provisions	21	1,917,883	649,570	108,403	91,574
TOTAL NON-CURRENT LIABILITIES		80,554,654	57,659,967	33,204,893	20,018,627
TOTAL LIABILITIES		120,724,324	78,837,964	46,595,111	35,412,386
NET ASSETS		29,322,095	30,485,935	18,332,644	13,670,232
EQUITY					
Contributed equity	22	17,000,000	17,000,000	17,000,000	17,000,000
Reserves	23	2,248,829	3,116,101	1,963,138	1,963,138
Retained profits/(accumulated losses)	24	694,540	2,341,927	(630,494)	(5,292,906)
Equity Attributable To Members Of The Parent Entity		19,943,369	22,458,028	18,332,644	13,670,232
Outside Equity Interests In Controlled Entities	25	9,378,726	8,027,907	-	-
TOTAL EQUITY		29,322,095	30,485,935	18,332,644	13,670,232

The accompanying notes form part of these financial statements.

TRANSPACIFIC INDUSTRIES PTY LTD
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2003

	Notes	Economic Entity		Parent Entity	
		2003	2002	2003	2002
		$	$	$	$
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from customers		135,081,894	79,141,788	18,556,030	16,458,488
Payments to suppliers and employees		(121,665,588)	(69,022,943)	(14,992,406)	(15,020,595)
Dividends received		88,279	179	88,279	179
Interest received		754,172	409,920	581,133	275,157
Borrowing costs		(4,902,549)	(2,101,102)	(1,482,409)	(642,294)
Income tax refunded/(paid)		(834,275)	(768,644)	269,614	(269,614)
Net GST received/(paid)		(102,553)	-	(190,653)	-
Net cash provided by operating activities	28 (b)	8,419,380	7,659,198	2,829,588	801,321
CASH FLOW FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		458,732	1,961,752	1,465,509	1,703,182
Proceeds from disposal of controlled entity		-	3,925,100	-	-
Payment for property, plant and equipment		(15,705,677)	(6,544,267)	(4,672,775)	(3,789,204)
Payment for investments		(1,397,886)	(6,526,431)	(2,671,871)	(9,041,478)
Payment for businesses	28(e)	(8,359,238)	(15,890,157)	(2,299,504)	(1,016,299)
Loans to related entities		(400,407)	(1,412,620)	(5,459,471)	(1,412,620)
(Payments)/refund of security deposits		7,708	(1,105)	(380)	(814)
Net cash used in investing activities		(25,396,768)	(24,487,728)	(13,638,492)	(13,557,233)
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from borrowings		18,900,925	27,051,497	12,800,000	14,000,000
Repayments of borrowings		(1,000)	(3,680,431)	(600)	(400)
Repayments of lease liabilities		(3,434,473)	(2,549,772)	(1,210,764)	(1,044,618)
Net cash provided by financing activities		15,465,452	20,821,294	11,588,636	12,954,982
Net increase in cash held		(1,511,936)	3,992,764	779,732	199,070
Cash at beginning of financial year		7,621,444	3,628,680	643,301	444,231
Cash at end of financial year	28 (a)	6,109,508	7,621,444	1,423,033	643,301

The accompanying notes form part of these financial statements.

TRANSPACIFIC INDUSTRIES PTY LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial report is for the entity Transpacific Industries Pty Ltd as an individual entity and Transpacific Industries Pty Ltd and controlled entities as an economic entity. Transpacific Industries Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs. It does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Principles of consolidation

A controlled entity is any entity controlled by Transpacific Industries Pty Ltd. Control exists where Transpacific Industries Pty Ltd has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Transpacific Industries Pty Ltd to achieve the objectives of Transpacific Industries Pty Ltd. Details of controlled entities are contained in Note 13.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

Where a controlled entity has entered or left the economic entity during the year its operating results have been included from the date control was obtained or until the date control ceased.

Outside interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

(b) Income Tax

The economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences, which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account either as provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation, and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) Property, Plant and Equipment

Each class of property plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

Property

Freehold land and buildings are measured on the fair value basis being the amount which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. It is the policy of the company to have an independent valuation every three years, with annual appraisals being made by the directors.

The revaluation of freehold land and buildings has not taken account of the potential tax payable on assets which are subject to capital gains tax.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES cont

(c) Property, Plant and Equipment cont

Plant and equipment

Plant and equipment is measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated over their estimated useful lives to the company commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to a depreciation charge. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of assets are:

Buildings	2.5% to 4.0%
Furniture and fittings	10% to 40%
Plant and equipment	5% to 40%
Leased plant and equipment	10% to 25%

(d) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the economic entity are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives received under operating leases are recognised as a liability. Lease payments received reduce the liability.

(e) Investments

Non-current investments are measured on the cost basis. The carrying amount of investments is reviewed annually by directors' to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the quoted market value for shares in listed companies or the underlying net assets for other non-listed corporations. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

(f) Investments in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting.

(g) Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net tangible assets at date of acquisition. Both purchased goodwill and goodwill on consolidation are amortised on a straight line basis over a period of between 5 and 20 years. The balances are reviewed annually and any balance representing future benefits the realisation of which is considered to be no longer probable are written off.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES cont

(g) Intangibles cont

Patents, trademarks and licences

Significant costs associated with patents, trademarks and licences are deferred and amortised on a straightline basis over the periods of their expected benefit, which varies from 5 to 10 years.

(h) Inventory

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a standard cost basis, and include direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenses.

(i) Employee Benefits

Provision is made for the economic entity's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries and annual leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Long service leave is accrued for at nominal rates of pay in respect of all employees with over 5 years of service. This rate of measurement approximates the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the company to an employee superannuation fund and are charged as expenses when incurred.

(j) Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months and net of bank overdrafts.

(k) Revenue

Revenue from sale of goods and services is recognised upon the delivery of goods or service to customers.

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

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

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

All revenue is stated net of the amount of goods and services tax (GST).

(l) Goods and Services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

	Notes	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
NOTE 2: REVENUE					
Operating activities					
- sale of goods (net)		129,514,831	65,318,463	16,295,927	14,737,417
- government subsidies		4,447,042	4,755,868	374,535	176,180
- dividends	2(a)	88,279	179	4,391,264	179
- interest	2(b)	253,225	201,934	858,272	303,297
- management fees		196,892	207,395	583,511	627,631
- administration fees		-	-	1,310,000	739,383
- data processing fees		-	-	198,000	158,500
- other revenue		1,230,307	658,938	1,068,790	366,596
		135,730,576	71,142,777	25,545,808	17,109,183
Non - operating activities					
- proceeds of sale of property, plant and equipment		458,732	1,961,752	1,465,509	1,703,182
Total Revenue		136,189,308	73,104,529	26,545,808	18,812,365
(a) Dividends from:					
- wholly-owned subsidiaries		-	-	4,302,985	-
- other corporations		88,279	179	88,279	179
		88,279	179	4,391,264	179
(b) Interest from:					
- wholly-owned subsidiaries		-	-	839,236	236,186
- associated entities		61,150	-	-	-
- other persons		192,075	201,934	19,036	67,111
		253,225	201,934	858,272	303,297

NOTE 3: (LOSS)/PROFIT FROM ORDINARY ACTIVITIES

Profit (losses) from ordinary activities before income tax expenses (income tax revenue) has been determined after:

	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
(a) Expenses:				
Cost of sales	60,262,117	12,409,410	4,454,285	3,417,350
Borrowing costs:				
- related entity	1,599,871	589,004	1,441,575	418,671
- other persons	2,717,255	1,720,659	367,401	363,774
	4,317,126	2,309,663	1,808,976	782,445
Depreciation of non-current assets				
- Buildings	352,605	317,386	53,522	31,174
- Plant and equipment	7,849,292	4,682,707	834,858	914,229
- Furniture, fixtures and fittings	60,738	49,227	28,719	21,491
Total Depreciation	8,262,635	5,049,320	917,098	966,894
Amortisation of non-current assets:				
- capitalised leased assets	2,425,348	2,009,958	1,065,767	931,554
- goodwill	879,664	462,723	155,061	37,132
- licences	430,000	430,000	-	-
Amortisation of non-current assets	3,735,012	2,902,681	1,220,828	968,686
Bad and doubtful debts:	55,695	21,959	17,320	15,590

	Notes	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
NOTE 3: PROFIT FROM ORDINARY ACTIVITIES cont					
Remuneration of the auditors of the parent entity for:					
- audit or review services		75,749	65,234	30,045	30,734
- other services		59,271	28,839	31,192	13,289
Rental expense on operating leases					
- minimum lease payments		3,626,752	1,844,307	296,613	(194,371)
Rental expense on operating leases		3,626,752	1,844,307	296,613	(194,371)
Loss on disposal of property, plant and equipment		610,755	-	-	-
Foreign currency translation losses (gains)		-	-	4,204	-
(b) Revenue and Net Gains					
Net gain on disposal of non-current assets					
- property, plant and equipment		-	345,331	67,136	369,342
(c) Significant Revenues and Expenses:					
The following revenue and expense items are relevant in explaining the financial performance					
Provision for loss on onerous contract		1,884,062	-	-	-
NOTE 4: INCOME TAX EXPENSE					
The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:					
Prima facie income tax payable on profit from ordinary activities before income tax at 30.0% (2002 - 30.0%)		(1,413,797)	1,061,679	1,446,479	(64,088)
Add:					
Tax effect of:					
– depreciation of buildings		20,366	20,502	2,711	2,830
– amortisation of goodwill		243,710	141,228	46,518	11,140
– amortisation of trademarks		38,700	38,700	-	-
– Entertainment		36,254	11,685	5,112	4,074
– Other non-allowable items		27,989	(13,682)	384	11,111
– Provisions		-	(16,228)	-	-
– Dividends		-		(1,303,095)	-
– Non-assessable income				(34,320)	-
Adjustments					
- on consolidation		112,052	(5,094)	-	-
- other			1,148	-	-
- Under provision for income tax in prior year		(4,730)	-	(4,603)	-
Tax losses transferred to other entities		-	-	-	111,110
Income tax expense attributable to profit from ordinary activities		(939,456)	1,239,938	159,186	76,177

	Notes	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $

NOTE 5: REMUNERATION AND RETIREMENT BENEFITS

(a) Directors' remuneration

	Notes	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
Income paid or payable to all directors of each entity in the economic entity by the entities of which they are directors		808,779	510,939	-	-
Income paid or payable to all directors of the parent entity by the parent entity and any related parties		-	-	538,779	510,939

Number of parent entity directors whose income from the company or any related parties was within the following bands:

	2003 No.	2002 No.
$0 - $999	-	1
$90,000 - $99,999	1	-
$100,000 - $109,999	-	2
$120,000 - $129,999	-	1
$130,000 - $139,999	2	-
$170,000 - $179,999	-	1
$180,000 - $189,999	1	-

The names of directors who have held office during the financial year are:

Terrence Elmore Peabody
Geoffrey Francis Sparks
David Francis Keating
Stewart Gordon Smith

(b) Retirement and Superannuation Payments
No amounts of a prescribed benefit have been given during the year by the parent entity or a related party to a director or prescribed superannuation fund in connection with the retirement from a prescribed office.

NOTE 6: DIVIDENDS

	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
Balance of franking account at financial year-end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and any credits that may be prevented from distribution in subsequent years	3,379,592	3,629,669	323,854	272,396

NOTE 7: CASH ASSETS

	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
Cash on hand	24,250	13,400	2,000	1,600
Cash at bank	6,085,258	7,608,044	1,421,033	641,701
	6,109,508	7,621,444	1,423,033	643,301

	Notes	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
NOTE 8: RECEIVABLES					
CURRENT					
Trade debtors		25,651,543	12,005,144	4,368,500	3,393,253
Less provision for doubtful debts		(128,444)	(5,045)	(2,782)	(1,696)
		25,523,099	12,000,099	4,365,718	3,391,557
Other debtors		1,123,156	1,369,665	165,831	579,830
Loans to associates		1,813,027	1,412,620	1,813,027	1,412,620
Amounts receivable from:					
- controlled entities		-	-	14,988,235	9,495,066
- director-related parties		5,539,169	5,539,169	2,786,019	2,786,019
		8,475,352	8,321,454	19,753,112	14,273,535
		33,998,451	20,321,553	24,118,830	17,665,092
NOTE 9: INVENTORIES					
CURRENT					
Raw materials at cost		153,311	108,175	52,629	27,732
Work in progress at cost		(72,408)	(274,692)	16,644	19,176
Finished goods at cost		4,745,797	1,999,068	84,621	21,305
		4,826,700	1,832,551	153,894	68,213
NOTE 10: OTHER ASSETS					
CURRENT					
Prepayments		1,003,852	762,510	166,145	60,327
Security Deposits		19,007	26,715	9,684	9,304
		1,022,859	789,225	175,829	69,631
NOTE 11: OTHER FINANCIAL ASSETS					
Shares in listed corporations – at cost	11(a)	1,422,625	1,274,742	1,422,625	1,274,742
Shares in associates – at cost	14	-	-	6,675,100	5,425,100
Shares in controlled entities – at cost	13(a)	-	-	11,150,197	9,876,209
		1,422,625	1,274,742	19,247,922	16,576,051
(a) Shares in listed corporations					
Environmental Recovery Services Limited Principal activity is environmentally responsible cleaning and waste management solutions and services. Transpacific Industries Pty Ltd has an 8.5% interest in the company.		1,407,250	1,259,367	1,407,250	1,259,367
Baycorp Advantage Limited Principal activity is providing data on consumer credit ratings. Transpacific Industries Pty Ltd has an immaterial shareholding in the company.		15,375	15,375	15,375	15,375

	Notes	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
NOTE 12: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD					
Associated companies	14	5,876,636	4,948,548	-	-

NOTE 13: CONTROLLED ENTITIES

(a) Controlled Entities

Subsidiary	Country of incorporation	% owned
Yobeap No. 4 Pty Ltd (formerly True Blue Oil Pty Ltd)	Australia	100%
Yobeap No. 5 Pty Ltd (formerly Muir Oil Pty Ltd)	Australia	100%
Australian Resource Recovery Pty Ltd	Australia	100%
Western Star Group Pty Ltd	Australia	100%
Associated Oils Pty Ltd	Australia	100%
Australian Terminal Services Pty Ltd	Australia	63.08%
NQ Resource Recovery Pty Ltd	Australia	50%
Nationwide Oil Pty Ltd	Australia	50%
Transpacific Industrial Solutions Pty Ltd	Australia	66.52%

Transpacific Industries Pty Ltd has management control of NQ Resource Recovery Pty Ltd and Nationwide Oil Pty Ltd and thus has the capacity to dominate decision making in relation to the financial and operating policies so as to enable those entities to operate with Transpacific Industries Pty Ltd as part of an economic entity in pursuing its objectives.

The directors are of the opinion that any deficiency in the net assets of any controlled entity does not represent a permanent diminution in the value of the parent entity's investment in that controlled entity.

(b) Controlled entities acquired

On 5 November 2003, the parent entity acquired 100% of Associated Oil Pty Ltd for purchase consideration of $1.

NOTE 14: INVESTMENT IN ASSOCIATED COMPANIES

	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
Associate: Total Waste Management Pty Ltd				
Principal activity: Waste Management				
Ownership interest 50%, (2002 50%)				
Carrying value of investment in Total Waste Management Pty Ltd	3,171,741	3,556,518	-	-
Associate: Western Resource Recovery Pty Ltd				
Principal activity: Waste Management				
Ownership interest 50%, (2002 50%)				
Carrying value of investment in Western Resource Recovery Pty Ltd	1,452,956	1,392,030	-	-
Associate: Mann Waste Management Pty Ltd				
Principal activity: Waste Management				
Ownership interest 50%, (2002 50%)				
Carrying value of investment in Mann Waste Management Pty Ltd	1,251,939	-	-	-

	Notes	Economic Entity		Parent Entity	
		2003	2002	2003	2002
		$	$	$	$
NOTE 14: INVESTMENT IN ASSOCIATED COMPANIES cont					
(a) Movements during the year in equity accounted investment in associated company					
Balance at beginning of the financial year		4,948,548	-	-	-
Add:					
New investments during the year		1,250,000	5,425,100	-	-
Share of associated company's (loss)/profit from ordinary activities and extraordinary items after income tax		(321,910)	(476,552)	-	-
Balance at end of the financial year		5,876,636	4,948,548	-	-

NOTE 15: PROPERTY, PLANT AND EQUIPMENT

	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
LAND				
Freehold land:				
At cost	5,184,959	4,052,389	2,135,578	1,107,679
At directors' valuation (i)	460,000	460,000	460,000	460,000
Total freehold land	5,644,959	4,512,389	2,595,578	1,567,679
BUILDINGS				
At cost	10,809,923	8,290,416	2,929,001	1,054,743
Less accumulated depreciation	(1,508,523)	(1,155,918)	(134,840)	(81,318)
	9,301,400	7,134,498	2,794,161	973,425
At directors' valuation (i)	1,446,243	1,446,243	166,840	166,840
Less accumulated depreciation	(176,233)	(176,233)	(20,120)	(20,120)
	1,270,010	1,270,010	146,720	146,720
Total buildings	10,571,410	8,404,509	2,940,881	1,120,145
PLANT AND EQUIPMENT				
(a) Plant and equipment				
At cost	74,147,061	46,599,842	8,595,853	8,551,567
Less accumulated depreciation	(27,752,481)	(21,904,180)	(3,224,357)	(3,814,563)
	46,394,580	24,695,662	5,371,496	4,737,004
(b) Leased plant and equipment				
Capitalised lease assets at cost	19,175,353	15,134,461	8,358,631	6,322,818
Less accumulated depreciation	(5,044,819)	(4,978,435)	(2,862,592)	(1,859,447)
	14,130,534	10,156,026	5,496,039	4,463,371
(c) Furniture, fixtures and fittings				
At cost	1,137,097	889,075	812,637	588,925
Less accumulated depreciation	(606,248)	(549,775)	(461,980)	(436,929)
	530,849	339,300	350,657	151,996
(d) Capital works in progress				
At cost	1,031,246	15,521,073	536,631	677,704
Total plant and equipment	62,087,209	50,712,061	11,754,823	10,030,075
Total property, plant and equipment	78,303,578	63,628,959	17,291,282	12,717,899

	Notes	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $

NOTE 15: PROPERTY, PLANT AND EQUIPMENT cont

(i) The directors have considered revaluation of the land and buildings at 30 June 2003 and decided that their value is the same as the previous valuation at 30 June 1995.

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

Economic Entity	Freehold land	Buildings	Plant & equipment	Leased plant and equipment	Furniture, fixtures & fittings	Total
	$	$	$	$	$	$
2003						
Balance at the beginning of the year	4,512,389	8,404,508	24,695,662	10,156,026	339,300	48,107,885
Additions	1,132,570	2,793,190	31,899,886	7,676,840	265,132	43,767,618
Disposals	-	(273,683)	(2,351,676)	(1,276,984)	(12,845)	(3,915,188)
Depreciation expense	-	(352,605)	(7,849,292)	(2,425,348)	(60,738)	(10,687,983)
Carrying amount at end of year	5,644,959	10,571,410	46,394,580	14,130,534	530,849	77,272,332

Parent Entity	Freehold land	Buildings	Plant & equipment	Leased plant and equipment	Furniture, fixtures & fittings	Total
	$	$	$	$	$	$
2003						
Balance at the beginning of the year	1,567,679	1,120,144	4,737,004	4,463,371	151,995	12,040,193
Additions	1,027,899	1,874,260	3,007,439	2,259,036	237,424	8,406,058
Disposals	-	-	(1,538,089)	(160,600)	(10,043)	(1,708,732)
Depreciation expense	-	(53,522)	(834,858)	(1,065,767)	(28,719)	(1,982,866)
Carrying amount at end of year	2,595,578	2,940,882	5,371,496	5,496,040	350,657	16,754,653

NOTE 16: INTANGIBLE ASSETS

	Note	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
Goodwill at cost		14,470,590	6,892,592	2,832,836	1,556,142
Less accumulated amortisation		(2,835,222)	(2,064,871)	(681,067)	(526,006)
		11,635,368	4,827,721	2,151,769	1,030,136
Patents, trademarks and licenses at cost		5,162,054	5,162,054	855,521	855,521
Less accumulated amortisation		(3,442,053)	(3,012,053)	(855,521)	(855,521)
		1,720,001	2,150,001	-	-
		13,355,369	6,977,722	2,151,769	1,030,136

	Notes	Economic Entity		Parent Entity	
		2003	2002	2003	2002
		$	$	$	$
NOTE 17: TAX ASSETS					
Future income tax benefits - deferred		5,130,693	1,929,155	365,196	312,295
The future income tax benefit is made up of the following estimated tax benefits:					
- tax losses		1,569,249	928,424	-	14,858
- timing differences		3,561,444	1,000,731	365,196	297,437
		5,130,693	1,929,155	365,196	312,295
NOTE 18: PAYABLES					
CURRENT					
Unsecured liabilities					
Trade creditors		13,317,332	6,229,200	2,167,951	1,708,739
Amounts payable to:					
- controlled entities		-	-	805,586	4,674,466
- director-related parties		6,749,677	6,750,675	6,749,675	6,750,275
Sundry creditors and accruals		9,512,060	2,850,658	1,264,018	578,323
		29,579,069	15,830,533	10,987,230	13,711,803
NOTE 19: INTEREST BEARING LIABILITIES					
CURRENT					
Secured liabilities					
Bank Loans		750,000	-	-	-
Finance lease liability	26	3,379,073	2,453,485	1,510,740	932,686
		4,129,073	2,453,485	1,510,740	932,686
NON-CURRENT					
Unsecured liabilities					
Loans – shareholders		6,091,092	5,490,167	-	-
Loan – related entity		28,800,000	16,000,000	28,800,000	16,000,000
Finance lease liability	26	11,058,770	7,973,711	4,150,735	3,680,517
Secured liabilities					
Bank Loans		29,950,000	25,200,000	-	-
		75,899,862	54,663,878	32,950,735	19,680,517

(i) Bank Bills of $2,200,000 (2002: $2,200,000) to NQ Resource Recovery Pty td are secured by the following:

To Commonwealth Bank of Australia, Brisbane:

- A first registered mortgage by NQ Resource Recovery Pty Ltd over property situated at 77-79 Enterprise St, Bohle, Townsville, Qld.
- A first registered mortgage by NQ Resource Recovery Pty Ltd over the whole of its assets and undertakings including uncalled capital;
- A first registered mortgage by NQ Resource Recovery Pty Ltd over property situated at Lot 3 Barkly Highway, Mount Isa, Qld;
- A first registered mortgage by NQ Resource Recovery Pty Ltd over property situated at Lot 89, MacOnachie Street, Worce, Qld.
- A guarantee limited to $1,000,000 by Transpacific Industries Pty Ltd;
- A guarantee limited to $1,000,000 by JJ Richards and Sons Pty Ltd.

	Notes	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $

NOTE 19: INTEREST BEARING LIABILITIES cont

(ii) A loan of $13,000,000 (2002: $13,500,000) to Nationwide Oil Pty Ltd is secured by the following:

To Commonwealth Bank of Australia, Melbourne:

- A letter of comfort from each of the shareholders, being Transpacific Industries Pty Ltd, Shell Australia Ltd, and Vacuum Oil Company Pty Ltd.
- A registered mortgage debenture ASIC Charge 623006.
- A registered Deed of Equitable Mortgage by the Company over Queensland assets.

(iii) Bank Bills of $15,500,000 (2002: $9,500,000) provided to Transpacific Industrial Solutions Pty Ltd are secured by the following:

To Commonwealth Bank of Australia, Brisbane:

- A First registered equitable mortgage by Transpacific Industrial Solutions Pty Ltd over the whole of its assets and undertakings including uncalled capital.
- Guarantees limited to $10,219,425 from Transpacific Industries Pty Ltd and $12,030,576 from NQ Resource Recovery Pty Ltd.
- A deed of subordination of shareholder loans from Transpacific Industries Pty Ltd and NQ Resource Recovery Pty Ltd to an amount of $5,000,000.

	Note	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
NOTE 20: TAX LIABILITIES					
NON-CURRENT					
Provision for deferred income tax		2,736,909	2,346,519	145,755	246,536
NOTE 21: PROVISIONS					
CURRENT					
Employee benefits	(a)	3,991,079	2,134,202	892,248	749,270
Other	(c)	1,884,062	-	-	-
		5,875,141	2,134,202	892,248	749,270
NON-CURRENT					
Other		266,886	266,886	-	-
Employee benefits	(a)	1,650,997	382,684	108,403	91,574
		1,917,883	649,570	108,403	91,574
(a) Aggregate employee benefits liability		5,642,076	2,516,886	1,000,651	840,844
(b) Number of employees at year end		941	537	173	543
(c) Provision for onerous contract					

A provision of $1,884,062 has been recognised for an onerous contract a controlled entity has with a customer. The provision has been based upon actual losses incurred on the contract to date, and an estimate of losses to be incurred for the remainder of the contract based on previous results.

	Notes	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
NOTE 22: CONTRIBUTED EQUITY					
6,600,000 (2002: 6,600,000) fully paid ordinary shares shares		13,000,000	13,000,000	13,000,000	13,000,000
4,000,000 (2002: 4,000,000) fully paid redeemable preference shares shares		4,000,000	4,000,000	4,000,000	4,000,000
Share Capital		17,000,000	17,000,000	17,000,000	17,000,000

(a) Fully paid ordinary shares

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(b) Fully paid redeemable preference shares

"A" class redeemable preference shares have the right to such dividends (if any) as the directors may decide from time to time but no right to share in the dividends from time to time declared on ordinary shares.

"A" class redeemable preference shares do not carry any voting rights.

NOTE 23: RESERVES

	Notes	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
Asset revaluation reserve	23(a)	570,842	1,438,114	285,152	285,152
Capital profits reserve	23(b)	1,677,987	1,677,987	1,677,986	1,677,986
		2,248,829	3,116,101	1,963,138	1,963,138
(a) Asset Revaluation Reserve					
Movements during the year:					
Opening balance		1,438,114	1,438,114	285,152	285,152
Transferred to retained profits		(867,272)	-	-	-
Closing balance		570,842	1,438,114	285,152	285,152

The asset revaluation reserve records revaluations of non-current assets.

	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
(b) Capital profits reserve				
Movements during the year:				
Opening balance	1,677,987	1,677,987	1,677,986	1,677,986
Transferred to retained profits	-	-	-	-
Closing balance	1,677,987	1,677,987	1,677,986	1,677,986

The capital profits reserve records realized profits on the sale of revalued land and buildings.

	Notes	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
NOTE 24: RETAINED PROFITS					
Retained profits/(Accumulated losses) at the beginning of the financial year		2,341,927	1,641,837	(5,292,906)	(5,003,101)
Net profit (loss) attributable to members of the entity		(2,514,659)	700,090	4,662,412	(289,805)
Add transfers from reserves		867,272	-	-	-
Retained profits/(accumulated losses) at the end of the financial year		694,540	2,341,927	(630,494)	(5,292,906)
NOTE 25: OUTSIDE EQUITY INTERESTS IN CONTROLLED ENTITIES					
Share Capital		8,929,464	6,320,100	-	-
Reserves		77,010	77,010	-	-
Retained profits		372,252	1,630,797	-	-
		9,378,726	8,027,907	-	-
NOTE 26: CAPITAL AND LEASING COMMITMENTS					
(a) Finance leasing commitments					
Payable					
- not later than one year		4,185,165	3,134,827	1,812,617	1,244,865
- later than one year and not later than five years		12,565,761	9,012,344	4,674,508	4,143,635
Minimum lease payments		16,750,926	12,147,171	6,487,125	5,388,500
Less future finance charges		(2,313,083)	(1,719,975)	(825,650)	(775,297)
Total finance lease liability		14,437,843	10,427,196	5,661,475	4,613,203
Represented by:					
Current liability	19	3,379,073	2,453,485	1,510,740	932,686
Non-current liability	19	11,058,770	7,973,711	4,150,735	3,680,517
		14,437,843	10,427,196	5,661,475	4,613,203

The finance leases are for various plant and equipment over terms of up to five years. The economic entity has an option to purchase the equipment at the end of the lease period.

	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
(b) Operating lease commitments				
Non-cancellable operating leases contracted for but not capitalised in the financial statements:				
Payable				
- not later than one year	1,252,676	385,521	272,835	314,376
- later than one year and not later than five years	1,756,017	686,513	223,335	356,134
- later than five years	204,230	-	-	-
	3,212,923	1,072,034	496,170	670,510

The operating leases are for various items, including property, motor vehicles and computers. The leases expire at different periods of time.

	Notes	Economic Entity		Parent Entity	
		2003	2002	2003	2002
		$	$	$	$
NOTE 27: RELATED PARTY TRANSACTIONS					
(a) The economic entity and the parent entity, Transpacific Industries Pty Ltd made (received) interest free loans to (from) the following related parties:					
Controlled entities					
- Western Star Group Pty Ltd				(100,000)	(1,791,421)
- Australian Resource Recovery Pty Ltd				(456,868)	(194,243)
- Yobeap No. 4 Pty Ltd				(85,889)	(2,037,103)
- Yobeap No. 5 Pty Ltd				8,652	(651,699)
- Associated Oil Pty Ltd				(171,480)	-
Associated entities					
- Total Waste Management Pty Ltd				1,088,027	787,620
- Western Resource Recovery Pty Ltd				625,000	625,000
- Mann Waste Management Pty Ltd				100,000	-
Director-related entities					
- Brenzil Pty Ltd		5,539,169	5,539,169	2,786,019	2,786,019
- Brenzil Pty Ltd		(6,749,677)	(6,750,275)	(6,749,677)	(6,750,275)
(b) Amounts receivable on normal commercial terms and conditions					
- Nationwide Oil Pty Ltd				37,275	224,748
- NQ Resource Recovery Pty Ltd				258,941	22,106
- Transpacific Industrial Solutions Pty Ltd				100,000	-
- Australian Terminal Services Pty Ltd				96,961	42,689
(c) Amounts payable on normal commercial terms and conditions:					
- Nationwide Oil Pty Ltd				106,219	176,012
- NQ Resource Recovery Pty Ltd				13,014	121
- Transpacific Industrial Solutions Pty Ltd				-	53,532
- Australian Terminal Services Pty Ltd					19,947
- Associated Oils Pty Ltd				171,480	-
(d) The parent entity has made the following purchases on normal trading terms from related parties during the year:					
- Nationwide Oil Pty Ltd				903,095	984,092
- Australian Resource Recovery Pty Ltd				1,319,814	1,538,016
- NQ Resource Recovery Pty Ltd				17,914	21,850
- Transpacific Industrial Solutions Pty Ltd				201,090	60,682
- Australian Terminal Services Pty Ltd				248,232	30,037
(e) The parent entity has made the following sales on normal trading terms to related parties during the year:					
- Nationwide Oil Pty Ltd				828,449	1,968,026
- NQ Resource Recovery Pty Ltd				4,685	95,253
- Australian Resource Recovery Pty Ltd				64,988	29,725
- Transpacific Industrial Solutions Pty Ltd				689,859	82,078
- Australian Terminal Services Pty Ltd				16,392	8,766

	Notes	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
NOTE 27: RELATED PARTY TRANSACTIONS cont					
(f) The parent entity has received insurance premiums for coverage under its blanket insurance policies:					
- Nationwide Oil Pty Ltd				392,763	273,773
- NQ Resource Recovery Pty Ltd				75,019	115,168
- Australian Resource Recovery Pty Ltd				14,472	9,516
- Australian Terminal Services Pty Ltd				12,60	12,727
- Transpacific Industrial Solutions Pty Ltd				276,217	-
(g) An administration fee has been received by the parent entity Transpacific Industries Pty Ltd from:					
- Nationwide Oil Pty Ltd				432,000	432,000
- NQ Resource Recovery Pty Ltd				90,000	108,000
- Australian Resource Recovery Pty Ltd				24,000	24,000
- Australian Terminal Services Pty Ltd				24,000	24,000
- Transpacific Industrial Solutions Pty Ltd				480,000	-
(h) Management fees have been received by the parent entity Transpacific Industries Pty Ltd from:					
- Nationwide Oil Pty Ltd				211,811	217,844
- NQ Resource Recovery Pty Ltd				174,808	255,372
(i) Data processing fees have been received by the parent entity Transpacific Industries Pty Ltd from:					
- Nationwide Oil Pty Ltd				132,000	132,000
- NQ Resource Recovery Pty Ltd				24,000	12,000
- Australian Resource Recovery Pty Ltd				6,000	6,000
- Transpacific Industrial Solutions Pty Ltd				36,000	-
(j) The parent entity, Transpacific Industries Pty Ltd, received the following interest amounts from:					
- Nationwide Oil Pty Ltd				129,923	135,351
- NQ Resource Recovery Pty Ltd				148,947	148,947
- Australian Terminal Services Pty Ltd				146,041	95,392
- Transpacific Industrial Solutions Pty Ltd				202,874	-
- Associated Oils Pty Ltd				150,301	-
(k) Loans between controlled entities of the parent entity and related entities are as follows:					
- NQ Resource Recovery Pty Ltd					
• from JJ Richards Pty Ltd (shareholder) (interest at 6.5%)		(2,291,497)	(2,291,497)	-	-
• to Transpacific Industrial Solutions Pty Ltd (subsidiary) (interest at 7.5%)		3,103,500	2,703,500	-	-
- Australian Terminal Services Pty Ltd					
• from Culverkeys Pty Ltd (shareholder)					
○ interest free		(320,247)	(320,247)		
○ interest at 8.666%		(960,742)	(960,742)	-	-
• from Complete Container Services Pty Ltd (shareholder)					
○ interest free		(150,000)	-		
○ interest at 8.666%		(450,000)	-	-	-

	Notes	Economic Entity		Parent Entity	
		2003	2002	2003	2002
		$	$	$	$

NOTE 27: RELATED PARTY TRANSACTIONS cont

(k) Loans between controlled entities of the parent entity and related entities are as follows:

	Notes	2003 $	2002 $	2003 $	2002 $
- Transpacific Industrial Solutions Pty Ltd					
• from Marysia Walczuk ATF Walczuk Family Discretionary Trust (shareholder) (interest at 7.5%)		(500,000)	-	-	-
- Nationwide Oil Pty Ltd					
• from Vaccuum Oil Pty Ltd (shareholder) (interest at 7.75%)		(840,633)	(959,034)	-	-
• from Shell Australia Ltd (shareholder) (interest at 7.75%)		(840,633)	(959,034)	-	-

(l) The parent entity, Transpacific Industries Pty Ltd has lent money to NQ Resource Recovery Pty Ltd. The balance outstanding on this loan at year end is $2,291,497 (2002: $2,291,497). Interest is payable at 6.5% per annum.

(m) The parent entity Transpacific Industries Pty Ltd has lent money to Nationwide Oil Pty Ltd. The balance outstanding at year end is $1,681,266 (2002: $1,918,069). Interest is payable at 7.75% per annum.

(n) The parent entity Transpacific Industries Pty Ltd has lent money to Australian Terminal Services Pty Ltd. The balance outstanding at year end is $4,118,972 (2002: $2,989,000). Interest of 8.67% per annum is payable on $3,089,229 of the balance. The remaining balance of $1,029,743 is interest free.

(o) The parent entity Transpacific Industries Pty Ltd has lent money to Transpacific Industrial Solutions Pty Ltd. The balance outstanding at year end is $2,896,500 (2002: $2,296,500). Interest is payable at 7.5% per annum.

(p) The parent entity Transpacific Industries Pty Ltd has lent money to Associated Oils Pty Ltd. The balance outstanding at year end is $4,000,000 (2002: $-) at year end. Interest is payable at 6.5% per annum.

(q) During the year the parent entity, Transpacific Industries Pty Ltd received a loan of $12,800,000 from Rheman Pte Ltd, a director-related entity. Interest is payable on this loan at 6.5%. The outstanding loan balance at year end is $28,800,000 (2002: $16,000,000).

(r) The parent entity, Transpacific Industries Pty Ltd received dividends from controlled entities during the year as follows:

	Parent 2003 $	Parent 2002 $
- Yobeap No. 4 Pty Ltd	1,951,213	-
- Yobeap No. 5 Pty Ltd	660,351	-
- Western Star Group Pty Ltd	1,691,421	-

NOTE 28: CASH FLOW INFORMATION

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:

	Notes	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
Cash on hand		24,250	13,400	2,000	1,600
Cash at bank		6,085,258	7,608,044	1,421,033	641,701
	7	6,109,508	7,621,444	1,423,033	643,301

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	Notes	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
NOTE 28: CASH FLOW INFORMATION cont					
(b) Reconciliation of cash flow from operations with profit/(loss) from ordinary activities after income tax					
Profit (Loss) from ordinary activities after income tax		(3,773,199)	1,822,439	4,662,412	(289,805)
Non-cash flows in profit from ordinary activities					
Amortisation		3,735,012	2,902,681	1,220,828	968,686
Depreciation		8,262,635	5,049,320	917,099	966,894
Charges to provisions		123,399	674	1,085	(674)
Dividends from controlled entities		-	-	(4,302,985)	-
Net (gain) / loss on disposal of property, plant and equipment		610,755	(345,331)	(67,136)	(369,342)
Share of associated company's net profit after dividends		321,910	476,552	-	-
Changes in assets and liabilities					
Increase in receivables		(13,646,399)	(4,448,293)	(975,247)	(239,267)
Decrease in other assets		5,167	(446,597)	308,181	3,049
(Increase)/decrease in inventories		(2,994,149)	(216,608)	(85,681)	23,296
Increase/(decrease) in payables		13,576,145	1,781,562	1,144,907	(693,424)
(Increase)/decrease in deferred taxes		(2,811,148)	389,578	(153,682)	86,380
Increase in provisions		5,009,252	693,221	159,807	11,840
Cash flows from operations		8,419,380	7,659,198	2,829,588	801,321

(c) Non-cash financing and investing activities

Property, plant and equipment
During the year the economic entity acquired plant and equipment with an aggregate fair value of $7,676,840 (2002:$2,497,055) by means of finance leases. These acquisitions are not reflected in the statement of cash flows.

During the year the parent entity acquired plant and equipment with an aggregate fair value of $2,259,036 (2002: $951,709) by means of finance leases. These acquisitions are not reflected in the statement of cash flows.

Dividends
During the year controlled entities paid dividends totaling $4,302,985 (2002: $-) by means of repayment of loan account balances. These transactions are not reflected in the statement of cash flows.

(d) Credit stand-by Arrangements and Loan Facilities

Loan facilities	54,464,162	30,817,593	7,500,000	7,500,000
Amount Utilised	(45,130,974)	(23,562,807)	(5,661,475)	(4,613,203)
Unused Loan facilities	9,333,188	7,254,786	1,838,525	2,886,797

	Notes	Economic Entity		Parent Entity	
		2003	2002	2003	2002
		$	$	$	$

NOTE 28: CASH FLOW INFORMATION cont

Loan facilities available to the economic entity:

Banking Overdrafts
- Bank overdraft facilities are arranged with a number of Australian banks with the general terms and conditions being set and agreed to annually.
- Interest rates are variable and subject to adjustment.

Commercial Bill facilities
- Commercial bill faciltics are provided by the Commonwealth Bank of Australia with the general terms and conditions being set out in the facility agreement.
- Interest rates are variable and subject to adjustment.

Leasing facilities
- Leasing facilities are provided by a number of Australian Banks with the general terms and conditions being set out in the facility agreement.
- Interest rates are variable and subject to adjustment.

Contingent Liabilities facilities
- Contingent liability facilities are provided by a number of Australian Banks with the general terms and conditions being set out in the facility agreement.

(e) Acquisitions of Entities

During the year 100% of the business of Valley Disposal Service was acquired by the parent entity.
Details of the transaction are:

Purchase consideration	2,299,504
Cash consideration	2,299,504
Assets acquired:	
Property, plant and equipment	1,427,647
Goodwill on acquisition	871,857
Total cost of acquisition	2,299,504

During the year a controlled entity, NQ Resource Recovery Pty Ltd acquired 100% of the business of Lonedune Pty Ltd.
Details of the transaction are:

Purchase consideration	414,602
Cash consideration	414,602
Assets acquired:	
Property, plant and equipment	331,682
Goodwill on acquisition	82,920
Total cost of acquisition	414,602

	Notes	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $

NOTE 28: CASH FLOW INFORMATION cont

During the year a controlled entity, Australian Terminal Services Pty Ltd acquired 100% of the business of Gas Petroleum Pty Ltd. Details of the transaction are:

Purchase consideration	1,495,402
Cash consideration	1,495,402
Assets acquired:	
Property, plant and equipment	895,402
Goodwill on acquisition	600,000
Total cost of acquisition	1,495,402

During the year a controlled entity, Associated Oils Pty Ltd acquired 100% of the business of Associated Oils Pty Ltd. Details of the transaction are:

Purchase consideration	4,149,730
Cash consideration	4,149,730
Assets acquired:	
Property, plant and equipment	1,354,548
Goodwill on acquisition	2,795,182
Total cost of acquisition	4,149,730

NOTE 29: PARENT ENTITY AND ULTIMATE PARENT ENTITY

The directors believe the ultimate Australian parent entity at 30 June 2003 to be Transpacific Resources Limited, and the ultimate parent entity to be Pozzolanic (Holdings) HK Limited, an entity incorporated in Hong Kong.

NOTE 30: FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

Economic entity

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing Within 1 Year		Fixed Interest Rate Maturing 1 to 5 Years	
	2003 %	2002 %	2003 $	2002 $	2003 $	2002 $	2003 $	2002 $
Financial Assets:								
Cash	4.45	4.06	6,085,258	7,608,044	-	-	-	-
Loan – director related entity	-	-	-	-	-	-	-	-
Total Financial Assets			6,085,258	7,608,044	-	-	-	-
Financial Liabilities:								
Bank loans and overdrafts	5.78	5.47	30,700,000	25,200,000	-	-	-	-
Shareholder loans	7.50	7.50	6,091,092	5,490,167	-	-	-	-
Loan – related party	6.50	6.50					28,800,000	16,000,000
Lease liabilities	6.48	6.76	-	-	3,379,073	2,453,485	11,058,770	7,973,711
Total Financial Liabilities			36,791,092	30,690,167	3,379,073	2,453,485	39,858,770	23,973,711

	Fixed Interest Rate Maturing Over 5 Years		Non-Interest Bearing		Total	
	2003 $	2002 $	2003 $	2002 $	2003 $	2002 $
Financial Assets:						
Cash	-	-	24,250	13,400	6,109,508	7,621,444
Loan – director related entity	-	-	5,539,169	5,539,169	5,539,169	5,539,169
Total Financial Assets	-	-	5,563,419	5,552,569	11,648,677	13,160,613
Financial Liabilities:						
Bank loans and overdrafts	-	-	-	-	30,700,000	25,200,000
Shareholder loans	-	-	-	-	6,091,092	5,490,167
Loan – related party	-	-	-	-	28,800,000	16,000,000
Lease liabilities	-	-	-	-	14,437,843	10,427,196
Total Financial Liabilities	-	-	-	-	80,028,935	57,117,363

NOTE 30: FINANCIAL INSTRUMENTS cont

(a) Interest Rate Risk

The company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

Parent entity

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing Within 1 Year		Fixed Interest Rate Maturing 1 to 5 Years	
	2003 %	2002 %	2003 $	2002 $	2003 $	2002 $	2003 $	2002 $
Financial Assets:								
Cash	4.45	4.01	1,421,033	641,701	-	-	-	-
Loan – associates	-	-	-	-	-	-	-	-
Loan – director related entity	-	-	-	-	-	-	-	-
Loan – controlled entity	6.5	6.5	-	-	-	-	2,291,497	2,291,497
Loan – controlled entity	6.5	0.00	-	-	-	-	4,000,000	-
Loan – controlled entity	7.5	7.5	-	-	-	-	2,896,500	2,296,500
Loan – controlled entity	7.75	7.75	-	-	-	-	1,681,266	1,918,069
Loan – controlled entity	7.5	7.5	-	-	-	-	4,118,972	2,989,000
Total Financial Assets			1,421,033	641,701	-	-	14,988,235	9,495,066
Financial Liabilities:								
Loan – related party	6.50	6.50	-	-	-	-	28,800,000	16,000,000
Lease liabilities	6.48	6.76	-	-	1,510,740	932,686	4,150,735	3,680,517
Total Financial Liabilities			-	-	1,510,740	932,686	32,950,735	19,680,517

NOTE 30: FINANCIAL INSTRUMENTS cont

(a) Interest Rate Risk

Parent entity cont

	Fixed Interest Rate Maturing Over 5 Years		Non-Interest Bearing		Total	
	2003 $	2002 $	2003 $	2002 $	2003 $	2002 $
Financial Assets:						
Cash	-	-	2,000	1,600	1,423,033	643,301
Loan – associates	-	-	1,813,027	1,412,620	1,813,027	1,412,620
Loan - director related entity	-	-	2,786,019	2,786,019	2,786,019	2,786,019
Loan – controlled entity	-	-	-	-	2,291,497	2,291,497
Loan – controlled entity	-	-	-	-	4,000,000	-
Loan – controlled entity	-	-	-	-	2,896,500	2,296,500
Loan – controlled entity	-	-	-	-	1,681,266	1,918,069
Loan – controlled entity	-	-	-	-	4,118,972	2,989,000
Total Financial Assets	-	-	4,601,046	4,200,239	21,010,314	14,337,006
Financial Liabilities:						
Loan – related party	-	-	-	-	28,800,000	16,000,000
Lease liabilities	-	-	-	-	5,661,475	4,613,203
Total Financial Liabilities	-	-	-	-	34,461,475	20,613,203

	Notes	Economic Entity		Parent Entity	
		2003	2002	2003	2002
		$	$	$	$

NOTE 30: FINANCIAL INSTRUMENTS

(b) Credit Risk

The company and economic entity's maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial report.

The company or any companies within the economic entity do not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company.

(c) Net Fair Values

The company and economic entity's net fair values of assets and liabilities approximates their carrying value. No financial assets and financial liabilities are readily traded on organized markets in standardized form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the company and economic entity intends to hold these assets to maturity.

NOTE 31: EVENTS SUBSEQUENT TO BALANCE DATE

After balance date, in January 2004, the parent entity completed a successful takeover of Environmental Recovery Services Limited. The financial effect of this transaction has not been brought to account in the 2003 financial report.

NOTE 32: SEGMENT REPORTING

The economic entity operates predominantly in one business and geographical segment, being the waste management industry in Australia.

NOTE 33: COMPANY DETAILS

The registered office of the company is:
Transpacific Industries Pty Ltd
Level 10
9 Sherwood Road
TOOWONG QLD 4066

TRANSPACIFIC INDUSTRIES PTY LTD
ABN 40 010 745 383
AND CONTROLLED ENTITIES

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 3 to 29 are in accordance with the Corporations Act 2001:

   (a) comply with Accounting Standards and the Corporations Regulations 2001; and

   (b) give a true and fair view of the financial position as at 30 June 2003 and of the performance for the financial year ended on that date of the company and economic entity.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director

Terrence Elmore Peabody

Director

Geoffrey Francis Sparks

Dated this 14th day of May 2004

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF TRANSPACIFIC INDUSTRIES PTY LTD

Scope

We have audited the financial report of Transpacific Industries Pty Ltd and controlled entities for the financial year ended 30 June 2003 comprising the Directors' Declaration, Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and notes to the financial statements.

The financial report includes the consolidated financial statements 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. The company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the company's and consolidated entity's financial position and performance as represented by the results of their operations and their cash flows.

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

Audit Opinion

In our opinion, the financial report of Transpacific Industries Pty Ltd is in accordance with:

(a) the Corporations Act 2001, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2003 and of their performance for the financial year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory professional requirements in Australia.

Bentleys MRI

Bentleys MRI

Brisbane Partnership

Martin Power

P M Power

Partner

Date: 4 May 2004

Brisbane