Transpacific Industries Group Ltd
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APPENDIX 4E

2013 FINAL REPORT

RESULTS FOR ANNOUNCEMENT TO THE MARKET

1. Reporting Period

Reporting Period 30 June 2013
Previous Corresponding Period: 30 June 2012

2. Results for Announcement to the Market

	2013 $'M	2012 $'M	Up / Down	% Movement
Revenue from ordinary activities	**2,294.0**	**2,283.8**	Up	0.4%
(Loss)/profit from continuing operations after income tax	**(200.4)**	**32.2**	Down	(722.4%)
Attributable to:				
Ordinary equity holders of the parent	**(218.7)**	**12.5**	Down	(1849.6%)
Non-controlling interest	**1.2**	**3.1**		
Distribution to step-up preference security holders	**17.1**	**16.6**	Up	3.0%
(Loss)/profit from continuing operations after income tax	**(200.4)**	**32.2**	Down	(722.4%)

3. Dividends (Distributions)

No interim dividend has been paid during the period.
The Transpacific Board has decided not to declare a final dividend for the year ended 30 June 2013.
Transpacific has previously agreed to certain restrictions on the payment of future dividends with WPX Nominees B.V. (the Company's major shareholder), Transpacific's syndicate banks and USPP note holders.
These restrictions 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 the prevailing economic conditions, capital expenditure requirements and opportunities, acquisition opportunities and debt management.

4. Annual General Meeting

Wednesday, 30 October 2013, 10:30am at Customs House, 399 Queen Street, Brisbane, Qld 4001.

TRANSPACIFIC INDUSTRIES GROUP LTD

5. **Net Tangible Assets ('NTA') per Security**

	2013 cents	2012 cents
NTA per security	9.2	6.6

6. **Entities over which Control has been Gained or Lost during the Period**
On 31 October 2012, Transpacific Bituminous Products Pty Ltd was sold to Bituminous Product Pty Ltd.

7. **Associates and Joint Venture Entities**
Refer to Page 92 of the 2013 Consolidated Financial Report.

8. **Other Significant Information**
On 29 July 2013, the Consolidated Group announced that it had entered into a sale agreement with Penske Automotive Group, Inc. for the sale of its Commercial Vehicles Group for $219 million (subject to completion adjustments). Completion of sale is required by 31 October 2013. The sale will generate an after tax profit of approximately $85 million.

9. **Accounting Standards used for Foreign Entities**
Not applicable.

10. **Commentary on the Results for the Period**
Refer to 2013 Consolidated Financial Report and Investor Presentation.

11. **Status of Audit**
The Report is based on the attached 2013 Consolidated Financial Report which has been audited and for which an unqualified audit opinion has been issued.

Company Secretary
23 August 2013

Transpacific Industries Group Ltd

ABN 74 101 155 220

CONSOLIDATED FINANCIAL REPORT

For the Financial Year Ended 30 June 2013

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Directors' Report

The Directors present their Report together with the Consolidated Financial Statements of the Consolidated Group, consisting of Transpacific Industries Group Ltd ("Transpacific" or "the Company") and its controlled entities, for the financial year ended 30 June 2013 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 set out below. Directors were in office for this entire period unless otherwise stated.

M M Hudson – Non-Executive Director, Chairman (appointed Chairman 1 March 2013)
K G Campbell – Executive Director and Chief Executive Officer
R M Smith – Non-Executive Director
E R Stein – Non-Executive Director
T A Sinclair – Non-Executive Director
J G Goldfaden – Non-Executive Director
R M Harding – Non-Executive Director (appointed 1 March 2013)
M P Chellew – Non-Executive Director (appointed 1 March 2013)
Former Directors
G T Tilbrook – Non-Executive Director, Chairman (resigned 1 March 2013)
B R Brown – Non-Executive Director (resigned 1 March 2013)

The office of Company Secretary is held by C M Carroll, LL.B (Hons) and K L Smith, B.Com (Hons), CA.

Particulars of Directors' qualifications, experience and special responsibilities are listed below:

Martin Hudson – Independent Non-Executive Director, Chairman, Chairman of Nomination Committee. Martin Hudson joined the Transpacific Board on 14 September 2009. He was appointed Chairman in March 2013. Martin is a Non-Executive Director of NM Superannuation Pty Ltd (the Trustee of Axa Asia Pacific Holdings Limited's public superannuation funds), AMP Superannuation Ltd (the Trustee of AMP's public superannuation fund – appointed April 2012) and CNPR Limited (appointed December 2011). Martin has significant board and commercial experience in risk management, executive leadership, governance and strategic direction derived from his varying roles at Fosters Group Limited (Senior Vice President Commercial Affairs and Chief Legal Counsel), and Southcorp Limited (Company Secretary and Chief General Counsel position), as General Counsel to the Pacific Dunlop Group of Companies and, for over 20 years, partner of national law firm Herbert Smith Freehills. Martin holds tertiary qualifications in Law and is a Member of the Australian Institute of Company Directors.

Kevin Campbell – Chief Executive Officer, Executive Director. Kevin Campbell joined Transpacific as Chief Financial Officer on 1 September 2010, and was appointed Chief Executive Officer and Executive Director on 27 January 2011. Kevin has over 30 years of financial experience and extensive strategic and operational leadership skills from his work with leading global and national organisations in the resources, retail, recycling and manufacturing industries. Kevin was the former Global Director-Governance and Compliance, and Chief Financial Officer for Visy Industries Pty Ltd. Kevin holds tertiary qualifications in business. He is a Member of the Australian Institute of Company Directors. On 3 June 2013, Kevin announced his intention to resign as Chief Executive Officer and Executive Director.

Ray Smith – Independent Non-Executive Director, Chairman of Audit Committee, Member of Risk and Compliance Committee, Member of Nomination Committee. Ray Smith joined the Transpacific Board on 1 April 2011. Ray has significant corporate and financial experience in the areas of strategy, acquisitions, treasury and capital raisings. Ray was Chief Financial Officer of Smorgon Steel Group for 11 years (1996-2007). He is a Non-Executive Director of Crowe Horwath Australasia Limited (appointed May 2009), K&S Corporation Ltd (appointed February 2008), and Warrnambool Cheese and Butter Factory Company Holdings Limited (appointed June 2013). He is a former Director of Willmott Forests Limited (resigned March 2011). Ray is also a Trustee of the Melbourne & Olympic

Directors (continued)

Parks Trust. Ray holds tertiary qualifications in commerce. He is a Fellow of the Certified Practicing Accountants of Australia and a Fellow of the Australian Institute of Company Directors.

Emma Stein – Independent Non-Executive Director, Chairman of Risk and Compliance Committee, Member of Audit Committee. Emma Stein joined the Transpacific Board on 1 August 2011. Emma has significant corporate experience within industrial markets and was the UK Managing Director for French utility Gaz de France's energy retailing operations. Emma currently serves as a Non-Executive Director of DUET Group (appointed June 2004), Programmed Maintenance Services Ltd (appointed June 2010), Clough Limited (appointed July 2008), Alumina Limited (appointed February 2011) and Todd Corporation Limited (appointed December 2012). She is a former Non-Executive Director of Transfield Services Infrastructure Fund (resigned July 2011). Emma holds tertiary qualifications in science and business administration (MBA). She is a Fellow of the Australian Institute of Company Directors.

Terry Sinclair – Independent Non-Executive Director, Chairman of Human Resources Committee, Member of Risk and Compliance Committee. Terry Sinclair joined the Transpacific Board on 1 April 2012. Terry is a corporate advisor to a number of private and ASX listed firms on matters including post acquisition integration, business model development and digital communications. He was previously Chairman of AUX Investments (jointly owned by Qantas and Australia Post), which is the Parent Company for Star Track Express and Australian Air Express; and Head of Corporate Development at Australia Post. Terry's career includes senior leadership roles across the resources, industrials, logistics and communications sectors with BHP and Australia Post. Terry holds a Master of Business Administration (MBA), a Graduate Diploma of Management and tertiary qualifications in mining surveying. He is a Member of the Australian Institute of Company Directors.

Jeffrey Goldfaden – Non-Executive Director, Member of Audit Committee, Member of Human Resources Committee, Member of Nomination Committee. Jeffrey Goldfaden joined the Transpacific Board on 23 April 2012. Jeffrey is a Managing Director of Warburg Pincus International Pty Limited, and is actively focused on the firm's investments in the Asia-Pacific region. Prior to joining Warburg Pincus' New York Office in 2004, Jeffrey was a private equity investment professional at UBS Capital Americas and Hudson River Capital, and an investment banker at Chase Securities. He has previously been a Director of companies involved in the manufacturing and consumer industries. Jeffrey holds tertiary qualifications from Dartmouth College, and an MBA from Stanford University Graduate School of Business.

Richard Michael (Mike) Harding – Independent Non-Executive Director, Member of Risk and Compliance Committee, Member of Human Resources Committee. Mike Harding joined the Transpacific Board on 1 March 2013. Mike has significant experience with industrial businesses, having previously held management positions around the world with British Petroleum (BP), including President and General Manager of BP Exploration Australia. Mike is currently Chairman of Downer EDI Limited (appointed November 2010), and a Non-Executive Director of Santos Limited (appointed March 2004) and Roc Oil Company Limited (appointed June 2012). He was a Director of Clough Limited from 2006 to 2010. Mike holds a Masters in Science, majoring in Mechanical Engineering.

Mark Chellew – Independent Non-Executive Director, Member of Audit Committee, Member of Human Resources Committee. Mark Chellew joined the Transpacific Board on 1 March 2013. Mark has over 30 years of experience in the building materials and related industries in Australia and the United Kingdom. He is Managing Director, Executive Director and Chief Executive Officer of Adelaide Brighton Limited, a position he has held since September 2001. Mark previously held the position of Managing Director of Blue Circle Cement in the United Kingdom and senior management positions within the CSR group of companies in Australia and the United Kingdom. Mark holds tertiary qualifications in Engineering and a Graduate Diploma of Management.

Directors (continued)

Former Directors:

Gene Tilbrook – Independent Non-Executive Director, Chairman, Member of Audit Committee, Acting Chairman of Human Resources Committee. Gene Tilbrook joined the Transpacific Board in September 2009. He was appointed Chairman in June 2010 and resigned on 1 March 2013. Gene has significant management experience in corporate strategy, finance, investments and capital management. He was Finance Director at Wesfarmers Limited until his retirement in May 2009. He is a Non-Executive Director of Fletcher Building Ltd (appointed September 2009), GPT Group Ltd (appointed May 2010), and Aurizon Holdings Limited (appointed April 2010). He is a former Non-Executive Director of NBN Co Ltd (resigned August 2011). Gene holds tertiary qualifications in science, computing science and business administration (MBA) and has completed the Advanced Management Program at the Harvard Business School. He is a Fellow of the Australian Institute of Company Directors.

Bruce Brown – Independent Non-Executive Director, Member of Audit Committee. Bruce Brown joined the Transpacific Board in March 2005 and resigned on 1 March 2013. He has significant experience with global business operations and financial expertise, and was Chief Executive Officer of ALS Limited (formerly Campbell Brothers Limited) until his retirement in 2005, having held finance and senior management positions with that company since 1976. He is currently a Non-Executive Director of ALS Limited (appointed October 2005) and RedFlow Ltd (appointed March 2012). Bruce holds a tertiary qualification in commerce. He is a Fellow of the Australian Institute of Company Directors.

Principal Activities

During the financial year the principal continuing activities of Transpacific Industries Group Limited and its subsidiaries (the "Consolidated Group") were:

- Commercial and industrial, municipal and residential collection services for all types of solid waste streams, including general waste, recyclables, construction and demolition waste and medical and washroom services;
- Ownership and management of waste transfer stations, resource recovery and recycling facilities, secure product destruction, quarantine treatment operations and landfills;
- Sale of recovered paper, cardboard, metals and plastics to the domestic and international marketplace;
- Collection, treatment, processing and recycling of liquid and hazardous waste, including industrial waste, grease trap waste, oily waters and used mineral and cooking oils in packaged and bulk forms;
- Industrial solutions including industrial cleaning, vacuum tanker loading, site remediation, sludge management, parts washing, concrete remediation, CCTV, corrosion protection and emergency response services;
- Refining and recycling of used mineral oils to produce fuel oils and base oils;
- Independent importer and distributor of Western Star, MAN and Dennis Eagle truck chassis and associated parts and MAN bus chassis and associated parts; and
- Manufacturing and servicing of plastic bins.

During the current year the Consolidated Group divested a number of non-core assets, including its Manufacturing Metals business. Refer to Note 27 to the Consolidated Financial Statements.

In addition, on 29 July 2013, the Group announced the sale of its Commercial Vehicles Group for $219 million (subject to completion adjustments). Refer to Note 35 to the Consolidated Financial Statements.

Other than matters noted above, there were no other significant changes in the nature of the activities of the Consolidated Group that occurred during the year.

Dividends and Distributions

There were no dividends declared or paid on ordinary shares during the 2013 or 2012 financial years.

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

	2013 $'M	2012 $'M
STEP-UP PREFERENCE SECURITIES:		
Distribution of $3.60 per unit paid on 15 October 2012 (2011: $2.97)	9.0	7.4
Distribution of $3.23 per unit paid on 16 April 2013 (2012: $3.69)	8.1	9.2
Total Distributions Paid	**17.1**	**16.6**
Total Distributions and Dividends Paid	**17.1**	**16.6**

The payment of the Step-up Preference Securities ("SPS") distribution for the period ending 30 September 2013 of $7,950,000 ($3.18 per unit) is to be paid on 16 October 2013. The financial effect of this distribution has not been brought to account in the Financial Statements for the year ended 30 June 2013 and will be recognised in a subsequent Financial Report. The proposed distribution is expected to be fully franked.

On 1 October 2011 the distribution on the SPS was "stepped up" in accordance with the terms of issue. As a result, the pre-tax distribution margin increased from 3.5% to 6.0% with effect from the distribution period ended 31 March 2012.

While the SPS have no fixed maturity date, the Trust which is a managed investment scheme registered on 29 June 2006 to issue SPS offered under the SPS Trust's Product Disclosure Statement, retains the ability to redeem or convert the SPS at subsequent distribution payment dates.

Review of Results

Financial Results

The Consolidated Group's Statutory Loss From Continuing Operations After Income Tax for the year ended 30 June 2013 was $200.4 million (2012: Profit of $32.2 million).

The Consolidated Group comprises 7 operating segments (of which 4 are in Waste Management). A summary of the segment and Consolidated Group's results for the financial year are set out below:

	STATUTORY (1)		UNDERLYING ADJUSTMENTS (2)		UNDERLYING (1)	
	2013 $'M	**2012 $'M**	**2013 $'M**	**2012 $'M**	**2013 $'M**	**2012 $'M**
Cleanaway	(36.7)	203.8	230.9	-	194.2	203.8
Industrials	62.1	125.1	45.3	-	107.4	125.1
New Zealand	25.8	84.1	52.8	-	78.6	84.1
Share of profits in Associates	5.5	2.9	-	-	5.5	2.9
Waste Management	56.7	415.9	329.0	-	385.7	415.9
Commercial Vehicles	35.8	29.2	-	-	35.8	29.2
Manufacturing	(13.1)	(0.9)	10.9	-	(2.2)	(0.9)
Corporate	(16.6)	(46.0)	9.5	42.0	(7.1)	(4.0)
EBITDA(i)	**62.8**	**398.2**	**349.4**	**42.0**	**412.2**	**440.2**
Depreciation and amortisation expenses	(185.7)	(188.0)	-	-	(185.7)	(188.0)
EBIT(ii)	**(122.9)**	**210.2**	**349.4**	**42.0**	**226.5**	**252.2**
Net finance costs	(116.6)	(185.9)	0.3	33.7	(116.3)	(152.2)
Changes in fair value of derivative financial instruments	12.5	(15.6)	(12.5)	15.6	-	-
	(104.1)	(201.5)	(12.2)	49.3	(116.3)	(152.2)
(Loss)/Profit Before Income Tax	**(227.0)**	**8.7**	**337.2**	**91.3**	**110.2**	**100.0**
Income tax benefit/(expense)	26.6	23.5	(50.6)	(45.8)	(24.0)	(22.3)
(Loss)/Profit From Continuing Operations After Income Tax	**(200.4)**	**32.2**	**286.6**	**45.5**	**86.2**	**77.7**
Attributable to:						
Ordinary Equity holders	**(218.7)**	**12.5**	**286.6**	**45.5**	**67.9**	**58.0**
Non-controlling interest	1.2	3.1	-	-	1.2	3.1
Step-up Preference Security holders	17.1	16.6	-	-	17.1	16.6
	(200.4)	**32.2**	**286.6**	**45.5**	**86.2**	**77.7**

(1) The use of the term 'Statutory' refers to IFRS financial information and 'Underlying' to non-IFRS financial information. Underlying earnings are categorised as non-IFRS financial information therefore have been presented in compliance with ASIC Regulatory Guide 230 – Disclosing non-IFRS information, issued in December 2011. Underlying adjustments have been considered in relation to their size and nature, and have been adjusted from the Statutory information, for disclosure purposes, to assist readers to better understand the financial performance of the underlying business in each reporting period. These adjustments include transactions or costs that on their own or in combination with a number of similar transactions contribute to more than five percent of after tax profit. These include the financial effect of fair value changes, being the unrealised gains/(losses) arising from the mark-to-market on derivative financial instruments and the impact of asset revaluations (such as derivatives, financial instruments or property). These adjustments and the comparatives are assessed on a consistent basis year-on-year and include both favourable and unfavourable items. The exclusion of these items provides a result which, in the Directors' view, is more closely aligned with the ongoing operations of the Consolidated Group. The non-IFRS information has been subject to review by the auditors.

(2) Details of adjustments from Statutory to Underlying financial information are set out on page 7.

(i) EBITDA represents earnings before interest, income tax, and depreciation and amortisation expense.

(ii) EBIT represents earnings before interest and income tax expense.

The following table reconciles (Loss)/Profit from Continuing Operations After Income Tax (Attributable to Ordinary Equity Holders) to Underlying Profit After Income Tax (Attributable to Ordinary Equity Holders):

	NOTES	2013 $'M	2012 $'M
(Loss)/Profit From Continuing Operations After Income Tax (Attributable to Ordinary Equity Holders)		**(218.7)**	**12.5**
Underlying Adjustments to EBITDA:			
Settlement of, and legal costs associated with, shareholder actions	1	0.1	37.9
Restructuring costs, including redundancy	2	9.0	11.5
Costs associated with Business and Operational Review	3	7.3	-
Refund of prior periods' tax credits	4	(7.9)	-
Net (gain)/loss from disposal of investments and properties	5	15.9	(7.4)
Impairment of assets	6	325.0	-
Total Underlying Adjustments to EBITDA		349.4	42.0
Underlying Adjustments to Finance Costs:			
Write off of establishment costs associated with former debt facilities	7	-	17.2
Accelerated amortisation of Convertible Notes and redemption costs	8	0.3	16.5
Changes in fair value of derivative financial instruments	9	(12.5)	15.6
Total Underlying Adjustments to Finance Costs		(12.2)	49.3
Underlying Adjustments to Income Tax:			
Amendments to prior year tax claims	10	-	(8.8)
Over-provision of income tax related to prior periods	11	-	(13.0)
Tax impacts of Underlying Adjustments to EBITDA and finance costs	12	(50.6)	(24.0)
Total Underlying Adjustments to Income Tax		(50.6)	(45.8)
Underlying Profit After Income Tax (Attributable to Ordinary Equity Holders)		**67.9**	**58.0**

1 Relates to $0.1 million in legal costs in 2013 year and $35.0 million settlement of the shareholder class action and $2.9 million of legal costs associated with shareholder actions in 2012 year.

2 Relates to costs associated with redundancies, closure and make-good costs.

3 Relates to costs associated with Business and Operational Review of the Consolidated Group.

4 Relates to collection of prior periods' tax credit refunds net of advisor fees.

5 Relates to net realised loss on disposal of two investments, sale of numerous properties and sale of assets in the Manufacturing Metals business. Refer to Note 6 and Note 27 in the Consolidated Financial Statements.

6 Relates to impairment of property, plant and equipment, and intangible assets. Refer to Note 8, Note 16 and Note 17 in the Consolidated Financial Statements.

7 Relates to $17.2 million in write off of establishment costs associated with former debt facilities in 2012 year. Refer to Note 7 in the Consolidated Financial Statements.

8 Relates to $0.3 million (2012: $16.5 million) of accelerated amortisation of Convertible Notes and the associated redemption and repurchase costs. Refer to Note 7 in the Consolidated Financial Statements.

9 Relates to favourable $12.5 million (2012: unfavourable $15.6 million) of changes in the mark-to-market valuation of derivative financial instruments.

10 Relates to amendments of several prior periods' tax claims.

11 Relates to the reassessment of the deferred tax assets and liabilities.

12 Relates to the tax impact on the Underlying Adjustments to EBITDA and finance costs.

The Consolidated Group's Underlying Profit/(Loss) After Income Tax (Attributable to Ordinary Equity Holders) for the year ended 30 June 2013 of $67.9 million was up by 17.1% on the prior year (2012: $58.0 million). Revenues increased by 0.4% to $2,294.0 million.

Segment Overview

The Consolidated Group's segment reporting aligns with the Consolidated Group's divisional structure.

<table>
<tr><th colspan="2">CLEANAWAY</th></tr>
<tr><td>Core Business</td><td>Cleanaway is the leading operator in the solid waste sector in Australia. Services provided include:
Collections – commercial and industrial ("C&I"), municipal and residential collection services for all types of solid waste streams, including general waste, recyclables, construction and demolition waste and medical and washroom services.
Post Collections – ownership and management of waste transfer stations, resource recovery and recycling facilities, secure product destruction, quarantine treatment operations and landfills.
Commodities trading – sale of recovered paper, cardboard, metals and plastics to the domestic and international marketplace.</td></tr>
<tr><td>Financial Metrics</td><td>Total revenues increased 2.2% to $924.7 million as increases in Collections revenues were offset by lower revenues reported in the Post Collections business.

Underlying EBITDA decreased 4.7% to $194.2 million predominantly due to lower volumes of waste processed through the Post Collections business.</td></tr>
<tr><td>Performance</td><td>Collections

Collections revenue growth this year has predominantly been driven by new contract wins in New South Wales and Queensland.

C&I volumes were in line with levels achieved in prior year for Front Lift, Front Lift Recycling and Rear Lift. Volumes for construction and demolition waste were softer reflecting weaker market conditions in most regions. Commodity volumes were marginally better than prior year, but lower average prices were realised.

Post Collections

Post Collections results were affected by a reduction in volumes due to a decline in levels of infrastructure work in New South Wales, Victoria and South Australia, whilst Queensland was impacted by reduced pricing.

Revenues, excluding state based landfill levies and carbon tax, reduced 5.3% to $135.5 million and volumes were down by 11.0%.</td></tr>
<tr><td>Market Review and Priorities</td><td>Market conditions during the year were mixed for the Cleanaway business. Revenues and profits were slightly above prior year in the Collections business which are generally more resilient to economic cycles.

The Post Collections market experienced significant volume declines, specifically in the inert waste category. This decline was mainly driven by reduced activity in the construction and demolition sector and reduced infrastructure activity.

The market conditions for the 2014 financial year are not expected to vary materially from the 2013 financial year.

Cleanaway's main priorities will focus on identified business performance improvement initiatives, sale or closure of non-core or under-performing sites, and driving increased returns from capital projects completed during the year.</td></tr>
</table>

Segment Overview (continued)

INDUSTRIALS AUSTRALIA	
Core Business	Industrials Australia is the leading operator in the areas of: ▪ Technical Services – collection, treatment, processing and recycling of liquid and hazardous waste. ▪ Industrial Solutions – services include industrial cleaning, vacuum tanker loading, site remediation, sludge management, parts washing, concrete remediation, CCTV, corrosion protection and emergency response services. ▪ Hydrocarbons – refining and recycling of used mineral oils to produce fuel oils and base oils. Up until the sale of Transpacific Bituminous Products, the manufacture of bituminous based applications and coatings.
Financial Metrics	Total revenues decreased 3.6% to $523.6 million (including Product Stewardship for Oil) mainly in the Industrial Solutions and Hydrocarbons businesses. Underlying EBITDA decreased 14.1% to $107.4 million due to reduced volumes in the higher margin liquid and hazardous waste, and a slowdown in key industrial services markets.
Performance	**Technical Services** Total volumes of liquids processed increased 4.0% on the prior year contributing to the increase in revenue of 1.5% to $162.2 million. The reduction in Underlying EBITDA of 17.1% to $36.7 million reflects the continued softening in the manufacturing and industrial sectors which are the generators of higher value liquid and hazardous wastes. The reduction in volumes has been offset by an increase in lower margin liquid volumes from commercial customers. **Industrial Solutions** Industrial Solutions revenue has declined by 6.6% to $226.0 million which is mainly due to the deferral of a large number of maintenance and shutdown projects across the mining and industrial sectors, particularly in the second half of the year. Emergency response work was also significantly down on the prior year. **Hydrocarbons** Hydrocarbons revenue has declined by 4.3% to $135.4 million due to lower pricing and the impact from the sale of the Bituminous Products business. Pricing has been impacted by lower export oil prices combined with the strong Australian dollar. Collection volumes increased by 3.0%. Underlying EBITDA has decreased by 8.9% to $39.2 million, primarily driven by the sale of the Bituminous Products business (Refer to Note 27 to the Consolidated Financial Statements).
Market Review and Priorities	Market conditions for Industrials generally deteriorated over the 2013 financial year, particularly during the second half, as the manufacturing and industrial sectors experienced softer activity. Industrials Australia's main priorities will focus on identified business performance improvement initiatives, sale or closure of non-core or under-performing sites, and driving increased returns from capital projects completed during the year.

Segment Overview (continued)

NEW ZEALAND	
Core Business	New Zealand is the leading provider in the solid waste services which include: • Transpacific Waste Management NZ ("TWM NZ") – provider of solid waste services including collection, recycling, landfill construction and operation. • Industrials NZ – services include the operation of specialist facilities, liquid and hazardous waste collections and treatment, and emergency response services.
Financial Metrics	Total New Zealand revenues increased 0.9% to NZ$437.9 million, with increases in TWM NZ revenues being offset by lower revenues reported by the Industrials business. Underlying EBITDA decreased 9.2% to NZ$98.0 million following lower commodity prices and challenging market conditions in the Industrials NZ business.
Performance	**Transpacific Waste Management NZ** TWM NZ revenues increased 3.0% on the prior year to NZ$342.2 million. Underlying EBITDA decreased by 3.6% to NZ$86.6 million due to margin reductions reflecting the soft macroeconomic conditions in New Zealand. TWM NZ recycling volumes were marginally below the levels achieved last year, however the average commodity prices achieved were considerably lower. TWM NZ experienced an increase in market share particularly in the second half of the year in New Zealand's Northern regions, and particularly in Auckland. Softer conditions prevailed in the Wellington region. The Burwood Resource Recovery Park in Christchurch is now operational. **Industrials NZ** Industrials NZ revenues decreased 5.7% over the year to NZ$95.7 million. Underlying EBITDA fell to NZ$11.4 million, representing a decline of 37.3% on the prior year. A reduction in processed volumes, fewer industrial projects and a fall in emergency response work were the main contributors to this decline.
Market Review and Priorities	Trading conditions in the important metropolitan centres of Auckland and Christchurch have started to show increased levels of activity. The remaining solid waste markets of New Zealand remain subdued. New Zealand's main priorities are to improve on operational efficiencies by further rationalisation and cost reductions and proposed sale of all industrial services businesses, and improving return on capital expenditure.

Segment Overview (continued)

COMMERCIAL VEHICLES	
Core Business	Commercial Vehicles is the independent importer and distributor of Western Star, MAN and Dennis Eagle truck chassis and associated parts and MAN bus chassis and associated parts.
Financial Metrics	Total Commercial Vehicles revenues increased 4.3% to $445.8 million which was as a result of an increase in the number of trucks sold during the year compared to prior year. Underlying EBITDA increased 22.6% to $35.8 million as a result of stronger margins.
Performance	**Commercial Vehicles** Revenues from the Commercial Vehicles Group increased 4.3% over the year to $445.8 million due to a bigger heavy duty truck market and improved market share at approximately 12.0%. On 29 July 2013, the Consolidated Group announced the sale of the Commercial Vehicles Group to Penske Automotive Group, Inc. for $219 million (subject to completion adjustments). The completion of the sale is required by 31 October 2013.
Market Review and Priorities	Due to the announcement of the sale of Commercial Vehicles Group on 29 July 2013 (Refer to Note 35 to the Consolidated Financial Statements), the Consolidated Group will exit this market.

MANUFACTURING	
Core Business	Manufacturing provides manufacturing and servicing of vehicle bodies, parts washers, plastic and steel bins, and waste compaction units to support operations of the Consolidated Group as well as third parties.
Financial Metrics	Total Manufacturing revenues decreased 30.1% to $37.6 million. Underlying EBITDA decreased from a loss of $0.9 million to a loss of $2.2 million.
Performance	**Manufacturing** Revenues and Underlying EBITDA decreased primarily due to the divestment of the Manufacturing Metals business in February 2013 and the New Zealand Metals business in January 2013, combined with the flooding in Bundaberg which impacted the second half results.
Market Review and Priorities	This segment will no longer be a reportable segment due to the sale of the Metals businesses during the 2013 financial year. The residual activities of manufacturing and servicing plastics will be included in the Industrials Australia segment in the 2014 financial year as the nature of the activities will align more appropriately with this segment.

CORPORATE	
Core Business	Corporate provides a range of shared services functions that are not directly attributable to other identifiable segments. These include management, finance, legal, information technology, marketing and human resources that provide support to the other segments.
Financial Metrics	Corporate costs not recharged into the operating segments were $7.1 million (2012: $4.0 million).
Market Review and Priorities	The Corporate segment will continue to provide support to the other segments whilst also identifying ways to streamline the administration and support services structure.

Principal Risks

The material business risks that could adversely impact the Consolidated Group's financial prospects in future periods are economic growth and the regulatory environment.

RISK	
Economic Growth	The state of the economy and the sectors of the economy to which the Consolidated Group are exposed materially impacts future prospects. Factors which have impacted results in recent periods include increases and decreases in GDP and CPI, increases and decreases in manufacturing, industrials and resource sector activity.
Regulatory Environment	The regulatory environment materially impacts future prospects. Regulatory requirements which have impacted historical results include State-based waste levies, carbon tax, environmental regulations and planning regulations. Regulatory requirements, including environmental regulations impacting the waste management activities, have increased over time and potentially increase in the future.

The Consolidated Group manages these risks in accordance with ASX Principle 7: Recognise and Manage Risk as set out in the Corporate Governance Statement on the Transpacific website.

Financial Position Review

Operating Cash Flows

Operating cash flow increased 4.6% (2012: 6.3%) to $282.4 million (2012: $270.0 million).

The increase in the operating cash flow was assisted by a $29.2 million reduction in cash interest expense.

Capital expenditure was maintained at circa 100% of depreciation and amortisation expense.

Balance Sheet

The Consolidated Group's balance sheet has decreased net assets from $2,151.3 million to $2,007.3 million as a result of impairment charges of $325 million combined with lower debt levels, improved management of trade receivables, and favourable movement in trade and other payables due to Commercial Vehicles Group's shipping cycle.

The Consolidated Group's net debt has reduced to $977.5 million from $1,050.6 million in the prior period, with gross debt repayments of $104.6 million, excluding the impacts resulting from non-cash items. The debt structure was simplified during the year with the repayment of the 5 Year USPP Notes and repurchase of Convertible Notes. Debt reduction remains a key priority.

Debt Management

The average debt maturity has decreased from 3.5 years to 2.5 years at 30 June 2013.

The Consolidated Group made $104.6 million of gross debt repayments during the year (2012: $377.9 million including proceeds from equity raising). At 30 June 2013 there was $270.4 million undrawn or available for use within the Syndicated Facility limit of $1,425 million (2012: $173.9 million available in $1,429 million facility).

Divestment Program

During the year, the Consolidated Group identified a number of assets that were considered surplus and a divestment program commenced generating net proceeds of $15.9 million.

The Consolidated Group is currently undertaking a Business and Operational Review which will be used to accelerate the Consolidated Group's transformation program. The program focused on identifying:

- Portfolio strategies;
- Performance improvements; and
- Capital allocation.

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 Consolidated Group occurred during the financial year under review.

Events Subsequent to Reporting Date

Subsequent to 30 June 2013, the Consolidated Group announced the sale of its Commercial Vehicles Group to Penske Automotive Group, Inc. for $219 million (subject to completion adjustments) and is expected to generate an accounting gain of circa $85 million after tax. Refer to Note 35 to the Consolidated Financial Statements.

Other than matters noted above, there have not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Consolidated Group, the results of those operations, or the state of affairs of the Consolidated Group in future financial years.

Likely Developments and Expected Results of Operations

The Consolidated Group will continue to pursue strategies aimed at improving the profitability, return on capital employed and market position of its principal activities during the next financial year.

Disclosure of information regarding the likely developments in the operations of the Consolidated Group and the expected results of those operations in future financial years have been included in the Segment Overview section of this Report.

Environmental Regulation

The Consolidated Group's operations are subject to significant environmental regulation and the Consolidated Group holds environmental licences for its sites throughout Australia and New Zealand.

The Consolidated 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. Aggregate fines paid during the year were $92,200 (2012: $6,000).

The Consolidated Group is registered under the *National Greenhouse and Energy Reporting Act*, under which it is required to report energy consumption and greenhouse gas emissions for its Australian facilities.

In addition, the Consolidated Group's Australian operations have been required to comply with the Australian Federal Government's *Clean Energy* Act from 1 July 2012.

Directors' Meetings

The number of Directors' meetings (including circular resolutions) and Committee meetings, and the number of meetings attended by each of the Directors of the Company during the financial year were:

	DIRECTORS' MEETINGS		AUDIT COMMITTEE		RISK AND COMPLIANCE COMMITTEE		HUMAN RESOURCES COMMITTEE		NOMINATION COMMITTEE	
DIRECTOR	MEETINGS HELD WHILE A DIRECTOR	NUMBER ATTENDED	MEETINGS HELD WHILE A MEMBER	NUMBER ATTENDED	MEETINGS HELD WHILE A MEMBER	NUMBER ATTENDED	MEETINGS HELD WHILE A MEMBER	NUMBER ATTENDED	MEETINGS HELD WHILE A MEMBER	NUMBER ATTENDED
M M Hudson	15	15	4	3	4	4	*	*	2	2
K G Campbell	15	15	*	*	*	*	*	*	*	*
R M Smith	15	15	5	5	5	5	*	*	2	2
E R Stein	15	15	1	1	2	2	2	2	*	*
T A Sinclair	15	15	*	*	5	5	3	3	*	*
J G Goldfaden	15	15	3	3	*	*	5	5	2	2
R M Harding	5	4	*	*	1	-	2	1	*	*
M P Chellew	5	5	1	1	*	*	2	2	*	*
FORMER DIRECTORS										
G T Tilbrook	10	10	4	4	*	*	3	3	*	*
B R Brown	10	10	4	4	*	*	*	*	*	*

* Not a member of the relevant committee.

Directors' Report (continued)

Directors' Interests

The relevant interest of each Director in the shares and options over such instruments issued by the companies within the Consolidated Group and other related bodies corporate, as notified by the Directors to the Australian Securities Exchange in accordance with section 205G(1) of the *Corporations Act 2001*, at the date of this Report is as follows:

	ORDINARY SHARES	PERFORMANCE RIGHTS	STEP UP PREFERENCE SECURITIES UNITS
EXECUTIVE			
K G Campbell	-	1,858,992	-
NON-EXECUTIVE			
M M Hudson	32,858	-	-
R M Smith	65,715	-	-
E R Stein	30,300	-	-
T A Sinclair	-	-	-
J G Goldfaden	-	-	-
R M Harding	-	-	-
M P Chellew	-	-	18

Remuneration Report (Audited)

Remuneration Policy

The key driver of the Company's Remuneration Policy is to attract and retain high calibre Directors and Executives to ensure the sustainable success of the Consolidated Group for the benefit of all stakeholders.

This Remuneration Report outlines the Director and Executive remuneration arrangements of the Consolidated 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.

For the purposes of this Report, Key Management Personnel ("KMP") of the Consolidated Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Consolidated Group, directly or indirectly, including any Director (whether Executive or otherwise) of the Parent Company.

A. Human Resources Committee

The Human Resources Committee ("the Committee") provides oversight of Transpacific's overall human resources strategies (including remuneration and share based incentive plans) on behalf of the Board, and supports management with its objective of enabling business success through developing the capability and engagement of all employees.

The Committee does this by ensuring the Consolidated 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 Directors and Executives so as to encourage enhanced performance of the Consolidated Group;
- Are consistent with the human resources needs of the Consolidated Group;
- Motivate management to pursue the long-term growth and success of the Consolidated 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 Consolidated 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 is $1.2 million per annum (inclusive of superannuation), to be apportioned among the Non-Executive Directors as the Board determines in its absolute discretion.

The current fee structure is set out below:

	BOARD $	AUDIT COMMITTEE $	RISK AND COMPLIANCE COMMITTEE $	HUMAN RESOURCES COMMITTEE $	NOMINATION COMMITTEE $
Chairman	275,000	30,000	20,000	20,000	-
Non-Executive Director	125,000	-	-	-	-

The remuneration Non-Executive Directors received for the years ended 30 June 2013 and 30 June 2012 was:

2013	SHORT-TERM BENEFITS			SHARE BASED PAYMENTS	POST EMPLOYMENT		
	SALARY AND FEES $	STI CASH $	NON-MONETARY BENEFITS $	PERFORM-ANCE RIGHTS $	SUPER-ANNUATION BENEFITS $	TOTAL $	% OF REMUN-ERATION PERFOR-MANCE RELATED
NON-EXECUTIVE							
M M Hudson[1]	172,780	-	-	-	15,550	188,330	-
R M Smith	142,199	-	-	-	12,798	154,997	-
E R Stein	120,793	-	-	-	10,871	131,664	-
T A Sinclair	120,793	-	-	-	10,871	131,664	-
J G Goldfaden[2]	-	-	-	-	-	-	-
R M Harding[3]	38,226	-	-	-	3,440	41,666	-
M P Chellew[4]	38,226	-	-	-	3,440	41,666	-
FORMER NON-EXECUTIVE							
G T Tilbrook[5]	173,197	-	-	-	10,980	184,177	-
B R Brown[6]	76,451	-	-	-	6,881	83,332	-
Total	**882,665**	**-**	**-**	**-**	**74,831**	**957,496**	**-**

2012	SHORT-TERM BENEFITS			SHARE BASED PAYMENTS	POST EMPLOYMENT		
	SALARY AND FEES $	STI CASH $	NON-MONETARY BENEFITS $	PERFORM-ANCE RIGHTS $	SUPER-ANNUATION BENEFITS $	TOTAL $	% OF REMUN-ERATION PERFOR-MANCE RELATED
NON-EXECUTIVE							
M M Hudson[1]	133,025	-	-	-	11,972	144,997	-
R M Smith	142,199	-	-	-	12,798	154,997	-
E R Stein	105,121	-	-	-	9,461	114,582	-
T A Sinclair[8]	28,669	-	-	-	2,580	31,249	-
J G Goldfaden[2]	-	-	-	-	-	-	-
FORMER NON-EXECUTIVE							
G T Tilbrook[5]	259,225	-	-	-	15,775	275,000	-
B R Brown[6]	114,677	-	-	-	10,321	124,998	-
R A Ghatalia[7]	-	-	-	-	-	-	-
Total	**782,916**	**-**	**-**	**-**	**62,907**	**845,823**	**-**

[1] Appointed as Chairman on 1 March 2013.

[2] Appointed as Non-Executive Director on 23 April 2012. Mr Goldfaden has elected not to receive any Directors' fees as the representative Director of Warburg Pincus, the major shareholder.

[3] Appointed as Non-Executive Director on 1 March 2013.

[4] Appointed as Non-Executive Director on 1 March 2013.

[5] Retired as Non-Executive Director and Chairman on 1 March 2013.

[6] Retired as Non-Executive Director on 1 March 2013.

[7] Retired as Non-Executive Director on 23 April 2012. Mr Ghatalia had elected not to receive any Directors' fees as the representative of Warburg Pincus, the major shareholder.

[8] Appointed as Non-Executive Director on 1 April 2012.

C. Executive Director and Senior Executive Remuneration Policy and Structure

The Consolidated 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 Consolidated 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").

The Board, upon the recommendation of the 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:
    - Short-term incentives that includes a target and stretch amount as a percentage of TFR (as described below); and
    - Long-term incentives that represent between 20% and 75% of TFR.

The proportion of remuneration that is at-risk (being the short-term 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 sustainable 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 Committee, with consideration given to business and individual performance, responsibilities, qualifications and experience. The Committee also refers to available market data for comparative roles within industry generally in the Executive's country of employment including those companies with which the Consolidated Group competes for labour. There are no guaranteed base pay increases included in any Senior Executive contracts.

Short-Term Incentives (Annual Incentive Plan) ("STI")

STI payments for the year ended 30 June 2013 were determined by achievement of clearly defined Consolidated Group Earnings Before Interest and Tax ("EBIT") and Group Net Profit after Tax ("NPAT") (equally weighted), divisional EBIT financial targets and a scorecard of individual measurements and performance standards. 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. These performance measures were chosen primarily to align participant reward outcomes with the accomplishment of annual business plans and targets that drive divisional and Consolidated Group performance.

The scorecard includes items such as:

- Financial measures – earnings and capital expenditure targets, achievement of Consolidated Group strategic objectives;
- Customers – cross-selling opportunities and business growth targets;
- Process and Governance – continuous improvement targets, safety and environmental performance targets (including reductions in lost-time injury rates); and
- People – succession planning, talent development and diversity.

Executives (other than the Chief Executive Officer) have the ability to earn a target STI of between 30% and 50% of TFR, and a stretch amount of between 60% and 100% of TFR. The Chief Executive Officer has the ability to earn a target STI of 75% of TFR and a stretch amount that is capped at 150% of TFR.

Short-Term Incentives (Annual Incentive Plan (AIP)) ("STI") (continued)

The stretch amounts are payable where:

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

STI payments are determined and paid after the preparation of the audited Consolidated Financial Statements each year (in respect of the financial measures) and after a review of performance against individual measures.

The STI payments disclosed in the 2013 financial year have been approved by the Board and unless otherwise noted are consistent with the Company's STI plan.

For the 2013 financial year, there were no STIs payable to KMP of the Consolidated Group where divisional financial targets were met. In the event that the Commercial Vehicles Group sale settles, P A Glavac will be entitled to a payment of 2.25 times of his TFR. This has not been included in the Remuneration Report as the event occurred subsequent to year end.

For the 2012 financial year, STIs were payable to two KMP of the Consolidated Group (T H Nickels and P A Glavac) where divisional financial targets were met. The Board also exercised its discretion to award STIs to a further two KMPs (K G Campbell and S G Cummins).

Long-Term Incentives ("LTI")

Shareholders approved the LTI plan ("LTI") at the 2010 Annual General Meeting. The LTI is a key part of the longer term retention and incentive strategy of the Consolidated Group, and is designed to reward Executives for delivering long-term shareholder returns.

Under the LTI, participants are issued Performance Rights which will entitle them to one ordinary share in the Consolidated Group for each right granted at the end of a set period if certain performance hurdles are met. Offers are made annually at the discretion of the Board, following the salary review process for Executives. The number of Performance Rights issued to each Executive is determined based on a percentage of TFR. The percentage is determined based on the Executive's position. The CEO's is issued at 75% of TFR, KMP at 50% of TFR and the remaining Executives at 35% and 20% depending on their level of responsibility. The Performance Rights issued under the 2010 and 2011 LTI offers will vest if both the following performance hurdles are met:

- The Company achieves a 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 Consolidated Group achieves certain EPS growth targets. The percentage of Performance Rights that will vest is as set out in the table below:

UNDERLYING EPS GROWTH HURDLE	**PROPORTION OF PERFORMANCE RIGHTS THAT MAY BE EXERCISED IF TSR HURDLE IS MET**	
	2010 OFFER	**2011 OFFER**
< 15% annualised EPS growth	0%	0%
15% annualised EPS growth	50%	50%
15% to 20% annualised EPS growth	Straight line vesting between 50% and 75%	Straight line vesting between 50% and 75%
20% to 25% annualised EPS growth	Straight line vesting between 75% and 100%	Straight line vesting between 75% and 100%
PERFORMANCE PERIOD	**1 July 2010 to 30 June 2012**	**1 July 2010 to 30 June 2013**

The Board changed the performance period from 3 years for the 2011 offer to 4 years for the 2012 offer, as this was deemed to be more aligned to longer term shareholder value. The 2010 and 2011 offers have not vested because the hurdles have not been met. It was determined in the prior year that these hurdles would not be met and therefore the forfeiture was recognised in the prior year.

Long-Term Incentive ("LTI") (continued)

The 2012 LTI will vest in two equal tranches if the following performance hurdles are met:

- Tranche 1 – 50% of the Performance Rights vest if the Company achieves a relative TSR 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).
- Tranche 2 – 50% of the Performance Rights vest if the Company achieves certain EPS growth targets (using the Company's 2012 financial year internal budget as the base for EPS growth). The percentage of performance targets which will vest under this tranche is as set out in the table below:

UNDERLYING EPS GROWTH HURDLE	PROPORTION OF TRANCHE 2 PERFORMANCE RIGHTS THAT MAY BE EXERCISED IF EPS HURDLE IS MET 2012 OFFER
< 15% annualised EPS growth	0%
15% annualised EPS growth	50%
15% to 20% annualised EPS growth	Straight line vesting between 50% and 75%
20% to 25% annualised EPS growth	Straight line vesting between 75% and 100%
PERFORMANCE PERIOD	**1 July 2011 to 30 June 2015**

The 2013 LTI will vest in two equal tranches if the following performance hurdles are met:

- Tranche 1 – Up to 50% of the Performance Rights vest if the Company achieves a certain TSR ranking within in S&P/ASX 200 Industrial Sector Index (excluding companies involved in resources or mining). The percentage of the Performance Rights which will vest under this tranche is set out in the table below:

TSR PERFORMANCE COMPARED TO THE S&P/ASX 200 INDUSTRIAL SECTOR	PROPORTION OF TRANCHE 1 PERFORMANCE RIGHTS THAT MAY BE EXERCISED IF TSR HURDLE IS MET 2013 OFFER
0 to 49th percentile	0%
50th percentile	50%
51st to 74th percentile	Straight line vesting between 51% and 99%
75th to 100th percentile	100%
PERFORMANCE PERIOD	**1 July 2012 to 30 June 2016**

- Tranche 2 – Up to 50% of Performance Rights vest if the Company achieves certain EPS performance targets. The percentage of the performance targets which will vest under this tranche is set out in the table below:

UNDERLYING EPS HURDLE	PROPORTION OF TRANCHE 2 PERFORMANCE RIGHTS THAT MAY BE EXERCISED IF EPS HURDLE IS MET 2013 OFFER
< 10 cents per share	0%
10 cents per share	50%
Between 10 and 12.8 cents per share	Straight line vesting between 51% and 75%
Between 12.8 and 14.0 cents per share	Straight line vesting between 75% and 100%
>14.0 cents per share	100%
PERFORMANCE PERIOD	**Year Ended 30 June 2016**

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 generally aligns directly with the increasing value of the business.

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 the equivalent of 12 months' TFR in Company 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.

The Board has discretion to determine the extent of vesting in the event of a change of control, or where a participant dies, becomes permanently disabled, retires or is made redundant.

Executive Engagement Award ("EEA")

Shareholders approved the EEA at the 2010 Annual General Meeting.
The purpose of this Award was to:

- Provide a one-off incentive 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 the vesting date (30 June 2015), and will vest at various percentages based on the Company's 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 early vesting clauses as the LTI.

Performance Rights on Issue

The number of Performance Rights on issue at the date of this Report is:

	VESTING DATE	NUMBER ON ISSUE
LTI 2011 offer	14 days after release of results for year ending 30 June 2013	2,318,797
AIP 2012 offer (STI)	30 June 2014	1,029,087
LTI 2012 offer	14 days after release of results for year ending 30 June 2015	4,132,725
EEA 2010 offer	30 June 2015	5,554,396
LTI 2013 offer	14 days after release of results for year ending 30 June 2016	4,992,034

The Board has not previously exercised its discretion to allow the early vesting of any Performance Rights under any of the incentive plans.

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 Chairman of the Board is obtained.

The Consolidated Group's Performance

The following table summarises the Consolidated Group's performance in respect of the current financial year and the previous four financial years:

	2009	2010	2011	2012	2013
Profit/(Loss) attributable to owners of the Company	($218,356,000)[1]	$59,036,000	($296,543,000)[2]	$12,500,000	($218,700,000)[3]
EPS	-77.9c	6.7c	-26.8c	0.9c	-13.9c
Dividends per share	-	-	-	-	-
Number of shares on issue	310,981,126	960,638,735	960,638,735	1,578,209,025	1,578,563,490
Share price at 30 June	$1.80	$1.00	$0.82	$0.73	$0.80
Change in share price	-$4.20	-$0.80	-$0.18	-$0.09	$0.07

STIs were made to four KMP in respect of the 2012 financial year. No STIs were made to KMP in respect of the 2013 financial year.

D. Key Executive Contract Terms

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

TFR consists of cash salary, statutory superannuation contributions and packaged benefits such as motor vehicle allowances. Neither the Executive Director nor the KMP are on fixed term contracts. Participation in the STI and LTI 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 contractual compensation.

A summary of the key contract terms are below:

	RESIGNATION	TERMINATION BY TPI (WITHOUT CAUSE)	REDUNDANCY
K G Campbell, S G Cummins, N J A Clark[(i)], A G Roderick, T H Nickels, P A Glavac, N M Badyk[(ii)]	12 months' notice	12 months' notice	12 months' notice plus a severance payment of 2 weeks for every year of service. Payment not to exceed average annual base salary over the previous 3 years.
C M Carroll[(iii)]	6 months' notice	6 months' notice	6 months' notice plus a severance payment of 2 weeks for every year of service. Payment not to exceed average annual base salary over the previous 3 years.

[1] Includes impairment charges of $206.2 million before tax.

[2] Includes impairment charges of $346.8 million before tax.

[3] Includes impairment charges of $325 million before tax.

[(i)] N J A Clark commenced employment as Managing Director, Transpacific Cleanaway 15 October 2012 and the contract contained a six month probation period (which ended 15 April 2013).

[(ii)] N M Badyk ceased employment on 2 August 2012.

[(iii)] C M Carroll's contract contains a two month notice period under his probation period (which ended 8 December 2012).

E. Remuneration of the Executive Director and Key Management Personnel

Details of the remuneration of the Executive Director and the KMP (as defined in AASB 124 *Related Party Disclosures)* of the Consolidated 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 share based payments have been costed in accordance with the methodology set out in Section F.

A listing of all employees who were KMP during the 2013 and 2012 years is set out below:

NAME	TITLE WHILST KMP	PERIOD KMP (IF LESS THAN FULL YEAR)
K G Campbell	Executive Director and Chief Executive Officer	
S G Cummins	Chief Financial Officer	
N J A Clark[1]	Managing Director, Transpacific Cleanaway	From 15 October 2012
A G Roderick	Managing Director, Transpacific Industrials	
T H Nickels	Managing Director, New Zealand	
P A Glavac	Managing Director, Commercial Vehicles	
C M Carroll[2]	Executive General Manager, Legal and Commercial	From 8 June 2012
K L Smith	Company Secretary	Until 8 June 2012
N M Badyk[3]	Chief Operating Officer, Transpacific Cleanaway	Until 2 August 2012

[1] N J A Clark commenced employment as Managing Director, Transpacific Cleanaway on 15 October 2012 and the contract contained a six month probation period (which ended 15 April 2013).

[2] C M Carroll's contract contained a two month notice period under his probation period (which ended 8 December 2012).

[3] N M Badyk ceased employment on 2 August 2012.

Remuneration Report (Audited) (continued)

Remuneration of the Key Management Personnel of the Consolidated Group

2013	SALARY AND FEES $	OTHER CASH $	STI CASH[10] $	NON-MONETARY BENEFITS $	PERFORMANCE RIGHTS $	SUPERANNUATION BENEFITS $	TERMINATION PAY $	TOTAL $	2013 REMUNERATION PACKAGE(i) $
	SHORT-TERM BENEFITS			SHARE-BASED PAYMENTS		POST EMPLOYMENT			
EXECUTIVE DIRECTOR									
K G Campbell	923,530	-	-	3,627	210,353	16,470	-	1,153,980	940,000
KEY MANAGEMENT PERSONNEL									
S G Cummins	633,530	-	-	2,797	112,978	16,470	-	765,775	650,000
N J A Clark[3]	505,794	-	-	970	2,224	12,353	-	521,341	518,147
A G Roderick	633,530	-	-	4,391	177,676	16,470	-	832,067	650,000
T H Nickels[5]	382,220	-	3,177	8,480	149,984	6,405	-	550,266	391,802
P A Glavac[6]	553,530	-	38,750	497	181,779	16,470	-	791,026	608,750
C M Carroll	434,225	-	-	39,151	1,382	16,470	-	491,228	450,695
FORMER KEY MANAGEMENT									
N M Badyk	55,364	-	-	2,605	(289,980)	16,874	756,457	541,320	828,695
Total	**4,121,723**	**-**	**41,927**	**62,518**	**546,396**	**117,982**	**756,457**	**5,647,003**	**5,038,089**

2012	SALARY AND FEES $	OTHER CASH $	STI[10] CASH $	NON-MONETARY BENEFITS $	PERFORMANCE RIGHTS $	SUPERANNUATION BENEFITS $	TERMINATION PAY $	TOTAL $	2012 REMUNERATION PACKAGE(i) $
	SHORT-TERM BENEFITS			SHARE-BASED PAYMENTS		POST EMPLOYMENT			
EXECUTIVE DIRECTOR									
K G Campbell[1]	884,225	-	50,000	4,414	179,497	15,775	-	1,133,911	950,000
KEY MANAGEMENT PERSONNEL									
S G Cummins[2]	534,225	100,000	137,500	15,285	37,303	15,775	-	840,088	787,500
A G Roderick[4]	608,225	60,000	-	5,661	161,419	18,850	-	854,155	687,075
T H Nickels[5]	363,520	-	46,923	32,130	119,018	7,271	-	568,862	417,714
P A Glavac[6]	499,225	-	128,750	189	111,038	22,303	-	761,505	650,278
C M Carroll	10,321	-	-	-	-	376	-	10,697	10,697
FORMER KEY MANAGEMENT									
K L Smith[7]	358,625	-	20,000	6,420	64,425	18,850	-	468,320	397,475
N M Badyk[8]	599,325	8,900	-	4,063	189,635	18,850	-	820,773	627,075
S T Barnard[9]	25,934	-	-	820	(57,194)	2,184	325,180	296,924	353,298
Total	**3,883,625**	**168,900**	**383,173**	**68,982**	**805,141**	**120,234**	**325,180**	**5,755,235**	**4,881,112**

(i) Remuneration Package is the total of Salary and Fees, Other Cash, STI cash, Superannuation Benefits and Termination Pay.
1 K G Campbell received an STI payment of $100,000 relating to the 2012 year[10].
2 S G Cummins received an STI payment of $275,000 relating to the 2012 year[10].
3 N J A Clark commenced employment as Managing Director, Transpacific Cleanaway on 15 October 2012.
4 A G Roderick received a one-off discretionary payment of $60,000 in recognition of his performance and involvement in strategic projects relating to the 2011 year.
5 T H Nickels received an STI payment of $6,235 paid in 2013 relating to the 2012 year[10] and $93,846 relating to the 2012 year[10].
6 P A Glavac received an STI payment of $77,500 paid in 2013 relating to the 2012 year[10] and $257,500 relating to the 2012 year[10].
7 K L Smith ceased being a KMP effective 8 June 2012. Salary included is for the full 2012 year. She received an STI payment of $40,000 relating to the 2012 year[10].
8 N M Badyk received a discretionary payment of $8,900 to compensate for the lost opportunity to participate in the November 2011 Renounceable Rights Issue as the Performance Rights issued under the 2010 STI had not yet vested. Mr Badyk ceased employment on 2 August 2012.
9 S T Barnard ceased employment on 29 July 2011. Mr Barnard received a termination payment equivalent to his annual base salary and leave accrual payments.
10 The STI payments approved by the Board are distributed as 50% cash (as disclosed in the table above) and 50% by way of Performance Rights which were issued on 13 September 2012 and 5 October 2012 respectively, which will vest on 30 June 2014 (subject to continued employment).

Proportion of Remuneration Performance Related

2013	PROPORTION OF TFR PAID AS STI	PROPORTION OF TARGET STI RECEIVED	PROPORTION OF REMUNERATION CONSISTING OF PERFORMANCE RIGHTS
EXECUTIVE DIRECTOR			
K G Campbell	-	-	18%
KEY MANAGEMENT PERSONNEL			
S G Cummins	-	-	15%
N J A Clark	-	-	1%
A G Roderick	-	-	21%
T H Nickels	1%	2%	27%
P A Glavac	7%	14%	23%
C M Carroll	-	-	1%
FORMER KEY MANAGEMENT PERSONNEL			
N M Badyk[1]	-	-	-

2012	PROPORTION OF TFR PAID AS STI	PROPORTION OF TARGET STI RECEIVED	PROPORTION OF REMUNERATION CONSISTING OF PERFORMANCE RIGHTS
EXECUTIVE DIRECTOR			
K G Campbell	11%	15%	16%
KEY MANAGEMENT PERSONNEL			
S G Cummins	50%	100%	5%
A G Roderick	-	-	19%
T H Nickels	26%	53%	21%
P A Glavac	50%	100%	15%
C M Carroll	-	-	-
FORMER KEY MANAGEMENT PERSONNEL			
K L Smith	11%	36%	14%
N M Badyk[1]	-	-	23%
S T Barnard	-	-	-

The fair value of the Performance Rights is measured at the date of grant using a binomial model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed in the remuneration tables above is the portion of the fair value of the Performance Rights allocated to this reporting period. Refer to Note 22 for further details regarding the fair value of rights. These values may not represent the future value that the Executive will receive, as the vesting of the rights is subject to the achievement of performance hurdles.

[1] N M Badyk ceased employment on 2 August 2012.

F. Share Based Remuneration

Short-Term Incentives ("STI")

Details of the aggregate STI Performance Rights in the Company that were granted as compensation to KMP during the reporting period and details on Performance Rights that vested during the reporting period are as follows:

	NUMBER OF PERFORMANCE RIGHTS GRANTED DURING THE YEAR		NUMBER OF PERFORMANCE RIGHTS VESTED DURING THE YEAR		NUMBER OF PERFORMANCE RIGHTS LAPSED/CANCELLED DURING THE YEAR	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
FORMER KEY MANAGEMENT PERSONNEL						
N M Badyk[2]	-	-	-	51,773	51,773	-

Long-Term Incentives ("LTI")

Details of the aggregate LTI in the Company that were granted as compensation to each KMP during the reporting period and details on Performance Rights that were vested during the reporting period are as follows:

	NUMBER OF PERFORMANCE RIGHTS GRANTED DURING THE YEAR		NUMBER OF PERFORMANCE RIGHTS VESTED DURING THE YEAR		NUMBER OF OPTIONS[1] / PERFORMANCE RIGHTS LAPSED/CANCELLED DURING THE YEAR	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
EXECUTIVE DIRECTOR						
K G Campbell	-	888,158	-	-	149,254	-
KEY MANAGEMENT PERSONNEL						
S G Cummins	584,567	361,842	-	-	-	-
N J A Clark	456,722	-	-	-	-	-
A G Roderick	409,475	410,526	-	-	202,146	-
T H Nickels	302,172	246,058	-	-	123,121	-
P A Glavac	523,028	338,816	-	-	113,032	-
C M Carroll	283,920	-	-	-	-	-
FORMER KEY MANAGEMENT PERSONNEL						
N M Badyk[2]	-	410,526	-	-	1,415,903	-
K L Smith	119,986	172,421	-	-	69,282	-
S T Barnard	-	-	-	-	-	-

There were no ordinary shares in the Company issued as a result of the exercise of Performance Rights in the 2013 or 2012 financial years.

Subsequent to year end, no Performance Rights have been issued to KMP. No terms of equity-settled Performance Rights transactions have been altered by the Company during the reporting period.

[1] Prior to 2010 the Company granted Options as compensation to KMP under its former LTI scheme. All Options which were granted under this former scheme have now lapsed as vesting conditions were not met.

[2] N M Badyk ceased employment on 2 August 2012.

Details of the vesting profile of Performance Rights granted as remuneration to each Director of the Company and each of the KMP of the Consolidated Group are set out in the following table. No Performance Rights will vest if performance hurdles detailed earlier are not satisfied, hence the minimum value of the Performance Rights to vest is $Nil. The maximum value of those yet to vest has been determined as the fair value of the Options and Performance Rights at grant date that is yet to be expensed.

	FINANCIAL YEAR GRANTED	NUMBER	% VESTED AT 30 JUNE 2013	% LAPSED / CANCELLED IN 2013	FINANCIAL YEARS IN WHICH PERFORMANCE RIGHTS VEST[1]	MINIMUM TOTAL VALUE YET TO VEST $	MAXIMUM TOTAL VALUE YET TO VEST $
EXECUTIVE DIRECTOR							
K G Campbell	2012	888,158	-	-	D	-	479,605
	2011	337,500	-	-	C	-	286,875
	2011	300,000	-	-	C	-	255,000
	2011	149,254	-	100%	A	-	-
	2011	333,334	-	-	B	-	446,668
KEY MANAGEMENT PERSONNEL							
S G Cummins	2013	409,475	-	-	F	-	200,643
	2013	175,092	-	-	E	-	137,500
	2012	361,842	-	-	D	-	195,395
N J A Clark	2013	456,722	-	-	F	-	223,794
A G Roderick	2013	409,475	-	-	F	-	200,643
	2012	410,526	-	-	D	-	221,684
	2011	300,000	-	-	C	-	225,000
	2010	202,146	-	100%	A	-	-
	2010	451,458	-	-	B	-	604,954
T H Nickels	2013	241,309	-	-	F	-	118,240
	2013	60,863	-	-	E	-	47,796
	2012	246,058	-	-	D	-	132,871
	2011	187,729	-	-	C	-	159,570
	2010	123,121	-	100%	A	-	-
	2010	355,000	-	-	B	-	475,700
P A Glavac	2013	163,950	-	-	E	-	128,750
	2013	359,078	-	-	F	-	175,948
	2012	338,816	-	-	D	-	182,961
	2011	175,000	-	-	C	-	148,750
	2010	113,032	-	100%	A	-	-
	2010	288,500	-	-	B	-	386,590
C M Carroll	2013	283,920	-	-	F	-	139,121

[1] Subject to performance hurdles being achieved.
A – Performance Rights under the 2010 LTI vest 14 days after the date on which the financial results for the year ending 30 June 2012 are released to the ASX.
B – Performance Rights vest under the EEA on 30 June 2015.
C – Performance Rights under the 2011 LTI vest 14 days after the date on which the financial results for the year ending 30 June 2013 are released to the ASX.
D – Performance Rights under the 2012 LTI vest 14 days after the date on which the financial results for the year ending 30 June 2015 are released to the ASX.
E – Performance Rights under the 2012 AIP (STI) vest on 30 June 2014.
F – Performance Rights under the 2013 LTI vest 14 days after the date on which the financial results for the year ending 30 June 2016 are released to the ASX.

Details of the vesting profile of Performance Rights granted as remuneration to former KMP are set out in the following table. No Performance Rights will vest if performance hurdles detailed earlier are not satisfied, hence the minimum value of the Performance Rights to vest is $Nil. The maximum value of those yet to vest has been determined as the fair value amount of the Performance Rights at grant date that is yet to be expensed.

	FINANCIAL YEAR GRANTED	NUMBER	% VESTED AT 30 JUNE 2013	% LAPSED / CANCELLED IN 2013	% LAPSED / CANCELLED IN 2012	FINANCIAL YEARS IN WHICH PERFORMANCE RIGHTS VEST[1]	MINIMUM TOTAL VALUE YET TO VEST $	MAXIMUM TOTAL VALUE YET TO VEST $
FORMER KEY MANAGEMENT PERSONNEL								
K L Smith	2012	172,421	-	-	-	D	-	93,107
	2011	126,000	-	-	-	C	-	107,100
	2010	69,282	-	100%	-	A	-	-
	2010	176,833	-	-	-	B	-	236,956
N M Badyk[2]	2012	410,526	-	100%	-	D	-	-
	2011	300,000	-	100%	-	C	-	-
	2010	202,146	-	100%	-	A	-	-
	2010	451,458	-	100%	-	B	-	-

[1] Subject to performance hurdles being achieved.
[2] N M Badyk ceased employment on 2 August 2012.

A – Performance Rights under the 2010 LTI vest 14 days after the date on which the financial results for the year ending 30 June 2012 are released to the ASX.
B – Performance Rights vest under the EEA on 30 June 2015.
C – Performance Rights under the 2011 LTI vest 14 days after the date on which the financial results for the year ending 30 June 2013 are released to the ASX.
D – Performance Rights under the 2012 LTI vest 14 days after the date on which the financial results for the year ending 30 June 2015 are released to the ASX.
E – Performance Rights under the 2012 AIP (STI) vest on 30 June 2014.
F – Performance Rights under the 2013 LTI vest 14 days after the date on which the financial results for the year ending 30 June 2016 are released to the ASX.

Shares under Option

In the financial year ended 30 June 2013 and up to the date of this Report, no options were granted over unissued shares.

As at the date of this Report there are no unissued ordinary shares of the Company under option.

Details of Performance Rights granted under the STI and LTI in the 2012 and 2011 financial year are set out in a previous section of the Remuneration Report. Total Performance Rights outstanding as at 30 June 2013 is 18,027,039 (2012: 15,772,829).

Details of warrants issued under the Equity Warrant Deed are set out in Note 23(G) of the Consolidated Financial Report.

Shares Issued on the Exercise of Options

The Company issued 270,466 ordinary shares on 16 July 2012, 29,541 ordinary shares on 31 August 2012, 19,670 ordinary shares on 13 September 2012, 27,365 ordinary shares on 7 November 2012, and 7,423 on 17 December 2012 as a result of the exercise of Performance Rights that vested on 30 June 2012.

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 Directors and Officers in their capacity as Directors and Officers of entities in the Consolidated Group, and any other payments arising from liabilities incurred by the Directors and Officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the Directors and Officers or the improper use by the Directors and 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 auditors on assignments additional to their statutory audit duties where the auditors' expertise and experience with the Company and/or the Consolidated Group are important. During the financial years ended 30 June 2013 and 2012 non-audit services included due diligence, taxation and other advisory services.

The Directors have considered the position and in accordance with written advice provided by resolution of the Audit Committee, is satisfied that the provision of the non-audit services is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Company 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 are set out below.

	2013 $	2012 $
Ernst & Young:		
Audit services	1,360,000	1,280,000
Audit related services	178,812	220,700[i]
Non-audit services		
Due diligence services	78,319	123,300
Transaction services associated with equity raising	-	381,000
Other advisory services	-	520,400
Taxation services	-	4,000
Total	**1,617,131**	**2,529,400**

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 32.

Rounding of Amounts

The Company is of a kind referred to in ASIC Class Order 98/100 issued by the Australian Securities and Investments 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 hundred thousand dollars or, in certain cases, to the nearest dollar.

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

M M Hudson
Non-Executive Director and Chairman

K G Campbell
Executive Director and Chief Executive Officer

Brisbane, 23 August 2013

[i]The 2012 audit services have been adjusted to include an additional fee of $206,000 incurred in relation to the 2012 audit, which was paid in 2013.

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

In relation to our audit of the financial report of Transpacific Industries Group Ltd for the financial year ended 30 June 2013, 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.

Ernst & Young

Mike Reid
Partner
23 August 2013

Consolidated Statement of Financial Position

As at 30 June 2013

	NOTES	2013 $'M	2012 $'M
ASSETS			
Current Assets			
Cash and cash equivalents	10	76.2	77.9
Trade and other receivables	11	282.6	305.6
Inventories	12	165.2	175.2
Derivative financial instruments	13	9.0	0.4
Other assets	14	19.0	18.3
Total Current Assets		552.0	577.4
Non-current Assets			
Investments accounted for using the equity method	15	29.6	27.9
Property, plant and equipment	16	1,084.4	1,217.7
Land held for sale		7.7	6.9
Intangible assets	17	1,862.8	1,989.2
Other assets		0.4	-
Deferred tax assets	9	99.5	64.5
Total Non-current Assets		3,084.4	3,306.2
Total Assets		3,636.4	3,883.6
LIABILITIES			
Current Liabilities			
Trade and other payables	18	264.9	290.7
Income tax payable		6.6	4.1
Borrowings	19	21.5	238.1
Derivative financial instruments	13	45.6	83.4
Employee benefits		44.7	45.0
Provisions	20	59.3	59.6
Other	21	18.8	19.1
Total Current Liabilities		461.4	740.0
Non-current Liabilities			
Borrowings	19	1,032.2	890.4
Employee benefits		9.4	8.9
Provisions	20	117.4	92.1
Other		8.7	0.9
Total Non-current Liabilities		1,167.7	992.3
Total Liabilities		1,629.1	1,732.3
Net Assets		**2,007.3**	**2,151.3**
EQUITY			
Issued capital	23A	2,071.7	2,122.1
Reserves	23H	64.6	(7.7)
Retained earnings	23K	(385.4)	(218.3)
Parent entity interest		1,750.9	1,896.1
Non-controlling interest	23L	6.6	5.4
Step-up Preference Security holders	23C	249.8	249.8
Total Equity		**2,007.3**	**2,151.3**

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 30 June 2013

	NOTES	2013 $'M	2012 $'M
CONTINUING OPERATIONS			
Revenue from continuing operations	4	2,294.0	2,283.8
Other income	5	-	1.6
Other gains or losses	6	(15.5)	10.6
Raw materials and inventory		(483.9)	(476.7)
Waste disposal and collection		(336.5)	(322.1)
Employee expenses		(695.9)	(660.0)
Depreciation and amortisation expenses		(185.7)	(188.0)
Repairs and maintenance		(106.4)	(111.2)
Fuel purchases		(54.6)	(61.7)
Leasing charges		(55.6)	(57.9)
Freight costs		(28.3)	(31.0)
Other expenses		(135.0)	(180.1)
Share of profits of associates	25C	5.5	2.9
Net finance costs	7	(116.6)	(185.9)
Impairment of assets	8	(325.0)	-
Change in fair value of derivative financial instruments		12.5	(15.6)
(Loss)/Profit Before Income Tax		**(227.0)**	**8.7**
Income tax benefit/(expense)	9	26.6	23.5
(Loss)/Profit From Continuing Operations After Income Tax		**(200.4)**	**32.2**
Attributable to:			
Ordinary Equity holders		(218.7)	12.5
Non-controlling interest		1.2	3.1
Step-up Preference Security holders		17.1	16.6
(Loss)/Profit From Continuing Operations After Income Tax		**(200.4)**	**32.2**

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying Notes.

Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)

For the Financial Year Ended 30 June 2013

	NOTES	2013 $'M	2012 $'M
(Loss)/Profit From Continuing Operations After Income Tax		**(200.4)**	**32.2**
Other Comprehensive Income			
Items that may be reclassified subsequently to profit or loss (recycled):			
Cash flow hedges			
Net gain/(loss) taken to equity (net of tax $3.5 million (2012: $6.3 million))	23H	8.4	(14.6)
Net gain/(loss) taken to Profit and Loss	23H	0.8	2.5
Translation of foreign operations			
Exchange differences taken to equity ($Nil tax effect)	23H	62.2	10.5
Net gain on disposal of available-for-sale assets (net of tax $Nil (2012: $0.6 million))	23H	-	(1.4)
Items that may be reclassified subsequently to profit or loss (not recycled):			
Revaluation of assets			
Revaluation of non-landfill land and buildings (net of tax $0.2 million (2012: $Nil))	23H	(0.6)	-
Net Comprehensive Income Recognised Directly in Equity		**70.8**	**(3.0)**
Total Comprehensive (Loss)/Income for the Year		**(129.6)**	**29.2**
Attributable to:			
Ordinary Equity holders		(147.9)	9.5
Non-controlling interest		1.2	3.1
Step-up Preference Security holders		17.1	16.6
Total Comprehensive (Loss)/Income for the Year		**(129.6)**	**29.2**

Earnings per Share for (Loss)/Profit Attributable to the Ordinary Equity Holders of the Company:			
Basic earnings per share	33	(13.9)	0.9
Diluted earnings per share	33	(13.9)	0.9

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying Notes.

Consolidated Statement of Changes in Equity

For the Financial Year Ended 30 June 2013

	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 EQUITY
	$'M	$'M	$'M	$'M	$'M	$'M	$'M	$'M	$'M	$'M	$'M	$'M
At 30 June 2012	**2,070.5**	**51.6**	**33.5**	**60.9**	**4.4**	**(15.9)**	**(90.6)**	**(218.3)**	**1,896.1**	**5.4**	**249.8**	**2,151.3**
(Loss)/profit for period	-	-	-	-	-	-	-	(218.7)	(218.7)	1.2	17.1	(200.4)
Other comprehensive income	-	-	(0.6)	-	-	9.2	62.2	-	70.8	-	-	70.8
Total comprehensive income for the year	-	-	(0.6)	-	-	9.2	62.2	(218.7)	(147.9)	1.2	17.1	(129.6)
Share-based payment	-	-	-	-	1.5	-	-	-	1.5	-	-	1.5
Transaction costs (net of tax)	1.2	-	-	-	-	-	-	-	1.2	-	-	1.2
Distribution to Step-up Preference Security Holders	-	-	-	-	-	-	-	-	-	-	(17.1)	(17.1)
Transfer to retained earnings	-	(51.6)	-	-	-	-	-	51.6	-	-	-	-
Balance at 30 June 2013	**2,071.7**	**-**	**32.9**	**60.9**	**5.9**	**(6.7)**	**(28.4)**	**(385.4)**	**1,750.9**	**6.6**	**249.8**	**2,007.3**
At 30 June 2011	1,770.0	51.6	35.2	60.9	3.7	(3.8)	(101.1)	(231.7)	1,584.8	1.8	249.8	1,836.4
Profit/(loss) for period	-	-	-	-	-	-	-	12.5	12.5	3.1	16.6	32.2
Other comprehensive income	-	-	(1.4)	-	-	(12.1)	10.5	-	(3.0)	-	-	(3.0)
Total comprehensive income for the year	-	-	(1.4)	-	-	(12.1)	10.5	12.5	9.5	3.1	16.6	29.2
Share-based payment	-	-	-	-	1.3	-	-	-	1.3	-	-	1.3
Issue of ordinary shares	308.8	-	-	-	-	-	-	-	308.8	-	-	308.8
Increase in non-controlling interest arising on acquisition	-	-	-	-	-	-	-	-	-	0.5	-	0.5
Transaction costs (net of tax)	(8.3)	-	-	-	-	-	-	-	(8.3)	-	-	(8.3)
Distribution to Step-up Preference Security Holders	-	-	-	-	-	-	-	-	-	-	(16.6)	(16.6)
Transfer to retained earnings	-	-	(0.3)	-	(0.6)	-	-	0.9	-	-	-	-
Balance at 30 June 2012	**2,070.5**	**51.6**	**33.5**	**60.9**	**4.4**	**(15.9)**	**(90.6)**	**(218.3)**	**1,896.1**	**5.4**	**249.8**	**2,151.3**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying Notes.

Consolidated Statement of Cash Flows

For the Financial Year Ended 30 June 2013

	NOTES	2013 $'M	2012 $'M
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,542.9	2,514.6
Payments to suppliers and employees		(2,152.0)	(2,129.7)
Other revenue		-	12.2
Interest received		1.3	3.3
Interest paid		(104.3)	(138.5)
Income taxes received/(paid)		(5.5)	8.1
Net Cash From/(Used In) Operating Activities	**26**	**282.4**	**270.0**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of businesses		-	(0.8)
Payments for property, plant and equipment		(196.3)	(180.1)
Proceeds from sale of listed securities		-	11.8
Proceeds from disposal of property, plant and equipment, and investments		28.2	15.1
Dividends received from associates		4.1	4.8
Net Cash From/(Used In) Investing Activities		**(164.0)**	**(149.2)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of equity		-	308.8
Payment of distribution on Step-up Preference Securities		(17.1)	(16.6)
Receipt/(Payment) of debt and equity raising costs (GST refund)		1.2	(48.1)
Proceeds from banking syndicated facility agreement		155.6	961.1
Repayment of bank loans		(59.0)	(1,036.7)
Repayment of lease liabilities		(34.6)	(44.3)
Repayment of loans to related parties		(0.4)	(0.2)
Repurchase of Convertible Notes		(51.3)	(255.9)
Repayment of US Private Placement Notes		(115.3)	-
Net Cash From/(Used In) Financing Activities		**(120.9)**	**(131.9)**
Net Increase/(Decrease) In Cash And Cash Equivalents		(2.5)	(11.1)
Cash and cash equivalents at the beginning of the year		77.9	88.7
Net foreign exchange differences		0.8	0.3
Cash And Cash Equivalents At The End Of The Year	**10**	**76.2**	**77.9**

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

1. Reporting Entity

Transpacific Industries Group Ltd and its subsidiaries ("Consolidated Group") is a group domiciled and incorporated in Australia with operations in Australia and New Zealand. The Consolidated Financial Report of Transpacific Industries Group Ltd consists of the Consolidated Financial Statements of the Consolidated Group comprising of Transpacific Industries Group Ltd ("Company" or "Parent Entity") and its subsidiaries and the Consolidated Group's interest in associates and jointly controlled entities.

The Consolidated Financial Statements of the Consolidated Group for the year ended 30 June 2013 were authorised for issue in accordance with a resolution of the Directors on 23 August 2013.

The significant accounting policies adopted in the preparation of the Consolidated Financial Report are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

2. Basis of Preparation

The Consolidated 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 Consolidated Group complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board ("IASB").

The Consolidated 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 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 Consolidated Group's functional currency.

The Consolidated Group 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 Consolidated Financial Report have been rounded off to the nearest hundred thousand dollars, unless otherwise stated.

The preparation of the Consolidated Financial Statements is in accordance with IFRS. The standards require 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 Consolidated 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. Prior year comparatives have been adjusted to comply with current year presentation where appropriate.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Consolidated Group for the annual reporting period ended 30 June 2013. The impact of these not yet effective Standards and Interpretations has been determined by Management and are addressed in Note 3(AA).

3. Significant Accounting Policies

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

The following significant accounting policies have been adopted in the preparation and presentation of the Consolidated 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 2013 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Consolidated 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 Consolidated 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 Company, using consistent accounting policies.

Intercompany transactions, balances, income and expenses and profit and losses resulting from intra Consolidated Group 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 are allocated their share of net profit after tax in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and are presented within Equity in the Consolidated Statement of Financial Position separately from the Equity of the owners of the Company. Losses are attributed to the non-controlling interest even if that results in a deficit balance.

If the Consolidated 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 Company's share of components previously recognised in Other Comprehensive Income to Consolidated Statement of Profit or Loss and Other Comprehensive Income.

3. Significant Accounting Policies (continued)

(A) BASIS OF CONSOLIDATION (CONTINUED)

(ii) Associates

Associates are all entities over which the Consolidated 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 Consolidated 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 Consolidated Group determines whether it is necessary to recognise any impairment loss with respect to the Consolidated Group's net investment in associates. Goodwill included in the carrying amount of the investment in associate's 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 Consolidated Group's share of its associates' post-acquisition profits or losses is recognised in the Consolidated Statement of Profit or Loss and Other 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 Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Where the Consolidated Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Consolidated 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 Consolidated 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 Consolidated 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.

When the Consolidated 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 Consolidated 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 the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

3. Significant Accounting Policies (continued)

(B) BUSINESS COMBINATIONS (CONTINUED)

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 *Financial Instruments: Recognition and Measurement* in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. If the contingent consideration is classified as Equity, it shall not be remeasured until it is finally settled within Equity.

(C) INCOME TAX

The income tax expense or benefit 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.

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.

3. Significant Accounting Policies (continued)

(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 Consolidated Statement of Profit or Loss and Other 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 are translated to Australian dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. 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 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 Consolidated Statement of Profit or Loss and Other 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 Consolidated 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 re-measurement to fair value is recognised immediately in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. 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 Consolidated 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 Consolidated 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 the Consolidated Statement of Profit or Loss and Other Comprehensive Income 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 the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

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 the Consolidated Statement of Profit or Loss and Other Comprehensive Income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in Equity is recognised immediately in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

(iii) 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.

(iv) Derivatives that do not Qualify for Hedge Accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

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:

(1) Cleanaway

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

(2) Industrials

Technical Services

Revenue from the collection and treatment of liquid waste is recognised when the waste has been collected and treated.

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.

Hydrocarbons

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

(3) New Zealand

Revenue is recognised on the same basis as noted above for Cleanaway and Industrials.

(4) 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. This generally coincides with the delivery of goods to the buyer.

(5) 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 to be passed to the buyer at the time of delivery of goods to customers.

(6) Interest

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

(7) 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.

(8) 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 Consolidated Group will comply with all attached conditions. Grants relating to costs are deferred and recognised in the Consolidated Statement of Profit or Loss and Other 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 Consolidated Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the expected lives of the related assets.

(9) Other Revenue

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

3. Significant Accounting Policies (continued)

(G) TRADE AND OTHER RECEIVABLES

All trade debtors are recognised and carried at original invoice amount as they are due for settlement generally on average 30 days from the date of invoice. Some Operating Segments may give extended terms. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known as uncollectable are written off when identified. A provision for impairment is raised when collection of an amount is no longer probable (shown in Note 32(H)).

(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.

(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 Consolidated Statement of Profit or Loss and Other 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). Non-financial assets other than goodwill that suffer an impairment loss are reviewed for possible 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 Consolidated Group owns landfill assets. A landfill may be either developed by the Consolidated Group or purchased by the Consolidated Group.

The cost of developing a landfill includes the cost of land, permitting and overall site and infrastructure development to bring the asset to the condition necessary for its intended use, that is, to receive and dispose of waste.

3. Significant Accounting Policies (continued)

(J) PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The value composition of a landfill changes over time. Initially a landfill's value has the characteristics 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 of the land is considered to be a tangible asset.

It is the Consolidated 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;
(c) Assess impairment of each landfill asset or Consolidated Group of landfill assets which work together as a unit by reference to tangible values. If impaired an impairment loss is recorded;
(d) Measure the tangible value by reference to remaining available airspace and the future earnings it will generate;
(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

Discounted cash flows are used to test impairment (refer Note 3(I)). Landfill assets are carried at cost 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 Consolidated 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 Consolidated 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 revenue 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.

3. Significant Accounting Policies (continued)

(J) PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(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

(b) The cost of cell development is fully amortised to $Nil.

Generally, a landfill must be maintained for a defined period 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 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 Consolidated Group's policy at time of development and at each subsequent reporting date 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) Calculate the expected cost of remediation for each landfill asset or Consolidated 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 the Consolidated Statement of Profit or Loss and Other Comprehensive Income as required and account for the cost of remediation against the provision.

Future landfill site restoration and aftercare costs provided for are initially capitalised in the Consolidated 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 Consolidated Statement of Financial Position and amortised.

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 and is recognised in current and non-current provisions in the Consolidated Statement of Financial Position. The annual change in the net present value of the provision due to the passage of time is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as a time value adjustment as finance cost.

(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 Consolidated 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 of buildings. The fair values are recognised in the Consolidated Financial Statements of the Consolidated 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 to their fair values.

3. Significant Accounting Policies (continued)

(J) PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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 Consolidated Statement of Profit or Loss and Other 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 the Consolidated Statement of Profit or Loss and Other Comprehensive Income 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 the Consolidated Statement of Profit or Loss and Other Comprehensive Income. 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 Consolidated Statement of Profit or Loss and Other Comprehensive Income. 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 Consolidated Group. Leasehold improvements are depreciated over the period of the lease or estimated useful lives, whichever is the shorter, using the straight-line method.

Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives are as follows:

Buildings and site improvements	15 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.

3. Significant Accounting Policies (continued)

(K) LEASES (CONTINUED)

(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 Consolidated 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 Consolidated 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 Consolidated 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 Consolidated Statement of Profit or Loss and Other 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 Consolidated 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 Consolidated Statement of Profit or Loss and Other Comprehensive Income as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses (see Note 3(I)).

3. Significant Accounting Policies (continued)

(L) INTANGIBLES (CONTINUED)

(iii) Other Intangible Assets

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

(iv) Amortisation

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 of contracts are 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 45 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 Consolidated Statement of Profit or Loss and Other 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;
- Unwinding of discount provisions; 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 Consolidated 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.

3. Significant Accounting Policies (continued)

(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.

(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 ("STI") Plans

A liability for employee benefits in the form of STI is recognised when the STI criteria has been achieved and an amount is payable in accordance with the terms of the STI plan.

Liabilities for STI 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 Executives and employees via the Transpacific Industries Group Limited Annual Incentive 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 from grant date to when the employees become unconditionally entitled to the 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 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 Performance Right.

(R) PROVISIONS

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

(i) Warranties

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

3. Significant Accounting Policies (continued)

(R) PROVISIONS (CONTINUED)

(ii) Remediation

Provision for remediation is addressed in Note 3(J)(iii).

(S) CASH AND CASH EQUIVALENTS

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

(T) INVESTMENTS AND OTHER FINANCIAL ASSETS

Financial assets are recognised when the Consolidated 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 the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Transaction costs related to financial assets classified as fair value through profit and loss are expensed immediately.

The Consolidated Group's non-derivative financial assets are currently measured after initial recognition as loans and receivables or available-for-sale financial assets. The Consolidated Group has no non-derivative financial assets classified as fair value through the Consolidated Statement of Profit or Loss and Other Comprehensive Income or held-to-maturity under accounting standard AASB 139 *Financial Instruments: Recognition and Measurement*. 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 the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The Consolidated 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 Consolidated 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 SECURITIES

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 to be classified as Equity. The redemption of the shares is at the discretion of the Consolidated Group rather than the unit holder, therefore the units are classified as Equity.

3. Significant Accounting Policies (continued)

(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 Consolidated Group, 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.

(iii) 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.

(X) GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax ("GST"), except:

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

(ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the Consolidated Statement of Cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

(Y) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Directors evaluate estimates and judgements incorporated into the Consolidated Financial Report based on historical knowledge and best available current information. Critical accounting estimates and judgements in the Consolidated Financial Report are:

(i) Impairment

Details of the key estimates used in assessing value-in-use calculations and impairment generally are disclosed in Notes 16 and 17.

(ii) Closure and Post Closure Provisions

The Consolidated 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).

3. Significant Accounting Policies (continued)

(Y) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(iii) Land and Building Values

The Consolidated 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 of the Consolidated Group to estimate fair value.

(iv) Accounting for Landfills

Details of the key estimates used in assessing landfill values are included in Notes 16.

(v) Workers Compensation Self-insurance Provisions

Independent actuarial valuations are used to estimate the provision required for workers compensation where the Consolidated Group is self-insured.

(vi) Recovery of Deferred Tax Assets

Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised in the Consolidated Statement of Financial Position, 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. 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.

(vii) Taxation

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 Consolidated 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 Consolidated Statement of Profit or Loss and Other Comprehensive Income.

(viii) Valuation of Derivative Financial Instruments

The Consolidated Group's accounting policy for the valuation of derivatives requires an estimate of the fair value of foreign currency contracts and interest rate swaps (Refer to Note 3(E)).

3. Significant Accounting Policies (continued)

(Z) RECLASSIFICATIONS WITHIN CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In prior years acquired landfill airspace intangibles were classified as intangible assets. During the period, the Consolidated Group reclassified the landfill airspace intangible asset of $58.0 million (2012: $58.0 million) to landfill land categorised within property, plant and equipment. This revised classification is more appropriate and relevant as the airspace and related land are physically and economically linked. In addition, the combined presentation better reflects the nature of the economic benefits to be derived in the future from ownership of the land. The comparative amounts have been reclassified to be consistent with the current period treatment.

In prior years the remediation provision of landfills was offset against the related tangible asset. During the current period, the Consolidated Group reclassified the remediation provision to current and non-current liabilities as a provision. This revised classification is more appropriate and consistent with market practice. The comparative amounts have been reclassified to be consistent.

3. Significant Accounting Policies (continued)

(AA) APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS

(i) Standards and Interpretations Affecting Amounts Reported in the Current Period (and/or Prior Periods)

There are no new and revised Standards and Interpretations adopted in these Consolidated Financial Statements that have affected the amounts reported.

Standards and Interpretations affecting the reported results or financial position

There are no new and revised Standards and Interpretations adopted in these Consolidated Financial Statements affecting the reporting results or Consolidated Statement of Financial Position.

(ii) Standards and Interpretations adopted with no effect on financial statements

The following new and revised Standards and Interpretations have been adopted in the current year and have no impact on the amounts reported in these Consolidated Financial Statements.

Standards affecting presentation and disclosure

Amendments to AASB 101 'Presentation of Financial Statements'	*AASB 2011-9 introduces new terminology for the Consolidated Statement of Comprehensive Income and Income Statement. Under the amendments to AASB 101, the Consolidated Statement of Comprehensive Income and the Income Statement is renamed as a Consolidated Statement of Profit or Loss and Other Comprehensive Income. The amendments to AASB 101 retain the option to present Profit or Loss and Other Comprehensive Income in either a single statement or in two separate but consecutive statements. However, the amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the Other Comprehensive Income section: (a) items that will not be reclassified subsequently to Profit or Loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of Other Comprehensive Income is required to be allocated on the same basis – the amendments do not change the option to present items of Other Comprehensive Income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of Other Comprehensive Income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on Profit or Loss, Other Comprehensive Income and total Comprehensive Income.*

3. Significant Accounting Policies (continued)

(AA) APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS (CONTINUED)

(iii) Standards and Interpretations in issue not yet effective

At the date of authorisation of the Consolidated Financial Statements, the Standards and Interpretations listed below were issued but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards[2]	1 January 2015	30 June 2016
AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'[1]	1 January 2013	30 June 2014
AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'[1]	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement' and related 'AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13'[2]	1 January 2013	30 June 2014

[1] AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted.
Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

The Consolidated Group's investment in the joint venture partnership will be classified as a joint venture entity under the new rules. As the Consolidated Group already applies the equity method in accounting for the majority of its investments, AASB 11 will not have any material impact on the amounts recognised in its Consolidated Financial Statements. AASB 10 introduces different criteria for assessing joint venture arrangements which will have no impact on the Consolidated Financial Statements based on the assessment made under AASB 11.

[2] AASB 13 replaces the guidance on fair value measurement in existing AASB accounting literature with a single standard. AASB 13 applies when another AASB requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements). With some exceptions, the standard requires entities to classify these measurements into a 'fair value hierarchy' based on the nature of the inputs. Similarly the changes in AASB 9 relating to the changes in measuring balances at fair value will not change the current measurement of how the assets and liabilities are measured.

The Consolidated Group discloses the fair value hierarchy in the financial instrument in Note 32 to the Consolidated Financial Statements. Based on the additional changes, there appears to be no material impact on current disclosures going forward.

3. Significant Accounting Policies (continued)

(AA) APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS (CONTINUED)

(iii) Standards and Interpretations in issue not yet effective (continued)

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 127 'Separate Financial Statements' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 128 'Investments in Associates and Joint Ventures' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	1 January 2013	30 June 2014
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014
AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'	1 January 2013	30 June 2014
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'	1 January 2013	30 June 2014
AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'	1 January 2013	30 June 2014

The above Standards and Interpretations do not have a material impact on the Consolidated Financial Statements, with the exception of AASB 119. AASB 119 will impact the Consolidated Financial Statements in terms of measuring the employee benefits balances, as Management will be required to re-assess the measurement and classification between current and non-current.

	NOTES	2013 $'M	2012 $'M
4. Revenue			
Sale of goods and services		2,266.6	2,256.5
Product Stewardship for Oil benefits ("PSO")		17.2	16.3
Other revenue		10.2	11.0
		2,294.0	**2,283.8**
5. Other Income			
Proceeds from flood insurance claims		-	1.6
		-	**1.6**
6. Other Gains or Losses			
(Loss)/gain on disposal of property, plant and equipment		(0.7)	2.5
(Loss)/gain on disposal of investments		(15.9)	-
Foreign currency exchange gains (net)		1.1	1.4
Gain from disposal of investment in listed securities		-	6.7
		(15.5)	**10.6**
7. Net Finance Costs			
Finance Costs			
Interest on bank overdrafts and loans		(96.5)	(110.2)
Interest on obligations under finance leases		(6.1)	(10.9)
Interest on Convertible Notes		(1.7)	(12.4)
Total Interest		(104.3)	(133.5)
Amortisation of deferred borrowing costs		(10.2)	(10.1)
Amortisation of Convertible Notes		-	(6.1)
Unwinding of discounts on provisions		(3.1)	(5.8)
Write off of establishment costs associated with former debt facilities		-	(17.2)
Accelerated amortisation of Convertible Notes and redemption costs		(0.3)	(16.5)
		(117.9)	**(189.2)**
Finance Income			
Interest revenue		1.3	3.3
		1.3	**3.3**
Net Finance Costs		**(116.6)**	**(185.9)**

	NOTES	2013 $'M	2012 $'M
8. Impairment of Assets			
Impairment of property, plant and equipment	16	(164.3)	-
Impairment of intangible assets	17	(160.7)	-
		(325.0)	**-**

9. Income Tax

(A) RECOGNISED IN THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2013 $'M	2012 $'M
Current Tax Expense		
Current year	15.1	5.7
Adjustments for prior years	(3.8)	(10.2)
	11.3	(4.5)
Deferred Tax Expense		
Origination and reversal of temporary differences	(36.1)	(7.4)
Adjustment recognised in the current year in relation to deferred tax of prior years	(1.8)	(11.6)
	(37.9)	(19.0)
Income Tax Expense/(Benefit)	**(26.6)**	**(23.5)**

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

	2013 $'M	2012 $'M
(Loss)/Profit before tax	(227.0)	8.7
Income tax using the domestic corporation tax rate of 30% (2012: 30%)	(68.1)	2.6
Increase/(decrease) in income tax expense due to:		
Share of associates' net profits	(0.1)	(0.9)
Non-deductible expenses/(non-assessable income)	(0.8)	(6.1)
Impairment write downs	48.2	-
Under/(over) provision in prior years	(1.4)	(13.0)
Amendments to prior year tax claims	(4.1)	(8.8)
Repurchase of Convertible Notes	0.1	4.5
Effect of different tax rates of subsidiaries operating in other jurisdictions	(1.3)	(0.6)
Other	0.9	(1.2)
Income Tax Expense/(Benefit)	**(26.6)**	**(23.5)**

	NOTES	2013 $'M	2012 $'M

9. Income Tax (continued)

Deferred income tax in the Consolidated Statement of Financial Position relates to the following:

	NOTES	2013 $'M	2012 $'M
Deferred Tax Assets			
Property, plant and equipment		33.6	-
Employee benefits		15.8	20.1
Provisions		41.5	33.0
Tax losses		11.2	17.3
Equity raising costs		-	5.4
Other		23.2	20.0
		125.3	**95.8**
Deferred Tax Liabilities			
Property, plant and equipment		-	15.7
Other		25.9	15.6
		25.9	**31.3**
Net Deferred Tax Asset Australia		99.2	59.8
Net Deferred Tax Asset New Zealand		0.3	4.7
Total Net Deferred Tax Assets		**99.5**	**64.5**

Deferred income tax expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year relates to the following:

	NOTES	2013 $'M	2012 $'M
Deferred Tax Assets			
Property, plant and equipment (including impairment)		(47.7)	-
Employee post employment benefits		0.3	(1.6)
Provisions		(6.4)	(2.8)
Tax losses		9.6	1.7
Deductible transaction costs		-	3.3
Change in fair value of cash flow hedges		9.8	(4.6)
Other		(0.8)	0.6
Deferred Tax Liabilities			
Property, plant and equipment		-	0.4
Adjustment recognised in the current year in relation to deferred tax of prior years		(1.8)	(11.6)
Other		(0.9)	(4.4)
		(37.9)	**(19.0)**

Deferred income tax on items charged directly to Equity for the year totalled $3.5 million (2012: $9.8 million), which relates to cash flow hedges, asset revaluation reserve and in prior year capital raising costs.

The Consolidated 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. Refer to Note 28(E) for contingent liability disclosure around the current Taxation Authority Reviews.

	NOTES	2013 $'M	2012 $'M
10. Cash and Cash Equivalents			
Cash at bank and on hand		74.3	72.3
Short-term deposits		1.9	5.6
Cash and Cash Equivalents in the Consolidated Statement of Cash Flows		**76.2**	**77.9**

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 Consolidated Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 32.

11. Trade and Other Receivables

Current		
Trade receivables	262.7	292.2
Less: impairment of trade receivables	(4.7)	(5.1)
	258.0	287.1
Other receivables	24.6	18.5
	282.6	**305.6**

The Consolidated Group's exposure to credit and currency risks and impairment losses related to trade and other receivables is disclosed in Note 32.

12. Inventories

Raw materials and consumables – at cost	11.6	21.1
Work in progress – at cost	0.1	2.1
Finished goods – at cost	161.9	157.4
	173.6	180.6
Less: provision for obsolescence	(8.4)	(5.4)
	165.2	**175.2**

	NOTES	2013 $'M	2012 $'M
13. Derivative Financial Instruments			
Current Assets			
Derivatives at fair value		9.0	0.4
		9.0	**0.4**
Current Liabilities			
Derivatives at fair value		45.6	83.4
		45.6	**83.4**

This includes interest rate swaps amounting to $17.8 million (2012: $22.5 million) that are hedge accounted by the Consolidated Group. The Consolidated Group's exposure to interest rate risk and sensitivity analysis of the variable rate instruments and derivatives is disclosed in Note 32.

	NOTES	2013 $'M	2012 $'M
14. Other Assets			
Prepayments		13.2	11.7
Other current assets		5.8	6.6
		19.0	**18.3**

	NOTES	2013 $'M	2012 $'M
15. Investments Accounted for Using the Equity Method			
Investments in associates	25A	29.6	27.9
		29.6	**27.9**

	NOTES	2013 $'M	2012 $'M
16. Property, Plant and Equipment			
LAND			
Land at fair value		185.3	189.6
Net Book Value		**185.3**	**189.6**
Movements			
Opening written down value		189.6	191.6
Additions		4.6	-
Disposals		(10.8)	(2.2)
Effect of movements in foreign exchange		1.9	0.2
Closing Written Down Value		**185.3**	**189.6**
LANDFILL, CELL DEVELOPMENT AND REMEDIATION			
Landfill and cell development and remediation asset		355.9	418.0
Provision for depreciation		(170.8)	(126.6)
Net Book Value		**185.1**	**291.4**
Movements			
Opening written down value		291.4	284.9
Additions		16.0	20.2
Net movement in remediation asset		21.0	23.5
Impairment of landfill land and remediation asset		(102.8)	-
Depreciation		(44.2)	(37.3)
Effect of movements in foreign exchange		3.7	0.1
Closing Written Down Value		**185.1**	**291.4**

The Consolidated Group has a total of 18 landfills of which 15 are in Australia and 3 in New Zealand. Of the 15 Australian landfills, 6 of these are closed. Those that are open are expected to close between 2015 and 2059. The Consolidated Group's remediation provisions are based on a 30 year post-closure period.

The Consolidated Group has recognised impairments of $325 million as a result of its annual impairment testing of cash-generating unit groups. $160.7 million is impairment of intangible assets (refer to Note 17) and $164.3 million is impairment for property, plant and equipment of which $102.8 million relates to impairment of landfill land and remediation assets as disclosed above. Refer to Note 17 for further details on impairment testing.

	NOTES	2013 $'M	2012 $'M
16. Property, Plant and Equipment (continued)			
BUILDINGS			
Buildings at fair value		82.1	79.3
Provision for depreciation		(8.7)	(4.3)
Net Book Value		**73.4**	**75.0**
Movements			
Opening written down value		75.0	77.7
Additions		1.6	3.2
Disposals		(0.4)	(1.8)
Depreciation		(4.4)	(4.3)
Effect of movements in foreign exchange		1.6	0.2
Closing Written Down Value		**73.4**	**75.0**
LEASEHOLD IMPROVEMENTS			
Leasehold improvements		13.7	12.5
Provision for depreciation		(5.1)	(4.1)
Net Book Value		**8.6**	**8.4**
Movements			
Opening written down value		8.4	8.6
Additions		1.0	1.4
Disposals		-	(0.6)
Depreciation		(1.0)	(1.1)
Effect of movements in foreign exchange		0.2	0.1
Closing Written Down Value		**8.6**	**8.4**

	NOTES	2013 $'M	2012 $'M
16. Property, Plant and Equipment (continued)			
PLANT AND EQUIPMENT			
Plant and equipment		1,385.8	1,282.8
Provision for depreciation		(857.5)	(725.1)
Net Book Value		**528.3**	**557.7**
Movements			
Opening written down value		557.7	565.2
Additions		167.8	130.0
Disposals		(12.3)	(8.0)
Impairment of assets		(61.5)	-
Depreciation		(132.4)	(128.8)
Effect of movements in foreign exchange		9.0	(0.7)
Closing Written Down Value		**528.3**	**557.7**
CAPITAL WORK IN PROGRESS			
Balance at beginning of year		95.6	70.3
Net movement		5.3	25.3
Effect of movements in foreign exchange		2.8	-
Balance at End of Year		**103.7**	**95.6**
TOTAL PROPERTY, PLANT AND EQUIPMENT			
Property, plant and equipment		2,126.5	2,077.8
Provision for depreciation		(1,042.1)	(860.1)
Net Book Value		**1,084.4**	**1,217.7**
Movements			
Opening written down value		1,217.7	1,198.3
Additions		191.0	154.8
Net movement in capital work in progress		5.3	25.3
Net movement in remediation asset		21.0	23.5
Disposals		(23.5)	(12.6)
Impairment of assets		(164.3)	-
Depreciation		(182.0)	(171.5)
Effect of movements in foreign exchange		19.2	(0.1)
Closing Written Down Value		**1,084.4**	**1,217.7**

16. Property, Plant and Equipment (continued)

VALUATIONS

In accordance with Note 3(J), land and buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation of buildings. The fair values are recognised in the Consolidated Financial Statements of the Consolidated 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 to their fair values.

Any revaluation increment (net of tax) is credited to the asset revaluation reserve included in the equity section of the Consolidated Statement of Financial Position. Any revaluation decrement directly offsetting a previous increment in the same asset is directly offset against the surplus in the asset revaluation reserve, otherwise it is charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Revaluation movements are discussed in Note 23(H).

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

	NOTES	2013 $'M	2012 $'M
LAND (EXCLUDING LANDFILL)			
Cost		110.1	114.1
BUILDINGS			
Cost		106.4	105.5
Accumulated depreciation		(30.3)	(25.9)
Closing Written Down Value		**76.1**	**79.6**

LEASED PLANT AND EQUIPMENT

The carrying amount of plant and equipment held under finance lease and hire purchase contracts at 30 June 2013 is $61.3 million (2012: $96.5 million). Finance lease assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase liabilities.

17. Intangible Assets

	NOTES	2013 $'M	2012 $'M
GOODWILL (NET OF IMPAIRMENT LOSSES)			
Goodwill		1,777.5	1,900.3
Net Book Value		**1,777.5**	**1,900.3**
Movements			
Opening written down value		1,900.3	1,892.1
Additions through business combinations		-	0.5
Derecognised on disposal of assets		(5.0)	-
Impairment of goodwill		(160.7)	-
Effect of movements in foreign exchange		42.9	7.7
Closing Written Down Value		**1,777.5**	**1,900.3**

17. Intangible Assets (continued)

	NOTES	2013 $'M	2012 $'M
OTHER INTANGIBLES (NET OF IMPAIRMENT LOSSES)			
Other intangibles		128.1	128.0
Provision for amortisation		(42.8)	(39.1)
Net Book Value		**85.3**	**88.9**
Movements			
Opening written down value		88.9	105.4
Amortisation		(3.7)	(16.5)
Effect of movement in foreign exchange		0.1	-
Closing Written Down Value		**85.3**	**88.9**
TOTAL INTANGIBLES (NET OF IMPAIRMENT LOSSES)			
Intangibles		1,905.6	2,028.3
Provision for amortisation		(42.8)	(39.1)
Net Book Value		**1,862.8**	**1,989.2**
Movements			
Opening written down value		1,989.2	1,997.5
Acquisitions through business combinations		-	0.5
Derecognised on disposal of assets		(5.0)	-
Impairment of intangible assets		(160.7)	-
Amortisation		(3.7)	(16.5)
Effect of movement in foreign exchange		43.0	7.7
Closing Written Down Value		**1,862.8**	**1,989.2**

17. Intangible Assets (continued)

Annual Impairment Testing

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing on an annual basis or more frequently if there is an indication of impairment.

Other intangibles include customer contracts valued at $6.7 million (2012: $10.2 million) and brand names valued at $78.6 million (2012: $78.6 million). Contracts are amortised over their useful life. Brand names are not amortised as they are assessed as having an indefinite useful life.

In accordance with the Consolidated Group's accounting policies, the Consolidated Group performs its impairment testing annually at 30 June. Goodwill and non-current assets are reviewed at each reporting period to determine whether there is an indication of impairment. Where an indicator of impairment exists, a formal review is undertaken to determine the estimate of the recoverable amount.

Deterioration in market conditions, a decline in trading performance and the assets identified for sale or closure as part of the Business and Operational Review during the 2013 financial year represented indicators of impairment. As a result, and in accordance with the policy noted above, the Consolidated Group assessed the recoverable amounts of each cash-generating unit group ("CGUs").

(a) Key Assumptions Used for Value-In-Use Calculations

The recoverable amounts of the CGUs have been based on value-in-use calculations. These calculations use cash flow projections based on actual operating results and financial budgets approved by the Board. The key assumptions used in the testing of these CGUs for both 2013 and 2012 financial years were as follows:

VARIABLE	ASSUMPTION 2013	ASSUMPTION 2012	COMMENT
Nominal EBITDA growth – years 1 to 5	0.0% - 4.6%	0.0% - 6.0%	Based on 5 year financial plan submitted to the Board (excluding strategic objectives)
Nominal growth rate beyond 5 year financial plan (terminal growth rate)	3.0% - 3.5%	3.0% - 4.0%	Based on forecast CPI, GDP and other macro-economic factors
Discount rate (excluding Post Collections)	8.2%	9.0%	Discount rate is post tax for assets with comparable risk profiles. The discount rate has been based on an industry Weighted Average Cost of Capital ("WACC")
	11.7%	12.9%	Discount rate pre-tax
Post Collections discount rate	10.0%	9.0% - 10.5%	Discount rate is post tax for assets with comparable risk profiles
	14.3%	12.8% - 15.0%	Discount rate pre-tax
Capital expenditure	Forecast	Forecast	Based on budgeted capital expenditure escalated to align with future growth assumptions.

17. Intangible Assets (continued)

(b) Results of Impairment Testing

As a result of the deterioration in market conditions, decline in trading performance and the Business and Operational Review that was undertaken, the Consolidated Group conducted a carrying value analysis and has recognised an impairment of goodwill and non-current assets of $325 million (2012: $Nil) before tax, as summarised in the table below:

OPERATING SEGMENT	LANDFILL, CELL DEVELOPMENT REMEDIATION ASSETS $'M	PLANT AND EQUIPMENT $'M	TOTAL TANGIBLE ASSETS $'M	GOODWILL $'M	TOTAL IMPAIRMENT $'M
Cleanaway	102.8	23.4	126.2	105.3	231.5
Industrials	-	16.3	16.3	24.0	40.3
New Zealand	-	21.8	21.8	31.4	53.2
Total	102.8	61.5	164.3	160.7	325.0
Reduction of income tax expense					(48.2)
Total After Tax					**276.8**

Impairment for Collections (included in Cleanaway), Technical Services (included in Industrials) and New Zealand CGU groups of $155 million is a result of specific assets that have been identified to be divested or closed as part of the Business and Operational Review undertaken during the 2013 financial year.

Impairment for Cleanaway also includes $170 million relating to Post Collections. The deterioration in market conditions and trading performance were indicators of an impairment. The amount of the impairment reflects these factors, an increase in discount rate applied to future cash flows and changes in projections of cell development and remediation costs.

(c) Significant Intangible Assets

For impairment testing purposes, the CGUs with significant goodwill and indefinite life intangibles attributable to them are:

	2013		2012	
CASH-GENERATING UNIT	GOODWILL $'M	INDEFINITE LIFE INTANGIBLES $'M	GOODWILL $'M	INDEFINITE LIFE INTANGIBLES $'M
Collections	1,054.2	78.6	1,130.4	78.6
New Zealand	587.7	-	562.2	-
	1,641.9	**78.6**	**1,692.6**	**78.6**

There are no other individual CGUs with significant goodwill and indefinite life intangibles attributable to them.

17. Intangible Assets (continued)

(d) Impact of Possible Changes in Key Assumptions

Collections

	2013	2012
Discount rate	8.2%	9.0%
Nominal EBITDA growth – years 1 to 5	4.6%	6.0%
Nominal growth rate beyond five years	3.5%	4.0%

The recoverable amount of the Collections CGU currently exceeds its carrying value by approximately $180 million (2012: $191.3 million). This excess in recoverable amount could be reduced to $Nil should changes in the following key assumptions occur:

1. Discount rate – an increase in the discount rate of over 0.6% (2012: 0.7%) would result in a reduction of the recoverable amount to below the carrying value.
2. Nominal growth rate beyond five year plan – a decrease in the growth rate beyond the initial five years of over 0.8% (2012: 0.9%) would result in a reduction of the recoverable amount to below the carrying value.
3. Nominal EBITDA growth – years 1 to 5 – a decrease in the nominal EBITDA growth rate of over 1.2% (2012: 1.8%) would result in a reduction of the recoverable amount to below the carrying value.

New Zealand

	2013	2012
Discount rate	8.2%	9.0%
Nominal EBITDA growth – years 1 to 5	3.3%	5.0%
Nominal growth rate beyond five years	3.0%	3.0%

The recoverable amount of the New Zealand CGU currently exceeds its carrying value by approximately $80 million (2012: $Nil). This excess in recoverable amount could be reduced to $Nil should changes in the following key assumptions occur:

1. Discount rate – an increase in the discount rate of over 0.6% (2012: Nil) would result in a reduction of the recoverable amount to below the carrying value.
2. Nominal growth rate beyond five year plan – a decrease in the growth rate beyond the initial five years of over 0.7% (2012: Nil) would result in a reduction of the recoverable amount to below the carrying value.
3. Nominal EBITDA growth – years 1 to 5 – a decrease in the nominal EBITDA growth rate of over 1.0% (2012: Nil) would result in a reduction of the recoverable amount to below the carrying value.

Post Collections

During the 2013 financial year, all intangible assets attributable to Post Collections CGU group were impaired to $Nil carrying value, so no further impairment is possible on intangible assets. However, any negative change in the underlying assumptions in the future would result in a further impairment of tangible assets.

	NOTES	2013 $'M	2012 $'M
18. Trade and Other Payables			
CURRENT			
Trade payables		149.7	139.6
Other payables and accruals		115.2	151.1
		264.9	**290.7**

The Consolidated Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 32.

	NOTES	2013 $'M	2012 $'M
19. Borrowings			
CURRENT			
UNSECURED			
Loans to related parties and associates	30C	3.3	3.3
Other		0.2	0.4
		3.5	3.7
SECURED			
Obligations under finance leases and hire purchase liabilities	28B	18.0	36.3
US Private Placement Notes (market value)		-	146.8
6.75% Subordinated Convertible Notes		-	51.3
		21.5	**238.1**

19. Borrowings (continued)

	NOTES	2013 $'M	2012 $'M
NON-CURRENT			
UNSECURED			
Other		0.8	1.0
		0.8	1.0
SECURED			
Bank loans		937.8	831.3
US Private Placement Notes (market value)		51.8	-
Obligations under finance leases and hire purchase liabilities	28B	41.8	58.1
		1,032.2	**890.4**
Total Borrowings		**1,053.7**	**1,128.5**

All borrowings are net of prepaid borrowing costs.

US Private Placement Notes and Convertible Notes had been included in current borrowings at 30 June 2012 as the holders had the right to put or have the right to redemption at September 2012 and December 2012 respectively. Subsequent to those dates, the put and redemption rights expired. On 27 January 2012, the Consolidated Group granted fixed and floating charge security in favour of the Syndicated Facility lenders (bank loans), USPP Note holders and Convertible Note holders. On 17 December 2012 the Consolidated Group repaid $115.3 million of US Private Placement Notes. The remaining US Private Placement Notes mature in December 2017 and have therefore been classified as non-current borrowings at 30 June 2013.

In November 2012, the Consolidated Group repurchased $11.0 million of Subordinated Convertible Notes due 7 December 2014. The notes carried a coupon of 6.75%. Holders of $37.3 million of Subordinated Convertible Notes exercised their put right, and their holdings were redeemed on 7 December 2012. A balance of $3.0 million remained outstanding, in which the Consolidated Group exercised its right under the terms of the Subordinated Convertible Notes and issued redemption notices to remaining holders. On 4 December 2012, the Consolidated Group repurchased $3.0 million of Subordinated Convertible Notes. All Convertible Notes were cancelled.

Convertible Notes have been repurchased during the year, resulting in the following movements:

	NOTES	2013 $'M	2012 $'M
CONVERTIBLE NOTES			
Opening balance		51.3	286.3
Reduction in principal on buy-back		(51.3)	(255.9)
Acceleration of amortisation on repurchase		-	14.8
Amortisation		-	6.1
Closing Balance		**-**	**51.3**

19. Borrowings (continued)

FINANCING FACILITIES

The facility limits and maturity profile of the Consolidated Group's main financing facilities are as follows:

FACILITY		*AMOUNT*	*MATURITY*
Syndicated Facility Agreement	5 year tranche	$518 million	November 2016
	4 year tranche	$510 million	November 2015
	3 year tranche	$397 million	November 2014
US Private Placement Notes	10 year tenure	US$48 million	December 2017

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

The interest on the US Private Placement ("USPP") Notes have been swapped to AUD fixed rate debt to mitigate the foreign currency risk exposure arising for these borrowings.

The Consolidated Group's finance facilities are summarised below:

	2013 $'M	**2012 $'M**
DEBT FACILITIES		
Facilities available under Syndicated Facility Agreement	1,425.0	1,429.0
Facilities available under US Private Placement Notes	53.9	169.2[(i)]
Facilities available under Convertible Notes	-	51.3[(ii)]
Total facilities	**1,478.9**	**1,649.5**
Facilities utilised at balance date for bank loans, guarantees and Notes	(1,208.5)	(1,309.0)
Facilities available for known maturities for US Private Placement Notes and Convertible Notes	-	(166.6)[(iii)]
Facilities Not Utilised at Balance Date	**270.4**	**173.9**

Facilities used at balance date include $133.3 million (2012: $130.9 million) in guarantees, and letters of credit which are not included in the Consolidated Statement of Financial Position.

(i) USPP lenders had the right to put the debt back to the Consolidated Group at September 2012.

(ii) Convertible Note holders had the right to request redemption in December 2012.

(iii) $166.6 million was utilised for the maturities of the Convertible Notes and 5 year USPP Notes who had the right to put in September 2012 and December 2012 respectively.

20. Provisions

	NOTES	2013 $'M	2012 $'M
CURRENT			
Provision for Warranties			
Balance at beginning of year		6.8	5.7
Provisions made during the year		9.2	7.8
Provisions used during the year		(7.5)	(6.4)
Provisions reversed during the year		-	(0.3)
Balance at End of Year		**8.5**	**6.8**
Provision – Other			
Balance at beginning of year		20.9	19.7
Provisions made during the year		32.1	31.2
Provisions used during the year		(26.4)	(27.6)
Provisions reversed during the year		(0.8)	(2.4)
Balance at End of Year		**25.8**	**20.9**
Provision – Remediation			
Balance at beginning of year		31.9	43.2
Remediation work completed		(6.9)	(11.3)
Balance at End of Year		**25.0**	**31.9**
Total Current Provisions			
Balance at beginning of year		59.6	68.6
Provisions made during the year		41.3	39.0
Provisions used during the year		(33.9)	(34.0)
Provisions reversed during the year		(0.8)	(2.7)
Remediation work completed		(6.9)	(11.3)
Balance at End of Year		**59.3**	**59.6**
NON-CURRENT			
Non-Current Provision – Remediation			
Balance at beginning of year		92.1	65.1
Unwinding of discounts on provision		3.1	5.8
Change in discount rate		(8.5)	24.7
Change in assumptions[(i)]		29.1	(3.6)
Effect on movement in foreign exchange		1.6	0.1
Balance at End of Year		**117.4**	**92.1**

[(i)] The change in assumptions represents changes in Environmental guidelines and estimate of cost reviews.

20. Provisions (continued)

The provision for remediation has been estimated using current expected costs and techniques applicable to the disturbed area. These costs have been adjusted for future value of the expected costs at the time of works being required. These costs have then been discounted to estimate the required provision at a rate between 3.11% and 4.07% (2012: 3.04%). Refer to Note 3(J) and Note 16 for expected timing of cash outflows related to closure of landfills.

WARRANTIES

The provision for warranties relates mainly to the Commercial Vehicles Division warranties when the underlying products are sold. The provision is based on historical average cost per vehicle under warranty multiplied by the number of vehicles which have been sold and are under warranty at balance date.

OTHER PROVISIONS

Included in other provisions is an amount of $10.0 million (2012: $6.2 million) in relation to workers compensation self-insurance of the Consolidated Group in Australia under the Comcare scheme. The workers compensation self-insurance provision is reassessed annually based on actuarial advice.

Other provisions also includes amounts for vehicle dealer support and floor plan interest and operating lease property make-good.

21. Other Liabilities

	NOTES	2013 $'M	2012 $'M
Deferred income		18.8	19.1
		18.8	**19.1**

Deferred income relates to prepaid waste collection amounts not yet serviced and goods not yet supplied.

22. Share Based Payments

On 1 June 2010, 3 September 2010, 28 September 2011 and 2 November 2011 the Consolidated Group issued Performance Rights attached to a Long Term Incentive Plan ("LTI"). On 1 June 2010 the Consolidated Group issued Performance Rights attached to an Executive Engagement Award ("EEA"). The 2010 and 2011 LTI and the EEA are exercisable in one tranche if certain performance standards are met. The 2012 LTI is exercisable in two tranches if certain performance standards are met.

The vesting of the Performance Rights issued under the EEA 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%

22. Share Based Payments (continued)

The 2010 and 2011 LTI will vest if both the following performance hurdles are met:

- The Company achieves a 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 Consolidated Group achieves certain EPS growth targets, the percentage of Performance Rights that will vest is as set out in the table below:

UNDERLYING EPS GROWTH HURDLE	PROPORTION OF PERFORMANCE RIGHTS THAT MAY BE EXERCISED IF TSR HURDLE IS MET	
	2010 OFFER	**2011 OFFER**
< 15% annualised EPS growth	0%	0%
15% annualised EPS growth	50%	50%
15% to 20% annualised EPS growth	Straight line vesting between 50% and 75%	Straight line vesting between 50% and 75%
20% to 25% annualised EPS growth	Straight line vesting between 75% and 100%	Straight line vesting between 75% and 100%
PERFORMANCE PERIOD	**1 July 2010 to 30 June 2012**	**1 July 2010 to 30 June 2013**

The 2010 and 2011 offers have not vested because the hurdles have not been met. It was determined in the prior year that these hurdles would not be met and therefore, the forfeiture was recognised in the prior year.

The 2012 LTI will vest in two equal tranches based if the following performance hurdles are met:

- Tranche 1 – 50% of the Performance Rights vest if the Company achieves a relative TSR 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).
- Tranche 2 – 50% of the Performance Rights vest if the Company achieves certain EPS growth targets. The percentage of performance targets which will vest under this tranche is as set out in the table below:

UNDERLYING EPS GROWTH HURDLE	PROPORTION OF TRANCHE 2 PERFORMANCE RIGHTS THAT MAY BE EXERCISED IF EPS HURDLE IS MET
	2012 OFFER
< 15% annualised EPS growth	0%
15% annualised EPS growth	50%
15% to 20% annualised EPS	Straight line vesting between 50% and 75%
20% to 25% annualised EPS growth	Straight line vesting between 75% and 100%
PERFORMANCE PERIOD	**1 July 2011 to 30 June 2015**

22. Share Based Payments (continued)

The 2013 LTI will vest in two equal tranches if the following performance hurdles are met:

- Tranche 1 – Up to 50% of the Performance Rights vest if the Company achieves a certain TSR ranking within in S&P/ASX 200 Industrial Sector Index (excluding companies involved in resources or mining). The percentage of the Performance Rights which will vest under this tranche is set out in the table below:

TSR PERFORMANCE COMPARED TO THE S&P/ASX 200 INDUSTRIAL SECTOR	PROPORTION OF TRANCHE 1 PERFORMANCE RIGHTS THAT MAY BE EXERCISED IF TSR HURDLE IS MET 2013 OFFER
0 to 49th percentile	0%
50th percentile	50%
51st to 74th percentile	Straight line vesting between 51% and 99%
75th to 100th percentile	100%
PERFORMANCE PERIOD	**1 July 2012 to 30 June 2016**

- Tranche 2 – Up to 50% of Performance Rights vest if the Company achieves certain EPS performance targets. The percentage of the performance targets which will vest under this tranche is set out in the table below:

UNDERLYING EPS HURDLE	PROPORTION OF TRANCHE 2 PERFORMANCE RIGHTS THAT MAY BE EXERCISED IF EPS HURDLE IS MET 2013 OFFER
< 10 cents per share	0%
10 cents per share	50%
Between 10 and 12.8 cents per share	Straight line vesting between 51% and 75%
Between 12.8 and 14.0 cents per share	Straight line vesting between 75% and 100%
>14.0 cents per share	100%
PERFORMANCE PERIOD	**Year Ended 30 June 2016**

22. Share Based Payments (continued)

During the 2011 year the Consolidated Group issued Performance Rights which vested on 30 June 2012 under the terms of the Transpacific Industries Group STI.

The following Performance Rights have been granted during the 2013 and 2012 years:

DATE GRANTED	FIRST EXERCISE DATE ON OR AFTER	EXPIRY DATE	NUMBER GRANTED 2013	NUMBER GRANTED 2012
Issue (5) 30 September 2011 – LTI	Release of results for year ending 30 June 2015	Six months following exercise date	-	3,852,943
Issue (6) 2 November 2011 – LTI	Release of results for year ending 30 June 2013	Six months following exercise date	-	337,500
Issue (7) 2 November 2011 – LTI	Release of results for year ending 30 June 2015	Six months following exercise date	-	888,158
Issue (8) 13 September 2012 – AIP (STI)	30 June 2014	Six months following excise date	987,192	-
Issue (9) 5 October 2012 – AIP (STI)	30 June 2014	Six months following excise date	66,141	-
Issue (10) 19 June 2013 – LTI	Release of results for the year ending 30 June 2016	Six months following excise date	4,992,034	-

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

	NUMBER OF OPTIONS AND PERFORMANCE RIGHTS 2013	NUMBER OF OPTIONS AND PERFORMANCE RIGHTS 2012
Outstanding at the beginning of the period	15,772,829	14,087,409
Granted during the period	6,045,367	5,078,601
Exercised during the period	(354,465)	-
Cancelled/lapsed during the period	(3,436,692)	(3,393,181)
Outstanding at the End of the Period	**18,027,039**	**15,772,829**
Represents:		
Performance Rights	18,027,039	15,772,829
	18,027,039	**15,772,829**
Exercisable at the End of the Period	**-**	**-**

There were no options outstanding at 30 June 2013. The options which had an expiry date of 31 July 2012 were cancelled on 23 August 2011.

22. Share Based Payments (continued)

Total share based payment expense included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income is set out in Note 23(H).

The Performance Rights granted as part of the STI have been valued at the share price on the date of issue as they have a zero exercise price. All other parameters remain consistent to those below.

All other Performance Rights granted during the year were fair valued by an external party using a binomial model. The following table sets out the assumptions made in determining the value of these Performance Rights:

SCHEME **NUMBER OF RIGHTS** **DATE OF ISSUE**	**LTI** **2,613,063** **01/06/10**	**LTI** **3,968,010** **03/09/10**	**EEA** **9,945,265** **01/06/10**	**LTI** **4,741,101** **30/09/11**	**LTI** **4,992,034** **20/06/13**
Vesting period	August 2012	August 2013	June 2015	August 2015	August 2016
Measurement period (years)	2.1	2.8	5.1	3.8	3.0
Risk free interest rate (%)	4.92%	4.95%	5.38%	4.36%	2.73%
Volatility (%)	68.34%	64.51%	54.94%	68.53%	39.74%
Fair value	$0.89	$0.85	$1.34	$0.54	$0.49

All options under the Option Plan have lapsed as vesting conditions were not met. The Options with an expiry date of 31 July 2012 were cancelled on 23 August 2011.

23. Equity

(A) ISSUED CAPITAL

	2013 $'M	2012 $'M
Ordinary shares – issued and fully paid	2,071.7	2,070.5
Convertible Notes equity component (refer to Note 19)	-	51.6
	2,071.7	**2,122.1**

(B) MOVEMENTS IN ORDINARY SHARES

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.

	2013		2012	
	NUMBER OF SHARES	**$'M**	**NUMBER OF SHARES**	**$'M**
Balance at the beginning of year	1,578,209,025	2,070.5	960,638,735	1,770.0
Issued during financial year:				
- Issue of shares under the Company's employee share option plan	354,465	-	-	-
- Shares issued for equity raising	-	-	617,570,290	308.8
- Transaction costs (2012: net of $3.6 million tax)	-	1.2	-	(8.3)
Balance at End of Year	**1,578,563,490**	**2,071.7**	**1,578,209,025**	**2,070.5**

23. Equity (continued)

(C) MOVEMENTS IN STEP-UP PREFERENCE SECURITIES

	2013		2012	
	NUMBER OF UNITS	$'M	NUMBER OF UNITS	$'M
Balance at the beginning of year	2,500,000	249.8	2,500,000	249.8
Balance at End of Year	**2,500,000**	**249.8**	**2,500,000**	**249.8**

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.

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.

On 1 October 2011 the distribution on the preference securities was "stepped up". As a result, the pre-tax distribution margin has increased from 3.5% to 6.0% with effect from the distribution period ended 31 March 2012.

While the SPS have no fixed maturity date, the Trust retains the ability to redeem or convert the SPS at subsequent distribution payment dates.

(D) CAPITAL MANAGEMENT

When managing capital, management's objective is to ensure that the Consolidated Group uses a mix of funding options, with the objectives of optimising returns to security holders and prudent risk management.

The facility limits and maturity profile of the Consolidated Group's main financing facilities are as follows:

FACILITY		*AMOUNT*	*MATURITY*
Syndicated Facility Agreement	5 year tranche	$518 million	November 2016
	4 year tranche	$510 million	November 2015
	3 year tranche	$397 million	November 2014
US Private Placement Notes	10 year tenure	US$48 million	December 2017

23. Equity (continued)

(E) 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 2013 and 2012 financial years.

(F) SHARE OPTIONS AND PERFORMANCE RIGHTS

The details of the Short and Long Term Incentive Plans and Executive Engagement Award are set out at Note 22.

(G) WARRANTS

On 26 October 2011, the Company announced a pro rata accelerated renounceable entitlement offer to current shareholders of the Issuer. At the time of the offer, the Issuer had 71,637,326 equity warrants on issue and the exercise price for the warrants was $1.20 per warrant. This triggered a dilutive event effective 31 October 2011. An adjustment was made to the warrants issued under the Equity Warrant Deed where the underlying entitlement was adjusted to 1.076 of the warrants on issue. As a result, the total warrants on issue are now 77,081,763 warrants. The exercise price is now $1.12 (subject to certain dilutive events).

The warrants are exercisable in three tranches as follows:

- 25,693,921 warrants exercisable from 5 August 2010;
- 25,693,921 warrants exercisable from 1 July 2011; and
- 25,693,921 warrants exercisable from 1 July 2012.

The warrants expire on 30 June 2014.

(H) RESERVES

	NOTES	2013 $'M	2012 $'M
Foreign currency translation reserve	(i)	(28.4)	(90.6)
Asset revaluation reserve	(ii)	32.9	33.5
Warrants reserve	(iii)	60.9	60.9
Hedging reserve	(iv)	(6.7)	(15.9)
Employee equity benefits reserve	(v)	5.9	4.4
		64.6	**(7.7)**

(i) 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:		
Balance at beginning of year	(90.6)	(101.1)
Exchange differences taken to Equity	62.2	10.5
Balance at End of Year	**(28.4)**	**(90.6)**

23. Equity (continued)

(H) RESERVES (CONTINUED)

(ii) 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 prior periods' listed company investments).

	2013 $'M	2012 $'M
Movements		
Asset revaluation reserve:		
Non landfill land and buildings	33.5	33.8
Available-for-sale assets (listed company securities)	-	1.4
Balance at beginning of year	33.5	35.2
Transfer to retained earnings	-	(0.3)
Disposal of non-landfill land and buildings	(0.6)	-
Revaluation of available-for-sale assets (net of $Nil tax)	-	5.3
Gain from disposal of investment in listed securities	-	(6.7)
Balance at End of Year	**32.9**	**33.5**
Attributable to		
Non landfill land and buildings	32.9	33.5
Total	**32.9**	**33.5**

(iii) Warrants Reserve

Nature and Purpose of Reserve

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

	2013 $'M	2012 $'M
Movements		
Warrants reserve:		
Balance at beginning of year	60.9	60.9
Balance at End of Year	**60.9**	**60.9**

23. Equity (continued)

(H) RESERVES (CONTINUED)

(iv) 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.

	2013 $'M	2012 $'M
Movements		
Hedging reserve:		
Balance at beginning of year	(15.9)	(3.8)
Transfer to Other Comprehensive Income (net of $0.4 million tax (2012: net of $1.0 million tax))	0.8	2.5
Net gain arising from changes in fair value of hedging instruments (net of $4.9 million tax (2012: $3.2 million))	11.7	7.5
Net (loss) arising from changes in fair value of hedging instruments (net of $1.4 million tax (2012: $9.5 million))	(3.3)	(22.1)
Balance at End of Year	**(6.7)**	**(15.9)**

(v) 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 as part of their remuneration. Refer to Note 22 for further details of these plans.

Movements		
Employee equity benefits reserve:		
Balance at beginning of year	4.4	3.7
Share based payment expense	1.5	1.3
Transfer to retained earnings	-	(0.6)
Balance at End of Year	**5.9**	**4.4**

(I) DIVIDENDS AND DISTRIBUTIONS

There were no dividends provided or paid on ordinary shares during the 2013 or 2012 reporting years.

23. Equity (continued)

(I) DIVIDENDS AND DISTRIBUTIONS (CONTINUED)

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

	2013		2012	
	AMOUNT PER SHARE/UNIT	**TOTAL $'M**	**AMOUNT PER SHARE/UNIT**	**TOTAL $'M**
Step-up Preference Securities				
Distribution period ended 30 September: fully franked at 30% tax rate	$3.60	9.0	$2.97	7.4
Distribution period ended 31 March: fully franked at 30% tax rate	$3.23	8.1	$3.69	9.2
Total Distribution Paid		**17.1**		**16.6**

After the reporting date the following distribution was proposed by the Directors. The distribution has not been provided for.

Proposed for:				
Step-up Preference Securities				
Distribution period ended 30 September: fully franked at 30% tax rate	$3.18	8.0	$3.60	9.0

(J) FRANKING CREDIT BALANCE

	2013 $'M	2012 $M
30% franking credits available for subsequent financial years	35.0	31.2

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; and

(c) Franking credits that will arise from the receipt of dividends recognised as receivables by the tax Consolidated Group at the year end.

(K) RETAINED EARNINGS

Retained earnings at beginning of year	(218.3)	(231.7)
Net (loss)/profit attributable to members of the Parent entity	(218.7)	12.5
Transfer from Convertible Notes (equity component of issued capital)	51.6	-
Transfer from asset revaluation reserve	-	0.3
Transfer from employee equity benefits reserve	-	0.6
Retained Earnings at End of Year	**(385.4)**	**(218.3)**

(L) NON-CONTROLLING INTEREST

Contributed equity	2.3	2.3
Retained earnings	4.3	3.1
	6.6	**5.4**

24. Consolidated Entities

ENTITY	COUNTRY OF INCORPORATION	2013 %	2012 %
Transpacific Industries Group Ltd – Parent	Australia		
Transpacific Securities Pty Ltd	Australia	100	100
Transpacific SPS Trust	Australia	100	100
Transpacific Sustain Pty Ltd	Australia	100	100
Transpacific Innovations Pty Ltd	Australia	100	100
Transpacific Co Pty Ltd[(ii)]	Australia	100	100
Transpacific Resources Pty Ltd[(ii)]	Australia	100	100
Environmental Recovery Services Pty Ltd[(ii)]	Australia	100	100
ERS Australia Pty Ltd[(ii)]	Australia	100	100
Kleenparts Pty Ltd	Australia	100	100
Transpacific Energy Pty Ltd	Australia	100	100
Transpacific Oil Pty Ltd	Australia	100	100
ERS Singapore Pte Ltd	Singapore	100	100
ERS Taiwan Ltd	Taiwan	100	100
Transpacific Industries Pty Ltd[(ii)]	Australia	100	100
Associated Oils Pty Ltd	Australia	100	100
ATS Developments Pty Ltd	Australia	100	100
Australian Pollution Engineering Pty Ltd	Australia	100	100
Australian Resource Recovery Pty Ltd	Australia	100	100
Australian Terminal Services Pty Ltd	Australia	100	100
L V Rawlinson & Associates Pty Ltd	Australia	100	100
Mann Waste Management Pty Ltd	Australia	100	100
Nationwide Oil Pty Ltd[(ii)]	Australia	100	100
Oil & Fuel Salvaging (Qld) Pty Ltd	Australia	100	100
NQ Resource Recovery Pty Ltd[(ii)]	Australia	100	100
Olmway Pty Ltd[(i)]	Australia	50	50
QORS Pty Ltd	Australia	100	100
Solidsep Pty Ltd	Australia	100	100
Transpacific Biofuels Pty Ltd[(i)]	Australia	50	50
Transpacific Bituminous Products Pty Ltd[(iii)]	Australia	-	100
Transpacific Environmental Services Pty Ltd	Australia	51	51
Transpacific Manufacturing Systems Pty Ltd	Australia	100	100
Transpacific Refiners Pty Ltd[(i)]	Australia	50	50
Transpacific Superior Pak Pty Ltd[(ii)]	Australia	100	100
Transwaste Technologies (1) Pty Ltd	Australia	100	100
Transwaste Technologies Pty Ltd[(ii)]	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 Consolidated Group in pursuing its objectives.

[(ii)] 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.

[(iii)] Transpacific Bituminous Products Pty Ltd was divested effective 31 October 2012.

24. Consolidated Entities (continued)

ENTITY	COUNTRY OF INCORPORATION	2013 %	2012 %
Transpacific Baxter Pty Ltd[(ii)]	Australia	100	100
A J Baxter Pty Ltd	Australia	100	100
Baxter Business Pty Ltd[(ii)]	Australia	100	100
Baxter Recyclers Pty Ltd	Australia	100	100
Transpacific Cleanaway Pty Ltd[(ii)]	Australia	100	100
Enviroguard Pty Ltd[(ii)]	Australia	100	100
Getabin Pty Ltd	Australia	100	100
Transpacific Cleanaway Hygiene Pty Ltd	Australia	100	100
Transpacific Collections Pty Ltd	Australia	100	100
Transpacific Recycling Pty Ltd	Australia	100	100
Transpacific Ventures Pty Ltd	Australia	100	100
Transpacific Industrial Solutions Pty Ltd[(ii)]	Australia	100	100
ACN 122 808 324 Pty Ltd	Australia	100	100
Transpacific Industries Holdings Pty Ltd	Australia	100	100
Transpacific Paramount Services Pty Ltd	Australia	100	100
Transpacific Waste Management Pty Ltd[(ii)]	Australia	100	100
Ashrye Pty Ltd	Australia	100	100
Clarinda Landfill Pty Ltd	Australia	100	100
Max T Pty Ltd	Australia	100	100
Rubus Holdings Pty Ltd[(ii)]	Australia	100	100
Rubus Intermediate One Pty Ltd[(ii)]	Australia	100	100
Rubus Intermediate Two Pty Ltd[(ii)]	Australia	100	100
Transpacific Cleanaway Holdings Pty Ltd[(ii)]	Australia	100	100
Transpacific Resource Recycling Pty Ltd	Australia	100	100
Waste Management Pacific (SA) Pty Ltd	Australia	100	100
Waste Management Pacific Pty Ltd[(ii)]	Australia	100	100
Western Star Trucks Australia Pty Ltd[(ii)]	Australia	100	100
MAN Automotive Imports (NZ) Ltd	New Zealand	100	100
Man Automotive Imports Pty Ltd[(ii)]	Australia	100	100
Man Imports Pty Ltd	Australia	100	100
Western Star Truck Centre Trust	Australia	100	100
Transpacific Industries Group Finance (NZ) Ltd	New Zealand	100	100
ERS New Zealand Ltd	New Zealand	100	100
Healthcare Waste Ltd	New Zealand	100	100
Transpacific Technical Services (NZ) Ltd	New Zealand	100	100
Transpacific Industries Group (NZ) Ltd	New Zealand	100	100
Burwood Resource Recovery Park Ltd[(iv)]	New Zealand	-	-
Canterbury Material Recovery Facilities Ltd	New Zealand	100	100
Canterbury Waste Services Ltd	New Zealand	100	100
Eastern Bins Ltd	New Zealand	100	100

[(ii)] 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.

[(iv)] On 29 February 2012, Burwood Resource Recovery Park Ltd was divested to Transwaste Canterbury Ltd.

24. Consolidated Entities (continued)

ENTITY	COUNTRY OF INCORPORATION	2013 %	2012 %
Get-A-Bin Ltd	New Zealand	100	100
Otago Waste Services Ltd	New Zealand	100	100
Recycle New Zealand Ltd	New Zealand	100	100
Superior Pak NZ Ltd	New Zealand	100	100
Tartan Industries Ltd	New Zealand	100	100
The Wheelibin Company Ltd	New Zealand	100	100
Transpacific Collections Ltd	New Zealand	100	100
Transpacific Industrial Solutions (NZ) Ltd	New Zealand	100	100
Transpacific Recycling Ltd	New Zealand	100	100
Transpacific Waste Management Ltd	New Zealand	100	100
Waste Management Ltd	New Zealand	100	100
Waste Care Ltd	New Zealand	100	100
Waste Disposal Services Ltd	New Zealand	100	100
Transpacific All-Brite Ltd	New Zealand	100	100
Flexi-Bin Ltd	New Zealand	100	100
General Rubbish Collection Ltd	New Zealand	100	100
Budget Bins Ltd	New Zealand	100	100
Sunshine Garden Bag & Bin Company Ltd	New Zealand	100	100

24. Consolidated Entities (continued)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income and Consolidated Statement of Financial Position of the entities who are a party to the Deed of Cross Guarantee are:

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	2013 $'M	2012 $'M
Revenue from continuing operations	1,869.2	1,730.9
Other income	-	33.2
Raw materials and inventory	(377.5)	(337.9)
Waste disposal and collection	(306.3)	(272.9)
Employee expenses	(584.5)	(523.9)
Depreciation and amortisation expenses	(144.1)	(141.9)
Repairs and maintenance	(89.8)	(86.4)
Fuel purchases	(49.1)	(53.4)
Leasing charges	(61.5)	(59.3)
Freight costs	(19.8)	(18.4)
Other expenses	(89.9)	(134.7)
Share of profits of associates	0.6	(0.4)
Net finance costs	(110.6)	(160.9)
Impairment of assets	(271.8)	-
Changes in fair value of derivative financial instruments	12.5	(15.6)
(Loss)/Profit Before Income Tax	**(222.6)**	**(41.6)**
Income tax benefit/(expense)	24.5	13.4
(Loss)/Profit From Continuing Operations After Income Tax	**(198.1)**	**(28.2)**

(Loss)/Profit From Continuing Operations After Income Tax	**(198.1)**	**(28.2)**
Other Comprehensive Income		
Cash flow hedges		
Net gain/(loss) taken to equity	8.4	(14.6)
Net gain/(loss) taken to profit and loss	-	2.5
Net Comprehensive Income/(Loss) Recognised Directly in Equity	**8.4**	**(12.1)**
Total Comprehensive (Loss)/Income for the Year	**(189.7)**	**(40.3)**

24. Consolidated Entities (continued)

STATEMENT OF FINANCIAL POSITION	2013 $'M	2012 $'M
ASSETS		
Cash and cash equivalents	56.6	51.4
Trade and other receivables	272.3	344.7
Inventories	127.3	142.7
Other assets	28.9	19.1
Total Current Assets	485.1	557.9
Investments accounted for using the equity method	12.5	13.7
Other financial assets	797.8	773.2
Property, plant and equipment	852.8	907.3
Intangible assets	1,127.2	1,355.7
Deferred tax assets	88.3	57.4
Total Non-current Assets	2,878.6	3,107.3
Total Assets	3,363.7	3,665.2
LIABILITIES		
Trade and other payables	260.8	288.4
Income tax payable	8.7	3.4
Borrowings	15.7	274.5
Employee benefits	39.5	42.4
Provisions	66.9	59.6
Other	47.7	85.3
Total Current Liabilities	439.3	753.6
Borrowings	1,026.1	839.3
Employee benefits	9.3	7.8
Provisions	98.5	95.6
Other	9.2	-
Total Non-current Liabilities	1,143.1	942.7
Total Liabilities	1,582.4	1,696.3
Net Assets	**1,781.3**	**1,968.9**
EQUITY		
Issued capital	2,071.7	2,122.1
Reserves	83.1	73.8
Retained earnings	(373.5)	(227.0)
Total Equity	**1,781.3**	**1,968.9**

25. 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**	**2013 %**	**2012 %**	**2013 $'M**	**2012 $'M**
Solid Waste Management:						
Otago Southland Waste Services Ltd[i]	New Zealand	30 June	-	50	-	0.4
Living Earth Ltd	New Zealand	30 June	50	50	1.9	1.8
Midwest Disposals Ltd	New Zealand	30 June	50	50	2.9	2.4
Pikes Point Transfer Station Ltd	New Zealand	30 June	50	50	0.8	0.9
Daniels Sharpsmart New Zealand Ltd	New Zealand	30 June	50	50	0.2	-
Transwaste Canterbury Ltd	New Zealand	30 June	50	50	10.7	9.5
Waste Disposal Services (unincorporated joint venture)	New Zealand	30 June	50	50	-	-
Wonthaggi Recyclers Pty Ltd	Australia	30 June	50	50	0.7	0.6
Earthpower Technologies Sydney Pty Ltd	Australia	30 June	50	50	-	-
Garware Environmental Services Private Limited[ii]	India	30 June	-	50	-	-
Technical Services Management:						
Total Waste Management Pty Ltd	Australia	31 December	50	50	3.6	4.8
Western Resource Recovery Pty Ltd	Australia	31 December	50	50	8.8	7.5
Industrial Management:						
ERS Co Pty Ltd	Australia	30 June	49	49	-	-
					29.6	**27.9**

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.

[i] On 2 November 2012, the Consolidated Group disposed of its investment in Otago Southland Waste Services Ltd.

[ii] On 27 November 2012, the Consolidated Group disposed of its investment in Garware Environmental Services Private Limited.

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

(B) SHARE OF ASSOCIATES' STATEMENT OF FINANCIAL POSITION

	2013 $'M	2012 $'M
Total assets	106.4	123.6
Total liabilities	(47.2)	(67.8)
Net Assets as Reported by Associates	59.2	55.8
Share of Associates' Net Assets Equity Accounted	29.6	27.9

(C) SHARE OF ASSOCIATES' REVENUE AND PROFIT

	2013 $'M	2012 $'M
Revenues (100%)	87.3	65.1
Profit before income tax (100%)	15.4	9.2
Share of Associates' profit before income tax	7.7	4.6
Share of income tax expense	(2.2)	(1.7)
Share of Associates' Net Profit/(Loss) Recognised	5.5	2.9

(D) IMPAIRMENT LOSSES AND COMMITMENTS

During the year the Associates were tested for impairment and no adjustments were made as a result (2012: $Nil).

As at the reporting date the Associates had capital commitments in relation to contracts of $Nil (2012: $Nil).

	2013 $'M	2012 $'M
26. Reconciliation of Cash Flows From Operating Activities		
(Loss)/Profit From Continuing Operations After Income Tax	(200.4)	32.2
ADJUSTMENTS FOR:		
Performance Rights expense	1.5	1.3
Other non-cash items	2.8	4.0
Write off of establishment costs associated with former debt facilities	-	17.2
Accelerated amortisation of Convertible Notes and redemption costs	0.3	16.5
Impairment on non-current assets and intangibles	325.0	-
Change in fair value of derivative financial instruments	(12.5)	15.6
Gain from disposal of investment in listed securities	-	(6.7)
Depreciation and amortisation	185.7	188.0
Share of associates' net profits	(5.5)	(2.9)
Net gain/(loss) on sale of investments and properties	15.9	-
Net (gain)/loss on disposal of property, plant and equipment	0.7	(2.5)
Net Cash Flow From Operating Activities Before Changes in Assets and Liabilities	**313.5**	**262.7**
CHANGES IN ASSETS AND LIABILITIES ADJUSTED FOR EFFECTS OF PURCHASE OF CONTROLLED ENTITIES DURING THE FINANCIAL PERIOD:		
(Increase)/decrease in receivables	18.3	9.3
(Increase)/decrease in other assets	(1.3)	(1.9)
(Increase)/decrease in inventories	(3.8)	(43.6)
Increase/(decrease) in payables	11.2	57.3
Increase/(decrease) in income tax payable	2.5	4.8
Increase/(decrease) in deferred taxes	(34.4)	(18.7)
Increase/(decrease) in other liabilities	(29.6)	(0.9)
Increase/(decrease) in other provisions	6.0	1.0
Net Cash From/(Used In) Operating Activities	**282.4**	**270.0**

During the 2013 financial year the Consolidated Group acquired plant and equipment with an aggregate fair value of $Nil (2012: $0.7 million) by means of finance lease. These acquisitions are not reflected in the Consolidated Statement of Cash Flows.

27. Business Combinations

During the year the Consolidated Group disposed of its interest in two investments that resulted in a net loss of $6.3 million and the sale of assets relating to the Manufacturing Metals business that resulted in a net loss of $9.6 million. Neither transactions are deemed material to the Consolidated Group to warrant additional disclosure. Refer to Note 31.

28. Commitments and Contingencies

(A) OPERATING LEASE COMMITMENTS

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

	NOTES	2013 $'M	2012 $'M
Future minimum rentals payable under non-cancellable operating lease rentals are payable as follows:			
Within one year		31.4	29.0
Between one and five years		70.8	58.8
More than five years		55.2	43.7
		157.4	**131.5**

(B) FINANCE LEASE AND HIRE PURCHASE COMMITMENTS

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

	NOTES	2013 $'M	2012 $'M
Commitments in relation to finance leases are payable as follows:			
Within one year		25.9	41.6
Between one and five years		40.5	66.7
More than five years		-	-
Minimum lease payments		66.4	108.3
Less:			
Future finance charges		(6.6)	(13.9)
Total Liabilities		**59.8**	**94.4**
Representing:			
Current	19	18.0	36.3
Non-current	19	41.8	58.1
Total Liabilities		**59.8**	**94.4**

(C) CAPITAL EXPENDITURE AND OTHER COMMITMENTS

	NOTES	2013 $'M	2012 $'M
Commitments in relation to capital expenditure and purchase commitments entered into:			
Within one year		55.8	43.0
More than one year		4.3	9.8
Commitments Not Recognised in the Consolidated Financial Statements		**60.1**	**52.8**

28. Commitments and Contingencies (continued)

(D) GUARANTEES

The Consolidated 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.

	2013 $'M	2012 $'M
Bank guarantees outstanding at balance date in respect of financing facilities	3.0	2.4
Bank guarantees outstanding at balance date in respect of contractual performance	130.3	128.5
Insurance bonds outstanding at balance date in respect of contractual performance	15.9	9.4
	149.2	**140.3**

(E) CONTINGENT LIABILITIES

Taxation Authority Reviews

The Australian income tax audit that was previously disclosed has now been closed with no adjustments arising.

The Taxation authorities in New Zealand are reviewing particular aspects of the Consolidated Group's tax position in New Zealand. The review is ongoing and at this time it is too early to identify the outcomes and related adjustments that may arise, if any.

Other Claims

Certain companies within the Consolidated Group are party to various legal actions that have arisen in the normal course of business. It is not expected that any liabilities or assets arising from these legal actions would have a material effect on the Consolidated Group.

There have been no other material changes to the commitments, contingent liabilities or contingent assets of the Consolidated Group subsequent to the year ended 30 June 2013.

29. Auditor's Remuneration

	2013 $	2012 $
Ernst & Young:		
Audit services	1,360,000	1,280,000
Audit related services	178,812	220,700[i]
Non-audit services		
Due diligence services	78,319	123,300
Transaction services associated with equity raising	-	381,000
Other advisory services	-	520,400
Taxation services	-	4,000
	1,617,131	**2,529,400**

[i] The 2012 audit services have been adjusted to include an additional fee of $206,000 incurred in relation to the 2012 audit, which was paid in 2013.

30. Related Parties

(A) KEY MANAGEMENT PERSONNEL

Disclosures relating to key management personnel are set out in Note 34.

(B) WHOLLY-OWNED CONSOLIDATED GROUP TRANSACTIONS

The wholly-owned Consolidated Group consists of Transpacific Industries Group Ltd and its wholly-owned entities listed at Note 24. Transactions between Transpacific Industries Group Ltd and other entities in the wholly-owned Consolidated Group during the years ended 30 June 2013 and 30 June 2012 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

	2013 $'M	**2012 $'M**
Aggregate amounts included in the determination of (loss)/profit before tax that resulted from transactions with each class of other related parties:		
Interest expense		
Non-controlling interests	-	0.1
Aggregate amounts brought to account in relation to other transactions with each class of other related parties:		
Loans advanced to/(from):		
Associates	-	0.7
Loan repayments to:		
Associates	-	0.2

There are no aggregate amounts receivable from, and payable to, each class of other related parties at balance date.

Current borrowings:		
Non-controlling interests	3.3	3.3
	3.3	**3.3**

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 10% (2012: 10%).

30. Related Parties (continued)

(C) OTHER RELATED PARTIES (CONTINUED)

The Consolidated Group trades on normal commercial terms and conditions on an arm's length basis with NGT Marketing. Mr Martin Hudson, a Non-Executive Director and Chairman of the Consolidated Group, holds a beneficial interest in NGT Marketing.

The Consolidated Group trades on normal commercial terms and conditions on an arm's length basis with K&S Corporation Ltd, Crowe Horwath Australasia Limited. Mr Ray Smith, a Non-Executive Director of the Consolidated Group, is a Non-Executive Director of these companies.

The Consolidated Group trades on normal commercial terms and conditions on an arm's length basis with Programmed Maintenance Services Ltd and Alumina Limited. Ms Emma Stein, a Non-Executive Director of the Consolidated Group, is a Non-Executive Director of this company.

The Consolidated Group trades on normal commercial terms and conditions on an arm's length basis with Downer EDI Limited. Mr Mike Harding, a Non-Executive Director of the Consolidated Group, is the Chairman of this company.

The Consolidated Group trades on normal commercial terms and conditions on an arm's length basis with Santos Limited. Mr Mike Harding, a Non-Executive Director of the Consolidated Group, is a Non-Executive Director of this company.

The Consolidated Group trades on normal commercial terms and conditions on an arm's length basis with Adelaide Brighton Limited. Mr Mark Chellew, a Non-Executive Director of the Consolidated Group, is the Managing Director of this company.

The Consolidated Group trades on normal commercial terms and conditions on an arm's length basis with GPT Group Ltd, Aurizon Holdings Limited and Fletcher Building Limited. Mr Gene Tilbrook, the former Non-Executive Director and Chairman of the Consolidated Group, is a Non-Executive Director of these companies or their controlled entities.

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

31. Segment Information

The Consolidated Group has identified its operating segments on the basis of how the chief operating decision maker reviews the internal reports about the components of the Consolidated Group in order to assess the performance and allocation of resources to the segment. Information reported to the Consolidated Group's Chief Executive Officer (Chief Operating Decision Maker) for the purpose of performance assessment and resource allocation is specifically focused on the following reportable segments:

Cleanaway

- Collections – commercial and industrial, municipal and residential collection services for all types of solid waste streams, including general waste, recyclables, construction and demolition waste and medical and washroom services.
- Post Collections – ownership and management of waste transfer stations, resource recovery and recycling facilities, secure product destruction, quarantine treatment operations and landfills.
- Commodities trading – sale of recovered paper, cardboard, metals and plastics to the domestic and international marketplace.

31. Segment Information (continued)

Industrials Australia

- Technical Services – collection, treatment, processing and recycling of liquid and hazardous waste, including industrial waste, grease trap waste, oily waters and used mineral and cooking oils in packaged and bulk forms.
- Industrial Solutions – services include industrial cleaning, vacuum tanker loading, site remediation, sludge management, parts washing, concrete remediation, CCTV, corrosion protection and emergency response services.
- Hydrocarbons – refining and recycling of used mineral oils to produce fuel oils and base oils. Up until the sale of Transpacific Bituminous Products, the manufacture of bituminous based applications and coatings.

New Zealand

- Waste Management NZ – provider of solid waste services including collection, recycling, landfill construction and operation.
- Industrials NZ – services include the operation of specialist facilities, liquid and hazardous waste collections and treatment, and emergency response services.

Commercial Vehicles

- Importation and distribution – independent importer and distributor of Western Star, MAN and Dennis Eagle truck chassis and associated parts and MAN bus chassis and associated parts.

Manufacturing

- Manufacturing – manufacturing and servicing of vehicle bodies, parts washers, plastic and steel bins, and waste compaction units to support operations of the Consolidated Group as well as third parties. This segment was dissolved due to the sale of the Metals business during the 2013 financial year. The residual activities of manufacturing and servicing plastics will be included in the Industrials segment in the 2014 financial year as the nature of the activities will align more appropriately with Industrials.

Associates

- Represents the profits from the non-wholly owned entities in the Consolidated Group.

Corporate

- Shared Services – functions that are not directly attributable to other identifiable segments. These include Management, Finance, Legal, Information Technology, Marketing, and Human Resources that provide support to the other segments identified above.

No operating segments have been aggregated to form the above reportable operating segments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. 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.

The Consolidated 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.
- Income tax is not allocated to segments.

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 Consolidated Group level only.

31. Segment Information (continued)

2013	CLEANAWAY $'M	INDUSTRIALS AUSTRALIA $'M	NEW ZEALAND $'M	COMMERCIAL VEHICLES $'M	MANUFACTURING[1] $'M	ASSOCIATES $'M	CORPORATE $'M	CONSOLIDATED GROUP $'M
Revenue								
Sales of goods and services – external	924.7	506.4	351.0	445.8	37.6		1.1	2,266.6
Inter-segment sales	79.7	101.4	6.9	5.3	34.5		6.5	234.3
Total Sales Revenue	1,004.4	607.8	357.9	451.1	72.1		7.6	2,500.9
Other revenue	4.4	21.1	0.9	1.3	-		(0.3)	27.4
Total Segment Revenue	1,008.8	628.9	358.8	452.4	72.1		7.3	2,528.3
Inter-segment elimination								(234.3)
Total Revenue								**2,294.0**
Underlying EBITDA:	**194.2**	**107.4**	**78.6**	**35.8**	**(2.2)**	**5.5**	**(7.1)**	**412.2**
Settlement of, and legal costs associated with shareholders actions	-	-	-	-	-	-	(0.1)	(0.1)
Restructuring costs, including redundancy	(3.1)	(1.9)	(1.0)	-	(1.3)	-	(1.7)	(9.0)
Refund of prior periods' tax credits	5.0	3.8	-	-	-	-	(0.9)	7.9
Impairment of assets	(231.5)	(40.3)	(53.2)	-	-	-	-	(325.0)
Costs associated with Business and Operational Review	-	-	-	-	-	-	(7.3)	(7.3)
Net gain/(loss) from disposal of investments and properties	(1.3)	(6.9)	1.4	-	(9.6)	-	0.5	(15.9)
Depreciation and amortisation expense	(101.8)	(32.4)	(32.1)	(1.2)	-	-	(18.2)	(185.7)
EBIT	**(138.5)**	**29.7**	**(6.3)**	**34.6**	**(13.1)**	**5.5**	**(34.8)**	**(122.9)**
Changes in fair value of derivative financial instruments								12.5
Net finance costs (Note 7)								(116.6)
(Loss)/Profit from Before Income Tax								**(227.0)**
Income tax (expense)/benefit								26.6
(Loss)/Profit from Continuing Operations After Income Tax								**(200.4)**
Acquisition of property, plant and equipment	96.4	42.7	33.7	1.1	-	-	22.4	196.3

[1] Effective 20 March 2013, the Manufacturing reportable segment was dissolved due to the sale of assets of the Metals business. Refer to Note 27.

31. Segment Information (continued)

2012	CLEANAWAY $'M	INDUSTRIALS AUSTRALIA $'M	NEW ZEALAND $'M	COMMERCIAL VEHICLES $'M	MANUFACT-URING[1] $'M	ASSOCIATES $'M	CORPORATE $'M	CONSOLIDATED GROUP $'M
Revenue								
Sales of goods and services – external	904.9	526.8	338.0	427.3	53.8		5.7	2,256.5
Inter-segment sales	74.8	107.9	15.1	6.5	56.6		-	260.9
Total Sales Revenue	979.7	634.7	353.1	433.8	110.4		5.7	2,517.4
Other revenue	4.9	23.2	(3.7)	0.8	0.3		1.8	27.3
Total Segment Revenue	984.6	657.9	349.4	434.6	110.7		7.5	2,544.7
Inter-segment elimination								(260.9)
Total Revenue								**2,283.8**
Underlying EBITDA:	**203.8**	**125.1**	**84.1**	**29.2**	**(0.9)**	**2.9**	**(4.0)**	**440.2**
Settlement of, and legal costs associated with shareholders actions	-	-	-	-	-	-	(37.9)	(37.9)
Restructuring costs, including redundancy	-	-	-	-	-	-	(11.5)	(11.5)
Gain from disposal of investment in listed securities and property	-	-	-	-	-	-	7.4	7.4
Depreciation and amortisation expense	(93.7)	(43.0)	(30.5)	(1.4)	(0.1)	-	(19.3)	(188.0)
EBIT	**110.1**	**82.1**	**53.6**	**27.8**	**(1.0)**	**2.9**	**(65.3)**	**210.2**
Changes in fair value of derivative financial instruments								(15.6)
Net finance costs (Note 7)								(185.9)
Profit/(Loss) from Before Income Tax								**8.7**
Income tax (expense)/benefit								23.5
Profit/(Loss) from Continuing Operations After Income Tax								**32.2**
Acquisition of property, plant and equipment	91.5	36.5	26.9	1.5	2.0	-	21.7	180.1

[1] Effective 20 March 2013, the Manufacturing reportable segment was dissolved due to the sale of assets of the Metals business. Refer to Note 27.

31. Segment Information (continued)

Finance income and expenses, fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a group basis. Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

Inter-segment revenues are eliminated on consolidation.

GEOGRAPHIC INFORMATION

The geographical information is based on the location of the external customer and its business location.

Australia	All business segments have operations
New Zealand	All business segments have operations

2013	AUSTRALIA $'M	NEW ZEALAND $'M	TOTAL $'M
Sales to external customers	1,879.6	387.0	2,266.6
Segment net assets	1,621.9	385.4	2,007.3
Acquisition of property, plant and equipment	162.6	33.7	196.3

2012	AUSTRALIA $'M	NEW ZEALAND $'M	TOTAL $'M
Sales to external customers	1,874.7	381.8	2,256.5
Segment net assets	1,782.4	368.9	2,151.3
Acquisition of property, plant and equipment	153.2	26.9	180.1

There are no individual customers whose sales exceed 10% of total sales of the Consolidated Group.

32. Financial Instruments

The Consolidated Group's principal financial instruments, other than derivatives, comprise bank loans, US Private Placement Notes, finance leases and hire purchase contracts, and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Consolidated Group's operations. The Consolidated Group has various other financial instruments such as trade receivables, trade payables and equity investments.

The Consolidated Group is exposed to market risk, credit risk and liquidity risk and its senior management oversees the management of these risks. The Consolidated Group has in place a Treasury Policy that focuses on managing the main financial risks, interest rate risk, credit risk, liquidity risk and foreign currency risk. The policy is reviewed and approved by the Board and Audit Committee regularly, where the Board ensures compliance with the Treasury Policy as appropriate. The treasury activity is reported to the Board and relevant Committees on a regular basis with the ultimate responsibility being borne by the Chief Financial Officer ("CFO").

The Consolidated Group's overall financial risk management focuses on mitigating the potential financial effects to the Consolidated Group's financial performance. The Consolidated 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 Consolidated Group's operations and its sources of finance.

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

32. Financial Instruments (continued)

(A) MARKET RISK

Market risk is a risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise of three types of risk: foreign currency risk, interest rate risk, and equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, available-for-sale investments and derivative financial instruments.

The sensitivity analysis in the following section relate to the position as at 30 June 2013 and 2012.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of the hedge designations in place at 30 June 2013.

The following assumptions have been made in calculating the sensitivity analyses:

- The Consolidated Statement of Financial Position sensitivity relates to derivatives and available-for-sale debt instruments.
- The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 30 June 2013 and 2012 allowing for the effect of hedge accounting on certain instruments.
- The sensitivity of equity is calculated by considering the effect of any associated cash flow hedges at 30 June 2013 for the effects of the assumed changes of the underlying risk.

(B) FOREIGN CURRENCY RISK

Foreign currency risk arises as a result of having assets denominated in a currency that is not the Consolidated Group's functional currency (balance sheet risk) or from transactions or cash flows denominated in a foreign currency (cash flow risk).

Balance sheet risk can impact the Net Tangible Assets ("NTA") where cash flow risk inherently impacts potential equity distributions or other operational cash requirements such as the repayment of debt.

The Consolidated Group manages its foreign currency risk from transactions or cash flows by hedging transactions that are expected to occur by entering into forward foreign exchange contracts.

Hedging

The Commercial Vehicles segment sells vehicles and parts purchased from the United States of America, Germany, and United Kingdom. The Cleanaway, Industrials and New Zealand segments sell commodities, predominantly cardboard, paper and oil, to Asia in US dollars. In order to protect against exchange rate movements, the Consolidated Group enters into forward foreign exchange contracts against anticipated cash flows.

The contracts are timed to mature when:

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

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

32. Financial Instruments (continued)

(B) FOREIGN CURRENCY RISK (CONTINUED)

At 30 June 2013, the Consolidated Group hedged USD 50.4% (2012: 33.0%) and GBP 70.2% (2012: 65.0%) respectively of its foreign currency sales for which highly probable forecasted transactions existed at reporting date. The Consolidated Group's exposure to foreign currency risk at balance date was as follows:

	30 JUNE 2013			
	USD $'M	GBP $'M	NZD $'M	EUR $'M
Trade receivables	8.2	-	5.3	-
Trade payables	(15.7)	(2.3)	(0.4)	-
Gross statement of financial position exposure	(7.5)	(2.3)	4.9	-
Estimated forecast sales	43.2	-	14.6	-
Estimated forecast purchases	(198.5)	(18.2)	-	-
Gross exposure	(162.8)	(20.5)	19.5	-
Forward exchange contracts	82.0	14.4	-	-
Net Exposure	**(80.8)**	**(6.1)**	**19.5**	**-**

	30 JUNE 2012			
	USD $'M	GBP $'M	NZD $'M	EUR $'M
Trade receivables	0.5	-	-	-
Trade payables	(59.2)	(1.5)	-	-
Gross statement of financial position exposure	(58.7)	(1.5)	-	-
Estimated forecast sales	19.1	-	-	-
Estimated forecast purchases	(186.8)	(7.6)	-	-
Gross exposure	(226.4)	(9.1)	-	-
Forward exchange contracts	76.8	1.5	-	-
Net Exposure	**(149.6)**	**(7.6)**	**-**	**-**

The following significant exchange rates applied during the year:

	AVERAGE RATE		REPORTING DATE SPOT RATE	
	2013	2012	2013	2012
NZD	1.2497	1.2831	1.1871	1.2771
USD	1.0271	1.0319	0.9275	1.0191
EUR	0.7949	0.7707	0.7095	0.8092
GBP	0.6549	0.6514	0.6072	0.6529

The Consolidated 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 Notes currency risk has been mitigated by a foreign currency swap for the interest exposure which has been in place since inception and converts to AUD fixed rate debt.

32. Financial Instruments (continued)

(B) CURRENCY RISK (CONTINUED)

At balance date the Consolidated Group held the following facilities denominated in foreign currency:

	USD $'M	AUD $'M
30 June 2013		
US Private Placement Notes	48.0	51.8
30 June 2012		
US Private Placement Notes	150.0	146.8

Foreign Currency Sensitivity

The Consolidated Group assesses the financial impact in the relevant foreign currencies by performing a sensitivity analysis which focuses on the transactions and uses a 10% change in the relevant foreign currency rate. The analysis performed showed that there was no profit or loss impact if the foreign currency rate changed by 10% as any movement in the foreign currency rate is managed within the approved policy parameters utilising forward foreign exchange contracts under the hedging strategy. The future interest expense liabilities on the USPP Notes have been hedged to mitigate the foreign currency risk exposure arising for these borrowings.

(C) EQUITY PRICE RISK

Equity securities price risk arises from investments in listed equity securities. The Consolidated Group does not hold any investments in listed equity securities (2012: $Nil).

32. Financial Instruments (continued)

(D) CREDIT RISK EXPOSURES

Credit risk is the risk of financial loss to the Consolidated Group if a customer or counterparty to a financial instrument fails to meet contractual obligations, with the maximum exposure being equal to the carrying amount of these instruments. Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Consolidated Group does not require collateral in respect of financial assets. For certain export sales the Consolidated Group requires the vendor to provide a letter of credit.

The Consolidated Group minimises concentrations of credit risk by undertaking transactions with a large number of customers. In addition, receivable balances are monitored on an ongoing basis with the intention that the Consolidated Group's exposure to bad debts is minimised.

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.

Credit risk from balances with banks and financial institutions is managed by the Consolidated Group's treasury department in accordance with the Consolidated Group's policy where the Consolidated Group only deals with large reputable financial institutions.

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

		CARRYING AMOUNT	
	NOTE	**2013 $'M**	**2012 $'M**
Loans and receivables	11	282.6	305.6
Cash and cash equivalents (excluding bank overdrafts)	10	76.2	77.9
Other forward exchange contracts (derivatives)	13	9.0	0.4
		367.8	**383.9**

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

	CARRYING AMOUNT	
	2013 $'M	**2012 $'M**
Australia	217.5	253.3
New Zealand	40.5	33.8
	258.0	**287.1**

(E) INTEREST RATE RISK EXPOSURES

Interest rate risk is the risk that the fair value of the financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates, which could result in an adverse affect on the Consolidated Group's financial performance. The Consolidated Group's exposure primarily relates to its exposure to market interest rates on debt obligations. Borrowings issued at variable rates exposes the Consolidated Group to cash flow interest rate risk whilst borrowings issued at fixed rate expose the Consolidated Group to fair value interest rate risks. The Consolidated Group manages the exposure by using interest rates swaps in-line with hedging parameters under its Treasury Policy.

32. Financial Instruments (continued)

(E) INTEREST RATE RISK EXPOSURES (CONTINUED)

Hedging

The Consolidated Group's exposure to interest rate risk is predominantly cash flow interest rate risk. The Consolidated Group adopts the policy of ensuring at least 40% of its exposure to changes in interest rates on borrowings is on a fixed rate basis. Accordingly, the Consolidated 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 in place at 30 June 2013 cover approximately 83% (2012: 84%) of term debt outstanding and expire July 2013, June 2014, February 2015, June 2015 and July 2015. The fixed interest rates currently range between BBSY 4.79% and 7.25% (2012: 4.79% and 7.25%).

The Consolidated Group classifies interest rate swaps as derivatives and states them at fair value. The Consolidated Group analyses its exposure to interest rate risk regularly where analysis considers potential renewals of existing financing positions, alternative financing arrangements and alternative hedging positions whilst considering the mix of fixed and variable interest rates.

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

	2013 $'M	**2012 $'M**
Fixed Rate Instruments		
Financial liabilities	(160.5)	(379.2)
	(160.5)	**(379.2)**
Variable Rate Instruments		
Financial assets	85.2	78.3
Financial liabilities	(961.7)	(865.5)
	(876.5)	**(787.2)**

Sensitivity Analysis for Variable Rate Instruments and Derivatives

An analysis of the interest rates over the 12 month period was performed to determine a reasonable possible change in interest rates on the portion of debt affected. 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 where the exposed variable rate instruments relates to the component that has not been hedge accounted:

	PROFIT BEFORE TAX		**EQUITY**	
	100 BP INCREASE $'M	**100 BP DECREASE $'M**	**100 BP INCREASE $'M**	**100 BP DECREASE $'M**
30 June 2013				
Variable rate instruments exposed	(1.6)	1.6	-	-
Changes in fair value of Interest rate swap	(6.3)	6.3	(5.6)	5.6
	(7.9)	**7.9**	**(5.6)**	**5.6**
30 June 2012				
Variable rate instruments exposed	(0.6)	0.6	-	-
Changes in fair value of Interest rate swap	(9.7)	10.0	(8.1)	8.1
	(10.3)	**10.6**	**(8.1)**	**8.1**

32. Financial Instruments (continued)

Effective Interest Rates and Repricing Analysis

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

	EFFECTIVE INTEREST RATE (%)	TOTAL	1 YEAR OR LESS $'M	1 – 2 YEARS $'M	2 – 3 YEARS $'M	3 – 4 YEARS $'M	>4 YEARS $'M
2013							
Financial Assets							
Cash and deposits	2.74	76.2	76.2	-	-	-	-
Foreign currency swaps	-	9.0	9.0	-	-	-	-
Total Financial Assets		**85.2**	**85.2**	**-**	**-**	**-**	**-**
Financial Liabilities							
US Private Placement Notes	10.80	51.8	-	-	-	-	51.8
Secured bank loans	5.51	937.8	-	392.6	340.7	204.5	-
Lease liabilities	8.87	59.8	23.3	29.4	6.9	0.2	-
Payable to related parties	10.00	3.3	3.3	-	-	-	-
Interest rate swaps	6.32	45.6	45.6	-	-	-	-
Other	6.00	1.0	1.0	-	-	-	-
Total Financial Liabilities		**1,099.3**	**73.2**	**422.0**	**347.6**	**204.7**	**51.8**
2012							
Financial Assets							
Cash and deposits	4.12	77.9	77.9	-	-	-	-
Total Financial Assets		**77.9**	**77.9**	**-**	**-**	**-**	**-**
Financial Liabilities							
US Private Placement Notes	10.84	146.8	146.8	-	-	-	-
Convertible Notes	6.75	51.3	51.3	-	-	-	-
Secured bank loans	6.52	831.3	-	245.6	382.9	202.8	-
Lease liabilities	8.67	94.4	36.3	24.1	28.3	5.7	-
Payable to related parties	10.00	3.3	3.3	-	-	-	-
Interest rate swaps	7.46	82.9	82.9	-	-	-	-
Foreign currency swaps	-	0.5	0.5	-	-	-	-
Other	6.00	1.4	1.4	-	-	-	-
Total Financial Liabilities		**1,211.9**	**322.5**	**269.7**	**411.2**	**208.5**	**-**

32. Financial Instruments (continued)

(F) LIQUIDITY RISK

Liquidity risk is the risk the Consolidated Group will not be able to meet its financial obligations as they fall due.

The Consolidated Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, preference shares, finance leases and hire purchase contracts.

The Consolidated Group regularly reviews existing funding arrangements and assesses future funding requirements based upon known and forecast information provided by each business unit. This allows effective monitoring of the maturity of its debt portfolio.

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

	CARRYING AMOUNT $'M	CONTRAC-TUAL CASH FLOWS $'M	LESS THAN 1 YEAR $'M	1 – 2 YEARS $'M	2 – 5 YEARS $'M	MORE THAN 5 YEARS $'M
2013						
Non-derivative Financial Liabilities						
US Private Placement Notes	51.8	(79.6)	(5.8)	(5.8)	(68.0)	-
Loans from associates	3.3	(3.6)	(3.6)	-	-	-
Finance lease liabilities	59.8	(66.4)	(25.9)	(32.6)	(7.9)	-
Secured bank loans	960.7	(1,102.6)	(65.7)	(445.4)	(591.5)	-
Trade and other payables(i)	264.9	(264.9)	(264.9)	-	-	-
Derivative Financial Liabilities						
Interest rate swaps(ii)	45.6	(45.6)	(45.6)	-	-	-
Other	1.0	(1.0)	(1.0)	-	-	-
	1,387.1	**(1,563.7)**	**(412.5)**	**(483.8)**	**(667.4)**	**-**
2012						
Non-derivative Financial Liabilities						
US Private Placement Notes	146.8	(178.4)	(178.4)	-	-	-
Convertible Notes	51.3	(53.0)	(53.0)	-	-	-
Loans from associates	3.3	(3.6)	(3.6)	-	-	-
Finance lease liabilities	94.4	(108.3)	(41.6)	(27.7)	(32.5)	(6.5)
Secured bank loans	864.1	(1,124.6)	(65.8)	(65.8)	(993.0)	-
Trade and other payables(i)	292.1	(292.1)	(290.7)	(1.4)	-	-
Derivative Financial Liabilities						
Interest rate swaps(ii)	82.9	(82.9)	(82.9)	-	-	-
Foreign currency swaps	0.5	(0.5)	(0.5)	-	-	-
	1,535.4	**(1,843.4)**	**(716.5)**	**(94.9)**	**(1,025.5)**	**(6.5)**

(i) Excludes derivatives shown separately.

(ii) Interest rate swaps include the cross currency swaps for the USPP.

32. Financial Instruments (continued)

(F) LIQUIDITY RISK (CONTINUED)

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

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

(G) CAPITAL MANAGEMENT

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

The Consolidated Group is subject to and complied with 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.

(H) IMPAIRMENT LOSSES

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

	GROSS 2013 $'M	IMPAIRMENT 2013 $'M	GROSS 2012 $'M	IMPAIRMENT 2012 $'M
Not past due	168.9	0.6	197.2	-
Past due 0-30 days	67.6	0.9	69.0	-
Past due 31-120 days	14.8	0.5	15.1	1.4
Past due 121 days to one year	9.1	1.0	8.9	1.7
More than one year	2.3	1.7	2.0	2.0
	262.7	**4.7**	**292.2**	**5.1**

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

	2013 $'M	2012 $'M
Balance at 1 July	5.1	4.2
Impairment loss/(reversed) recognised	(0.4)	0.9
Balance 30 June	**4.7**	**5.1**

The impairment loss at 30 June 2013 of $1.7 million (2012: $2.0 million) greater than one year relates to several minor customers.

No single customer's annual revenue is greater than 2% of the Consolidated Group's total revenue. Trade and other debtors that are neither past due or impaired are considered to be of a high credit quality.

32. Financial Instruments (continued)

(I) FAIR VALUES

The carrying amount of the Consolidated Group's financial assets and liabilities approximate their fair value.

Fair Value Hierarchy

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

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.

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 Consolidated 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.

2013	QUOTED MARKET PRICE (LEVEL 1)	VALUATION TECHNIQUE – MARKET OBSERVABLE INPUTS (LEVEL 2)	VALUATION TECHNIQUE – NON MARKET OBSERVABLE INPUTS (LEVEL 3)	TOTAL
Financial Assets				
Derivative financial instruments:				
Currency rate swaps	-	9.0	-	9.0
Financial Liabilities				
Derivative financial instruments:				
Interest rate swaps	-	45.6	-	45.6

32. Financial Instruments (continued)

2012	QUOTED MARKET PRICE (LEVEL 1)	VALUATION TECHNIQUE – MARKET OBSERVABLE INPUTS (LEVEL 2)	VALUATION TECHNIQUE – NON MARKET OBSERVABLE INPUTS (LEVEL 3)	TOTAL
Financial Assets				
Derivative financial instruments:				
Currency rate swaps	-	0.4	-	0.4
Financial Liabilities				
Derivative financial instruments:				
Interest rate swaps	-	82.9	-	82.9
Foreign currency swaps	-	0.5	-	0.5

Transfer Between Categories

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

33. Earnings per Share

	2013	2012
Calculated in accordance with AASB 133:		
Basic earnings per share (cents per share)	(13.9)	0.9
Diluted earnings per share (cents per share)	(13.9)	0.9
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	1,578,529,371	1,351,873,270
Effect of share options, performance rights and warrants on issue	320,346	405,098
Weighted Average Number of Ordinary Shares Used as the Denominator in Calculating Diluted Earnings Per Share	**1,578,849,717**	**1,352,278,368**

	2013 $'M	2012 $'M
Reconciliation of earnings used as the numerator in calculating basic and diluted earnings per share:		
(Loss)/Profit from continuing operations	(200.4)	32.2
Net profit attributable to non-controlling interests	(1.2)	(3.1)
Distribution to Step-up Preference Security holders	(17.1)	(16.6)
	(218.7)	**12.5**

34. Key Management Personnel Disclosures

(A) DETAILS OF SPECIFIED DIRECTORS AND SPECIFIED EXECUTIVES

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

(i) Executive Director

K G Campbell – Executive Director and Chief Executive Officer

(ii) Non-Executive Directors

M M Hudson

R Smith

E R Stein

T A Sinclair

J G Goldfaden

M P Chellew (appointed 1 March 2013)

R M Harding (appointed 1 March 2013)

G T Tilbrook (resigned 1 March 2013)

B R Brown (resigned 1 March 2013)

(iii) Key Executives

S G Cummins – Chief Financial Officer

N J Clark – Managing Director, Transpacific Cleanaway (appointed 15 October 2012)

A G Roderick – Managing Director, Transpacific Industrials

T H Nickels – Managing Director, New Zealand

P A Glavac – Managing Director, Commercial Vehicles

C M Carroll – Executive General Manager, Legal and Commercial

N M Badyk – Chief Operating Officer, Cleanaway (ceased employment 2 August 2012)

(B) KEY MANAGEMENT PERSONNEL COMPENSATION

The KMP compensation included in employee expenses are as follows:

	2013 $	2012 $
Short-term employee benefits	5,108,833	5,287,596
Post-employment benefits	192,813	183,141
Termination benefits	756,457	325,180
Equity compensation benefits	546,396	805,141
	6,604,499	**6,601,058**

The disclosures relating to remuneration of specified Directors and Executives is set out in the Remuneration Report section of the Directors' Report on pages 16 to 29.

34. 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 KMP, including their related parties, is included in the following table:

2013	BALANCE AT THE START OF THE YEAR	GRANTED DURING THE YEAR AS REMUNERATION	EXERCISED DURING THE YEAR	CANCELLED/ LAPSED DURING THE YEAR	BALANCE AT THE END OF THE YEAR	VESTED AND EXERCISABLE AT THE END OF THE YEAR
Executive Directors:						
K G Campbell	2,008,246	-	-	(149,254)	1,858,992	-
Non-Executive Directors:						
M M Hudson	-	-	-	-	-	-
R M Smith	-	-	-	-	-	-
E R Stein	-	-	-	-	-	-
T A Sinclair	-	-	-	-	-	-
J G Goldfaden	-	-	-	-	-	-
R M Harding	-	-	-	-	-	-
M P Chellew	-	-	-	-	-	-
Former Non-Executive Directors						
G T Tilbrook	-	-	-	-	-	-
B R Brown	-	-	-	-	-	-
Key Executives:						
S G Cummins	361,842	584,567	-	-	946,409	-
N J A Clark	-	456,722	-	-	456,722	-
A G Roderick	1,364,130	409,475	-	(202,146)	1,571,459	-
T H Nickels	911,908	302,172	-	(123,121)	1,090,959	-
P A Glavac	915,348	523,028	-	(113,032)	1,325,344	-
C M Carroll	-	283,920	-	-	283,920	-
Former Key Executives:						
N M Badyk[(i)]	1,415,903	-	-	(1,415,903)	-	-
Total	**6,977,377**	**2,559,884**	**-**	**(2,003,456)**	**7,533,805**	-

[(i)] N M Badyk ceased being KMP effective 2 August 2012.

34. Key Management Personnel Disclosures (continued)

(C) OPTIONS AND PERFORMANCE RIGHTS OVER EQUITY INSTRUMENTS GRANTED (CONTINUED)

2012	BALANCE AT THE START OF THE YEAR	GRANTED DURING THE YEAR AS REMUNERATION	EXERCISED DURING THE YEAR	CANCELLED/ LAPSED DURING THE YEAR	BALANCE AT THE END OF THE YEAR	VESTED AND EXERCISABLE AT THE END OF THE YEAR
Executive Directors:						
K G Campbell[(i)]	1,120,088	888,158	-	-	2,008,246	-
Non-Executive Directors:						
G T Tilbrook	-	-	-	-	-	-
B R Brown	-	-	-	-	-	-
M M Hudson	-	-	-	-	-	-
R M Smith	-	-	-	-	-	-
E R Stein	-	-	-	-	-	-
T A Sinclair	-	-	-	-	-	-
J G Goldfaden	-	-	-	-	-	-
R A Ghatalia	-	-	-	-	-	-
Key Executives:						
S G Cummins	-	361,842	-	-	361,842	-
A G Roderick	953,604	410,526	-	-	1,364,130	-
T H Nickels	844,184	246,058	-	(178,334)	911,908	-
P A Glavac	576,532	338,816	-	-	915,348	-
C M Carroll	-	-	-	-	-	-
N M Badyk[(iii)]	1,005,377	410,526	-	-	1,415,903	51,773
Former Key Executives:						
K L Smith[(ii)]	372,115	172,421	-	-	544,536	-
S T Barnard	539,833	-	-	(539,833)	-	-
Total	**5,411,733**	**2,828,347**	**-**	**(718,167)**	**7,521,913**	**51,773**

[(i)] 337,500 of these Performance Rights were issued after shareholder approval at the 2011 Annual General Meeting.

[(ii)] K L Smith ceased being a KMP effective 8 June 2012.

[(iii)] 51,773 STI rights held by N M Badyk vested on 30 June 2012 were exercisable on or after this date.

34. 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 KMP, including their related parties, is as follows:

NAME	BALANCE AT THE START OF THE YEAR	RECEIVED DURING THE YEAR ON THE EXERCISE OF OPTIONS	OTHER CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR
2013				
Executive Directors:				
K G Campbell	-	-	-	-
Non-Executive Directors:				
M M Hudson	32,858	-	-	32,858
R M Smith	65,715	-	-	65,715
E R Stein	30,300	-	-	30,300
T A Sinclair	-	-	-	-
J G Goldfaden	-	-	-	-
R M Harding [ii]	-	-	-	-
M P Chellew[i]	-	-	-	-
G T Tilbrook [iii]	246,429	-	(80,000)	166,429
B R Brown [iv]	328,572		(328,572)	-
Key Executives:				
S G Cummins	40,000	-	-	40,000
N J Clark	-	-	-	-
A G Roderick	-	-	-	-
T H Nickels	-	-	-	-
P A Glavac	227,875	-	146,492	374,367
C M Carroll	-	-	-	-
Former Key Executives:				
N M Badyk [v]	265,334	-	(265,334)	-

[i] M P Chellew appointed as a Director on 1 March 2013. Mr Chellew has a beneficial interest of 18 Step-up Preference Securities units at 30 June 2013.

[ii] R M Harding appointed as a Director on 1 March 2013.

[iii] G T Tilbrook resigned as a Director on 1 March 2013.

[iv] B R Brown resigned as a Director on 1 March 2013.

[v] N M Badyk ceased being KMP effective 2 August 2012.

34. Key Management Personnel Disclosures (continued)

(D) SHARE HOLDINGS (CONTINUED)

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
2012				
Executive Directors:				
K G Campbell	-	-	-	-
Non-Executive Directors:				
M M Hudson	7,000	-	25,858	32,858
R M Smith	-	-	65,715	65,715
E R Stein	-	-	30,300	30,300
T A Sinclair	-	-	-	-
J G Goldfaden	-	-	-	-
R A Ghatalia	-	-	-	-
G T Tilbrook	80,000	-	166,429	246,429
B R Brown	200,000	-	128,572	328,572
Key Executives:				
S G Cummins	-	-	40,000	40,000
P A Glavac	227,875	-	-	227,875
K L Smith(i)	76,465	-	49,157	125,622
N M Badyk	257,072	-	8,262	265,334
S T Barnard(ii)	20,500	-	13,000	33,500

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

Upon completion of the sale of the Commercial Vehicles Group, P A Glavac will cease to be a KMP of the Consolidated Group.

Other than the matter described above, there have been no other changes in KMP in the period after the reporting date and prior to the date when the Consolidated Financial Report is authorised for issue.

(F) LOANS TO DIRECTORS AND EXECUTIVES

There were no loans to Directors or Executives made during the period and no outstanding balances at reporting date.

(i) K L Smith ceased being a KMP effective 8 June 2012.

(ii) S T Barnard ceased employment on 29 July 2011.

35. Subsequent Events

On 29 July 2013, the Consolidated Group announced that it had entered into a sale agreement with Penske Automotive Group, Inc. for the sale of its Commercial Vehicles Group for $219 million (subject to completion adjustments). Completion of the sale is required by 31 October 2013. The sale will generate an after tax profit of approximately $85 million. The assets of the Commercial Vehicles Group were not available for immediate sale at 30 June 2013, as the required external consents has not been obtained.

Below is a summary of assets and liabilities and profit contributed by the Commercial Vehicles segment of the Consolidated Group in the current year:

	2013 $'M
Current assets	173.3
Non-current assets	24.0
Current liabilities	(102.0)
Non-current liabilities	(3.0)
Net assets	92.3
Profit/(loss) after income tax	23.8

Other than the event disclosed above, there were no other significant events subsequent to year end.

36. Parent Entity Disclosure

	2013 $'M	2012 $'M
Current assets	32.6	33.6
Total assets	3,212.9	3,264.6
Current liabilities	61.2	234.7
Total liabilities	1,074.5	1,150.2
Issued capital	2,073.2	2,123.6
Retained earnings	11.6	(58.7)
Reserves:		
Warrant	60.2	60.2
Employee equity benefits	5.9	4.4
Hedging	(12.5)	(15.1)
Total	2,138.4	2,114.4
Profit/(loss) of the parent entity	18.8	(47.4)
Total comprehensive income of the parent entity	22.1	(59.5)

The Parent Entity guarantees the contractual commitments of its subsidiaries as requested.

Refer to Note 24 and 28.

Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes together with the additional disclosures included in the Directors report designated as audited, are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Consolidated Group's financial position as at 30 June 2013 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;

(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 2013; and

(e) as at the date of this declaration, there are reasonable grounds to believe that the members of the closed Consolidated Group identified in Note 24 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.

M M Hudson
Non-Executive Director and Chairman

K G Campbell
Executive Director and Chief Executive Officer

Brisbane, 23 August 2013

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

Report on the financial report

We have audited the accompanying financial report of Transpacific Industries Group Ltd, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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 complied with 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.

Opinion

In our opinion:

a. 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 as at 30 June 2013 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the remuneration report

We have audited the Remuneration Report included in pages 16 to 29 of the directors' report for the year ended 30 June 2013. 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.

Opinion

In our opinion, the Remuneration Report of Transpacific Industries Group Ltd for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Mike Reid
Partner
Brisbane
23 August 2013