

## Appendix 4E

# Preliminary Final Report Of Wridgways Australia Limited for the Financial Year Ended 30 June 2003

ACN 079 887 728

*This Preliminary Final Report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.3A.*

Current Reporting Period: Financial Year ended 30 June 2003

Previous Corresponding Period: Financial Year ended 30 June 2002

# Wridgways Australia Ltd

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## Preliminary Final Report For the Financial Year Ended 30 June 2003

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# Wridgways Australia Ltd

## Preliminary Final Report For the Financial Year Ended 30 June 2003

### Results For Announcement to the Market

#### Revenue and Net Profit

		Percentage Change %		Amount \$'000
Revenue from ordinary activities	up/down	1.0%	To	71,123
Profit from ordinary activities after tax attributable to members	up/down	14.0%	To	2,217
Net profit attributable to members	up/down	14.0%	To	2,217

#### Dividends (Distributions)

	Amount per security	Franked amount per security
Final dividend - payable 3 October 2003	3.0¢	3.0¢ (at 30% tax)
Interim dividend – paid 14 March 2003	1.5¢	1.5¢ (at 30% tax)

Record date for determining entitlements to the final dividend is

26 September 2003

#### Brief Explanation of Revenue, Net Profit and Dividends

Revenue from Operations increased by 1.0% from \$70.445m to \$71.123m.

Net Profit After Tax decreased by 14% to \$2.217m which was within the forecast range announced to the Australian Stock Exchange on 16 April, 2003.

Final dividend declared of 3.0 cents per share fully franked bringing total dividends paid for the financial year to 4.5 cents per share fully franked (2002, 4.5cents).

See commentary attached.

The attached Financial Statements and Directors Declaration have been audited.

# Wridgways Australia Ltd

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## Preliminary Final Report For the Financial Year Ended 30 June 2003

### Commentary on Results

#### The Year in Review

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#### A Strong Performance In A Difficult Year

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The Company has had a difficult second half for the financial year ended 30 June 2003 with a number of factors adversely effecting results. The SARS crisis in Asia, the war in Iraq, the continued slump in many economies around the world and the contractual dispute with Toll Transitions made for a challenging trading period. We are pleased to advise that the dispute with Toll Transitions was fully resolved this month (August 2003).

For the fiscal year the Operating Profit after tax decreased by 14% to \$2.217 million (2002 - \$2.579 million) which was within the forecast range announced to the Australian Stock Exchange on 16 April 2003. Operating Profit before tax decreased by 13.3% to \$3.233 million (2002 - \$3.728 million).

It is relevant to note that Operating Profit after tax for the 2002 financial year was a record result for the company.

Sales revenue from operations of \$71.001 million was 1% up on last year's sales revenue from operations of \$70.309 million.

#### Dividends

The Directors have resolved to declare a fully franked final dividend of 3.0 cents per share (2002, 3.0 cents). Shareholders will be aware that our interim dividend of 1.5 cents per share fully franked was paid on 21st March, 2003, bringing total dividends for the financial year to 4.5 cents per share (2002, 4.5 cents).

The Dividend will be payable on the 3rd October, 2003 to Shareholders registered as such on the 26<sup>th</sup> September, 2003 and transfers will be received by the Company until 5.00pm on that latter date.

#### Outlook

With the dispute with Toll Transitions now behind us and indications of a more favourable trading environment, coupled with the success in tendering for a number of Removal and Storage Procurement services to State and Territory Governments and major new contracts with large public companies, we are forecasting a solid improvement in sales for the current financial year.

#### Annual General Meeting

Shareholders will receive the Annual Report in late September and should note that the Annual General Meeting will be held on Friday 24<sup>th</sup> October 2003. Full details will be in the Notice of Meeting accompanying the Annual Report.

# **Wridgways Australia Limited**

**ACN 079 887 728**

Annual Financial Report for the  
Financial Year Ended 30 June 2003

**WRIDGWAYS AUSTRALIA LIMITED**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2003**

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## WRIDGWAYS AUSTRALIA LIMITED

### DIRECTORS' REPORT

The directors of Wridgways Australia Limited ("Wridgways") submit herewith the annual financial report for the financial year ended 30 June 2003. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

#### **Directors**

The names of the directors of the company during or since the end of the financial year are:

Anthony W Whatmore

Bryan D Weir

William S Cutbush (resigned 24 October 2002)

Desmond F Stickland

Brian C Clarke

James A Brown (appointed with effect from 1 February 2003)

The above named directors held office during and since the end of the financial year except as noted.

Particulars of the directors of the company during or since the end of the financial year are set out on the attached page (which forms part of the Directors' Report).

#### **Principal Activities**

The consolidated entity's principal activities in the course of the financial year were the provision of removal and storage services.

During the financial year there was no significant change in the nature of those activities.

#### **Review Of Operations**

The consolidated net profit for the year was \$2,216,587 (2002: \$2,579,553).

A full review of operations is contained in the Managing Director's Report (which forms part of the Directors' Report).

#### **Changes In State Of Affairs**

During the financial year there was no significant change in the state of affairs of the consolidated entity other than that referred to in the financial statements or notes thereto.

#### **Subsequent Events**

There has not been any other matter or circumstance, other than those referred to in the financial statements, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

## WRIDGWAYS AUSTRALIA LIMITED

### DIRECTORS' REPORT

(Continued)

#### **Future Developments**

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

#### **Dividends**

In respect of the financial year ended 30 June 2002, as detailed in the Directors' Report for that financial year, a final dividend of \$960,000 (3 cents per share) franked to 100% at the 30% corporate income tax rate was declared on 27 August 2002. This dividend was paid to the holders of fully paid ordinary shares on 4 October 2002.

In respect of the financial year ended 30 June 2003:

- An interim dividend of \$480,000 (1.5 cent per share) franked to 100% at the 30% corporate income tax rate was paid to the holders of fully paid ordinary shares on 14 March 2003.
- The Board of Directors declared a final dividend on 26 August 2003 of \$960,000 (3 cents per share) franked to 100% at the 30% corporate income tax rate to the holders of fully paid ordinary shares. Record date for determining entitlement to the dividend is 26 September 2003 and the dividend will be paid on 3 October 2003. This dividend has not been provided for in the financial statements at 30 June 2003.

#### **Environmental Issues**

The consolidated entity operates within the transport industry and conducts its business activities with respect for the environment while continuing to meet the expectations of shareholders, customers, employees and suppliers.

During the current period under review, the directors are not aware of any particular or significant environmental issues which have been raised in relation to the consolidated entity's operations.

#### **Share Options**

During and since the end of the financial year no share options were granted.

#### **Indemnification Of Officers And Auditors**

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company, and all office bearers of the company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Wridgways, to the extent permitted by law, indemnifies each Director or Secretary against any liability which results from their service as an officer of Wridgways or a subsidiary of Wridgways which does not arise out of conduct involving a lack of good faith and for costs incurred in defending proceedings in which judgment is given in favour of the director.

The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

**WRIDGWAYS AUSTRALIA LIMITED**

**DIRECTORS' REPORT**

**(Continued)**

**Directors' Shareholdings**

The following table sets out each directors relevant interest in shares of the company as at the date of this report:

<b>Director</b>	<b>Fully Paid Ordinary Shares</b>
Desmond F Stickland	3,690,000
Brian C Clarke	1,959,145
Anthony W Whatmore	110,000
Bryan D Weir	47,000
James A Brown	30,000

**Directors' Meetings**

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 7 Board of Directors meetings, 2 Audit Committee meetings and 1 Remuneration Committee meeting were held.

<b>Name of Director</b>	<b>Directors' Meetings</b>		<b>Audit Committee Meetings</b>		<b>Remuneration Committee Meetings</b>	
	<b>No of Meetings Held</b>	<b>No of Meetings Attended</b>	<b>No of Meetings Held</b>	<b>No of Meetings Attended</b>	<b>No of Meetings Held</b>	<b>No of Meetings Attended</b>
A W Whatmore	7	7	2	2	1	1
B D Weir	7	7	2	2	1	1
W S Cutbush	2	2	1	1	1	-
D F Stickland	7	7	N/A	N/A	1	1
B C Clarke	7	7	2	2	N/A	N/A
J A Brown	3	3	1	1	1	1

**WRIDGWAYS AUSTRALIA LIMITED**

**DIRECTORS' REPORT**

**(Continued)**

**Directors' and Executives' Remuneration**

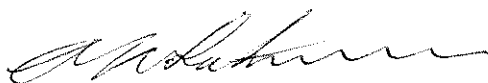
A discussion of the broad policy for determining the nature and amount of remuneration of Directors and Executive Officers is contained in the attached Corporate Governance Statement (which forms part of the Directors' Report).

The following table discloses the remuneration of the directors of the company and the five highest remunerated executives of the company (including executive directors):

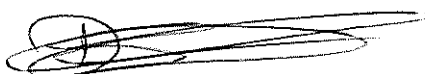
<b>Name</b>	<b>Office</b>	<b>Salary/Fees /Bonuses</b>	<b>Benefits</b>	<b>Total</b>
Anthony W Whatmore	Non-Executive Director	60,000	5,400	65,400
Bryan D Weir	Non-Executive Director	30,000	2,700	32,700
William S Cutbush	Non-Executive Director	9,423	848	10,271
James A Brown	Non-Executive Director	13,700	-	13,700
Desmond F Stickland	Executive Director	211,824	65,121	276,945
Brian C Clarke	Executive Director	140,000	59,981	199,981
Grant Harrang	Executive	128,141	53,580	181,721
John (Vincent) Ford	Executive	94,692	78,194	172,886
Des Sutton	Executive	135,750	33,893	169,643

Signed in accordance with a resolution of the directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors



Mr A W Whatmore  
Chairman



Mr D F Stickland  
Managing Director

MELBOURNE

Date: 26 August 2003

**INDEPENDENT AUDIT REPORT TO THE MEMBERS  
OF WRIDGWAYS AUSTRALIA LIMITED**

**Scope**

*The financial report and directors' responsibility*

The financial report comprises the statement of financial position, statement of financial performance, statement of cashflows, accompanying notes to the financial statements, and the directors' declaration for both Wridgways Australia Limited (the company) and the consolidated entity, for the financial year ended 30 June 2003 as set out on pages 6 to 34. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

*Audit approach*

We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the Corporations Act 2001 and Accounting Standards and other mandatory professional reporting requirements in Australia so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

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

**Independence**


In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

**Audit Opinion**

In our opinion, the financial report of Wridgways Australia Limited is in accordance with:

- (a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2003 and of their performance for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

  
DELOITTE TOUCHE TOHMATSU

  
S PELUSI  
Partner  
Chartered Accountants

26 August 2003

**WRIDGWAYS AUSTRALIA LIMITED**

**DIRECTORS' DECLARATION**

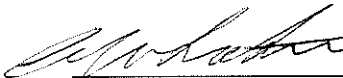
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2003**

The directors declare that:

- a) The attached financial statements and notes thereto comply with Accounting Standards;
- b) The attached financial statements and notes thereto give a true and fair view of the financial position and performance of the company and the consolidated entity;
- c) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and
- d) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



Mr A W Whatmore  
Chairman



Mr D F Stickland  
Managing Director

MELBOURNE

Date: 26 August 2003

**WRIDGWAYS AUSTRALIA LIMITED**

**STATEMENT OF FINANCIAL PERFORMANCE**

**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2003**

	<u>Note</u>	<u>Consolidated</u>		<u>Company</u>	
		2003	2002	2003	2002
		\$	\$	\$	\$
Sales revenue		71,001,228	70,309,866	-	-
Other revenue		122,049	135,811	5,207,793	5,214,492
Freight and direct expenses		(46,153,423)	(45,673,437)	(520,540)	(479,263)
Occupancy expenses		(3,975,068)	(3,991,185)	-	-
Sales and administration expenses		(17,498,975)	(16,744,102)	(2,157,710)	(2,196,962)
Borrowing costs		<u>(262,864)</u>	<u>(308,121)</u>	<u>(262,864)</u>	<u>(308,121)</u>
<b>Profit From Ordinary Activities Before Income Tax Expense</b>					
	2	3,232,947	3,728,832	2,266,679	2,230,146
Income tax expense relating to ordinary activities	5	<u>(1,016,360)</u>	<u>(1,149,279)</u>	<u>(248,004)</u>	<u>(237,044)</u>
<b>Net Profit</b>	24	<u>2,216,587</u>	<u>2,579,553</u>	<u>2,018,675</u>	<u>1,993,102</u>
<b>Total Changes in Equity Other than those Resulting from Transactions with Owners as Owners</b>		<u>2,216,587</u>	<u>2,579,553</u>	<u>2,018,675</u>	<u>1,993,102</u>
<b>Earnings Per Share</b>					
Basic (cents per share)	28	6.93	8.06		

Notes to the financial statements are included on pages 10 to 34

**WRIDGWAYS AUSTRALIA LIMITED**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2003**

	Note	Consolidated		Company	
		2003	2002	2003	2002
		\$	\$	\$	\$
<b>Current Assets</b>					
Cash assets		1,396,435	2,569,442	-	2,078
Receivables	8	5,973,820	4,594,582	1,494	-
Inventories	9	232,661	236,290	-	-
Other	10	<u>999,721</u>	<u>919,754</u>	<u>-</u>	<u>1,009</u>
<b>Total Current Assets</b>		<u>8,602,637</u>	<u>8,320,068</u>	<u>1,494</u>	<u>3,087</u>
<b>Non-Current Assets</b>					
Investments	11	-	-	11,688,898	11,688,898
Plant and equipment	12	2,753,100	2,356,325	1,396,953	1,335,307
Intangibles	13	9,644,544	9,759,950	-	-
Deferred tax assets	14	<u>732,365</u>	<u>680,752</u>	<u>100,069</u>	<u>108,349</u>
<b>Total Non-Current Assets</b>		<u>13,130,009</u>	<u>12,797,027</u>	<u>13,185,920</u>	<u>13,132,554</u>
<b>Total Assets</b>		<u>21,732,646</u>	<u>21,117,095</u>	<u>13,187,414</u>	<u>13,135,641</u>
<b>Current Liabilities</b>					
Payables	15	8,792,807	8,637,074	-	3,257
Interest-bearing liabilities	16	-	-	916,770	914,285
Current tax liabilities	17	273,272	524,815	116,833	252,671
Provisions	18	<u>1,181,877</u>	<u>1,201,717</u>	<u>168,646</u>	<u>213,922</u>
<b>Total Current Liabilities</b>		<u>10,247,956</u>	<u>10,363,606</u>	<u>1,202,249</u>	<u>1,384,135</u>
<b>Non-Current Liabilities</b>					
Payables	19	-	-	5,324,682	5,686,196
Interest-bearing liabilities	20	3,000,000	3,000,000	3,000,000	3,000,000
Deferred tax liabilities	21	265,290	340,921	93,116	98,792
Provisions	22	<u>906,655</u>	<u>876,410</u>	<u>164,911</u>	<u>142,737</u>
<b>Total Non-Current Liabilities</b>		<u>4,171,945</u>	<u>4,217,331</u>	<u>8,582,709</u>	<u>8,927,725</u>
<b>Total Liabilities</b>		<u>14,419,901</u>	<u>14,580,937</u>	<u>9,784,958</u>	<u>10,311,860</u>
<b>Net Assets</b>		<u>7,312,745</u>	<u>6,536,158</u>	<u>3,402,456</u>	<u>2,823,781</u>
<b>Equity</b>					
Contributed equity	23	1,500,000	1,500,000	1,500,000	1,500,000
Retained profits	24	<u>5,812,745</u>	<u>5,036,158</u>	<u>1,902,456</u>	<u>1,323,781</u>
<b>Total Equity</b>		<u>7,312,745</u>	<u>6,536,158</u>	<u>3,402,456</u>	<u>2,823,781</u>

Notes to the financial statements are included on page 10 to 34

**WRIDGWAYS AUSTRALIA LIMITED**

**STATEMENT OF CASH FLOWS**

**FOR THE FINANCIAL YEAR 30 JUNE 2003**

	<u>Note</u>	<u>Consolidated</u>		<u>Company</u>	
		<u>Inflow/(Outflow)</u>		<u>Inflow/(Outflow)</u>	
		<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
		<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<b>Cash Flows From Operating Activities</b>					
Receipts from customers		69,638,667	70,856,128	5,160,568	5,154,980
Payments to suppliers and employees		(66,724,277)	(64,468,234)	(2,364,062)	(2,139,758)
Interest received		37,783	46,678	55	-
Interest paid		(262,864)	(305,793)	(262,864)	(300,619)
Income tax paid		(1,395,147)	(1,674,347)	(381,238)	(197,984)
Net cash provided by operating activities	29(b)	<u>1,294,162</u>	<u>4,454,432</u>	<u>2,152,459</u>	<u>2,516,619</u>
<b>Cash Flows From Investing Activities</b>					
Payment for plant and equipment		(1,094,470)	(685,032)	(402,966)	(396,137)
Proceeds from sale of plant & equipment		<u>67,301</u>	<u>79,612</u>	<u>47,458</u>	<u>59,512</u>
Net cash used in investing activities		<u>(1,027,169)</u>	<u>(605,420)</u>	<u>(355,508)</u>	<u>(336,625)</u>
<b>Cash Flows From Financing Activities</b>					
Repayment of borrowings		-	(1,000,000)	-	(1,000,000)
Loans repaid by wholly-owned controlled entities		-	-	-	349,558
Loans to wholly-owned controlled entities		-	-	(361,514)	-
Dividends paid		(1,440,000)	(1,440,000)	(1,440,000)	(1,440,000)
Repayment of finance lease		-	(44,892)	-	(44,892)
Net cash used in financing activities		<u>(1,440,000)</u>	<u>(2,484,892)</u>	<u>(1,801,514)</u>	<u>(2,135,334)</u>
<b>Net Increase/(Decrease) In Cash Held</b>		(1,173,007)	1,364,120	(4,563)	44,660
<b>Cash At The Beginning Of The Financial Year</b>		<u>2,569,442</u>	<u>1,205,322</u>	<u>(912,207)</u>	<u>(956,867)</u>
<b>Cash At The End Of The Financial Year</b>	29(a)	<u>1,396,435</u>	<u>2,569,442</u>	<u>(916,770)</u>	<u>(912,207)</u>

Notes to the financial statements are included on pages 10 to 34

**WRIDGWAYS AUSTRALIA LIMITED**

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

**1. SUMMARY OF ACCOUNTING POLICIES**

**Financial Reporting Framework**

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

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

**Significant Accounting Policies**

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby, ensuring that the substance of the underlying transactions and other events is reported.

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

**(a) Principles of Consolidation**

The consolidated financial statements have been prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the company (the parent entity) and its controlled entities as defined in accounting standard AASB1024 Consolidated Accounts. A list of controlled entities appears in Note 35 to the financial statements. Consistent accounting policies have been employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each controlled entity from the date on which the company obtains control and until such time as the company ceases to control such entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

**(b) Revenue Recognition**

Revenue from the provision of removal services is recognised when the freight is delivered.

Revenue from the provision of storage services is recognised over the period of storage.

Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on an accrual basis.

**(c) Income Tax**

Tax effect accounting principles have been adopted whereby income tax expense is calculated on pre-tax accounting profits after adjustment for permanent differences. The tax effect of timing differences, which occur when items are included or allowed for income tax purposes in a period different to that for accounting, is shown at current taxation rates as deferred tax assets and deferred tax liabilities, as applicable.

**WRIDGWAYS AUSTRALIA LIMITED**

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

**1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

**(d) 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.

**(e) Receivables**

Trade receivables and other receivables are recorded at amounts due less any allowance for doubtful debts.

**(f) Inventories**

Inventories are valued at the lower of cost and net realisable value.

**(g) Investments**

Investments in controlled entities are recorded at cost.

**(h) Depreciation**

Depreciation is provided on plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life. The following estimated useful lives are used in the calculation of depreciation:

- Transport fleet 5 – 7 years
- Plant and equipment 3 - 10 years

**(i) Leased Assets**

Leased assets classified as finance leases are recognised as assets. The amount initially brought to account is the present value of minimum lease payments.

A finance lease is one which effectively transfers from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased property. Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Finance lease payments are allocated between interest expense and reduction of lease liability over the term of the lease. The interest expense is determined by applying the interest rate implicit in the lease to the outstanding lease liability at the beginning of each lease payment period.

Operating lease payments are charged as an expense on a basis which reflects the pattern in which economic benefits from the leased asset are consumed.

**WRIDGWAYS AUSTRALIA LIMITED**

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

**1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

**(j) Goodwill**

Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable net assets acquired (in respect of the business of Wridgways Limited) is amortised on a straight line basis over a period of 20 years.

**(k) Brand Name**

The consolidated entity's brand name, Wridgways, is recorded at cost of acquisition. The Directors give due consideration to the technical and commercial life of the brand name to determine its useful life and take into account that it has been in existence for over 100 years. In the opinion of the Directors, the brand name does not have a finite useful life and, accordingly, it has not been subject to amortisation.

The Directors regularly review the carrying value of the brand name to ensure its carrying value does not exceed its recoverable amount.

The brand name was recognised at its fair value on the acquisition of the business of Wridgways Limited on the basis of an independent valuation prepared by Grant Thornton Corporate (NSW) Pty Limited dated 27 October 1998. The basis of the valuation was the relief from franchise fee method.

**(l) Recoverable Amount of Non-Current Assets**

Non-current assets are written down to recoverable amount where the carrying value of any non-current asset exceeds recoverable amount. In determining the recoverable amount of non-current assets, the expected net cash flows have not been discounted to their present value.

**(m) Payables**

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

**(n) Interest-Bearing Liabilities**

Bills of exchange are recorded at an amount equal to the net proceeds received, with the premium or discount amortised over the period until maturity. Interest expense is recognised on an effective yield basis.

Bank loans and other loans are recorded at an amount equal to the net proceeds received. Interest expense is recognised on an accrual basis.

**WRIDGWAYS AUSTRALIA LIMITED**

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

**1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

**(o) Provisions**

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is probable that recovery will be received and the amount of the receivable can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

**(p) Employee Entitlements**

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of wages and salaries, annual leave and long service leave expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of long service leave which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to the reporting date.

**(q) Provision for Dividends**

A provision for dividend is recognised in the financial year in which the dividend is declared, determined or publicly recommended.

**(r) Financial Instruments Issued by the Company**

*Debt and Equity Instruments*

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

*Interest and Dividends*

Interest and dividends are classified as expenses or as distributions of profit consistent with the statement of financial position classification of the related debt or equity instruments.

**WRIDGWAYS AUSTRALIA LIMITED**

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

**1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

**(s) Foreign Currency**

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at that date.

Exchange differences are recognised in the net profit or loss in the period in which they arise except that:

- i. exchange differences which relate to assets under construction for future productive use are included in the cost of those assets; and
- ii. exchange differences on transactions entered into in order to hedge the purchase or sale of specific goods and services are deferred and included in the measurement of the purchase or sale.

**(t) Acquisition of Assets**

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

In the event that settlement of all or part of the cash consideration given in the acquisition of an asset is deferred, the fair value of the purchase consideration is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

**WRIDGWAYS AUSTRALIA LIMITED**

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

	Consolidated		Company	
	2003	2002	2003	2002
	\$	\$	\$	\$
<b>2. PROFIT FROM ORDINARY ACTIVITIES</b>				
Profit from ordinary activities before income tax includes the following items of revenue and expense:-				
<b>(a) Operating Revenue</b>				
Sales revenue (rendering of services)	71,001,228	70,309,866	-	-
Dividends:				
Wholly-owned controlled entity	-	-	1,440,000	1,440,000
Rental revenue	16,965	9,521	-	-
Interest revenue	37,783	46,678	55	-
Management fees:				
Wholly-owned controlled entity	-	-	<u>3,720,280</u>	<u>3,714,980</u>
	<u>71,055,976</u>	<u>70,366,065</u>	<u>5,160,335</u>	<u>5,154,980</u>
<b>(b) Non-Operating Revenue</b>				
Proceeds from sale of assets:				
Non-current plant and equipment	<u>67,301</u>	<u>79,612</u>	<u>47,458</u>	<u>59,512</u>
<b>Total Revenue</b>	<u>71,123,277</u>	<u>70,445,677</u>	<u>5,207,793</u>	<u>5,214,492</u>
<b>(c) Expenses</b>				
Borrowing Costs:				
Interest	227,864	272,035	227,864	272,035
Finance lease finance charges	-	1,182	-	1,182
Other borrowing costs	<u>35,000</u>	<u>34,904</u>	<u>35,000</u>	<u>34,904</u>
	262,864	308,121	262,864	308,121
Bad debts written off	24,974	17,081	-	-

**WRIDGWAYS AUSTRALIA LIMITED**

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

	Consolidated		Company	
	2003	2002	2003	2002
	\$	\$	\$	\$
<b>2. PROFIT FROM ORDINARY ACTIVITIES (Continued)</b>				
Depreciation and amortisation of non-current assets:				
Transport fleet	341,032	309,421	341,032	309,421
Plant and equipment	356,374	292,526	-	-
Leased assets	-	41,201	-	41,201
	<u>697,406</u>	<u>643,148</u>	<u>341,032</u>	<u>350,622</u>
Goodwill	<u>115,406</u>	<u>115,406</u>	-	-
	<u>812,812</u>	<u>758,554</u>	<u>341,032</u>	<u>350,622</u>
Operating lease rentals	4,428,038	4,157,954	179,220	168,984
Net transfers to/(from) provisions:				
Employee entitlements	10,405	103,706	(23,102)	185,970
Net foreign exchange loss	38,037	3,880	-	-
<b>3. SALES OF ASSETS</b>				
Sales of assets in the ordinary course of business have given rise to the following profits and losses:				
<b>Net Profits:</b>				
Plant and equipment	<u>67,012</u>	<u>72,055</u>	<u>47,170</u>	<u>58,653</u>
<b>4. REMUNERATION OF AUDITORS</b>				
<b>Auditor of the parent entity:</b>				
Auditing the financial report	59,500	56,750	-	-
Other services	<u>43,340</u>	<u>82,561</u>	-	-
	<u>102,840</u>	<u>139,311</u>	-	-

**WRIDGWAYS AUSTRALIA LIMITED**

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

	Consolidated		Company	
	2003	2002	2003	2002
	\$	\$	\$	\$
<b>5. INCOME TAX</b>				
(a) The prima facie income tax expense on pre-tax accounting profit reconciles to the income tax expense in the financial statements as follows:				
<b>Profit from ordinary activities before income tax</b>	3,232,947	3,728,832	2,266,679	2,230,146
Income tax expense calculated at 30%	969,884	1,118,650	680,004	669,044
<b>Permanent differences:</b>				
Amortisation of goodwill	34,622	34,622	-	-
Non deductible expenses	6,396	6,430	-	-
Rebateable dividend	-	-	(432,000)	(432,000)
(Over)/under provision of income tax in previous year	5,458	(10,423)	-	-
Income tax expense attributable to operating profit	1,016,360	1,149,279	248,004	237,044
(b) Future income tax benefits not brought to account as assets:				
Tax losses - capital	98,875	98,875	-	-

The taxation benefits of tax losses not brought to account will only be obtained if:

- (i) assessable income is derived of a nature and of amount sufficient to enable the benefit from the deductions to be realised;
- (ii) the conditions for deductibility imposed by the law are complied with; and
- (iii) no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

c) Tax Consolidation

Legislation to allow groups, comprising a parent entity and its Australian resident wholly-owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantively enacted on 21 October 2002. This legislation, which includes both mandatory and elective elements, is applicable to the company.

At the date of this report the directors have not assessed the financial effect, if any, the legislation may have on the company and the consolidated entity and, accordingly, the directors have not made a decision whether or not to elect to be taxed as a single entity. The financial effect of the implementation of the tax consolidation system on the company and consolidated entity has not been recognised in the financial statements.

In the event that the tax consolidation system is implemented, it is intended that Wridgways Australia Ltd will compensate its wholly-owned subsidiaries for the carrying amount of deferred tax balances transferred to it as the head tax paying entity.

**WRIDGWAYS AUSTRALIA LIMITED**

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

	Consolidated		Company	
	2003	2002	2003	2002
	\$	\$	\$	\$

**6. DIRECTORS' REMUNERATION**

The directors of Wridgways Australia Limited during the year were:

- Anthony W Whatmore
- Bryan D Weir
- William S Cutbush
- Desmond F Stickland
- Brian C Clarke
- James A Brown

The aggregate of income paid or payable, or otherwise made available, in respect of the financial year, to all directors of the company, directly or indirectly, by the company or by any related party.

598,997	558,187
---------	---------

The aggregate of income paid or payable, or otherwise made available, in respect of the financial year, to all directors of each entity in the consolidated entity, directly or indirectly, by the entities in which they are directors or by any related party.

598,997	558,187
---------	---------

The number of directors of the company whose total income falls within each successive \$10,000 band of income:

			<u>No.</u>	<u>No.</u>
\$ 10,000	-	\$ 19,999	2	-
\$ 30,000	-	\$ 39,999	1	2
\$ 60,000	-	\$ 69,999	1	1
\$180,000	-	\$189,999	-	1
\$190,000	-	\$199,999	1	-
\$240,000	-	\$249,999	-	1
\$270,000	-	\$279,999	1	-

**WRIDGWAYS AUSTRALIA LIMITED**

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

	Consolidated		Company	
	2003	2002	2003	2002
	\$	\$	\$	\$

**7. EXECUTIVES' REMUNERATION**

Aggregate remuneration of executive officers of the company working mainly in Australia and receiving \$100,000 or more from the company or from any related party.

1,120,306     1,041,299

Aggregate remuneration of executive officers of each entity in the consolidated entity working mainly in Australia and receiving \$100,000 or more from the entity for which they are executive officers or from any related party.

1,547,925     1,445,688

The number of executive officers whose remuneration falls within each successive \$10,000 band of income (commencing at \$100,000):

	No.	No.	No.	No.
\$110,000 - \$119,999	1	1	-	-
\$120,000 - \$129,999	1	1	-	-
\$130,000 - \$139,999	1	-	1	-
\$140,000 - \$149,999	-	2	-	2
\$160,000 - \$169,999	2	3	2	2
\$170,000 - \$179,999	1	-	1	-
\$180,000 - \$189,999	1	1	-	1
\$190,000 - \$199,999	1	-	1	-
\$240,000 - \$249,999	-	1	-	1
\$270,000 - \$279,999	1	-	1	-

Aggregate remuneration of executive officers includes executive directors.

**WRIDGWAYS AUSTRALIA LIMITED**

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

	Consolidated		Company	
	2003	2002	2003	2002
	\$	\$	\$	\$
<b>8. CURRENT RECEIVABLES</b>				
Trade receivables	5,981,530	4,570,409	-	-
Allowance for doubtful debts	<u>(131,676)</u>	<u>(129,294)</u>	<u>-</u>	<u>-</u>
	5,849,854	4,441,115	-	-
Other receivables	<u>123,966</u>	<u>153,467</u>	<u>1,494</u>	<u>-</u>
	<u>5,973,820</u>	<u>4,594,582</u>	<u>1,494</u>	<u>-</u>
<b>9. CURRENT INVENTORIES</b>				
<u>At cost</u>				
Consumables	<u>232,661</u>	<u>236,290</u>	<u>-</u>	<u>-</u>
<b>10. OTHER CURRENT ASSETS</b>				
Prepayments	<u>999,721</u>	<u>919,754</u>	<u>-</u>	<u>1,009</u>
<b>11. NON-CURRENT INVESTMENTS</b>				
Non-quoted Investments				
<u>At cost</u>				
Shares in wholly-owned controlled entity (Note 35)	<u>-</u>	<u>-</u>	<u>11,688,898</u>	<u>11,688,898</u>

**WRIDGWAYS AUSTRALIA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2003**

**12. PLANT AND EQUIPMENT**

	<b>Consolidated</b>		
	<b>Plant &amp; Equipment</b>	<b>Transport Fleet</b>	<b>Total</b>
<i>Gross Carrying Amount (at cost)</i>			
Balance at 30 June 2002	2,403,284	2,623,628	5,026,912
Additions	691,504	402,966	1,094,470
Disposals	(83,500)	(1,062)	(84,562)
Balance at 30 June 2003	3,011,288	3,025,532	6,036,820
<i>Accumulated Depreciation</i>			
Balance at 30 June 2002	(1,382,266)	(1,288,321)	(2,670,587)
Depreciation expense	(356,374)	(341,032)	(697,406)
Disposals	83,499	774	84,273
Balance at 30 June 2003	(1,655,141)	(1,628,579)	(3,283,720)
<i>Net Book Value</i>			
As at 30 June 2002	1,021,018	1,335,307	2,356,325
As at 30 June 2003	1,356,147	1,396,953	2,753,100

Aggregate depreciation allocated during the year is recognised as an expense and disclosed in Note 2 to the financial statements.

**WRIDGWAYS AUSTRALIA LIMITED**

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

**12. PLANT AND EQUIPMENT (Continued)**

	<b>Company</b>		
	<b>Plant &amp; Equipment</b>	<b>Transport Fleet</b>	<b>Total</b>
<i>Gross Carrying Amount (at cost)</i>			
Balance at 30 June 2002	211,893	2,623,628	2,835,521
Additions	-	402,966	402,966
Disposals	-	(1,062)	(1,062)
Balance at 30 June 2003	211,893	3,025,532	3,237,425
<i>Accumulated Depreciation</i>			
Balance at 30 June 2002	(211,893)	(1,288,321)	(1,500,214)
Depreciation expense	-	(341,032)	(341,032)
Disposals	-	774	774
Balance at 30 June 2003	(211,893)	(1,628,579)	1,840,472
<i>Net Book Value</i>			
As at 30 June 2002	-	1,335,307	1,335,307
As at 30 June 2003	-	1,396,953	1,396,953

Aggregate depreciation allocated during the year is recognised as an expense and disclosed in Note 2 to the financial statements.

**WRIDGWAYS AUSTRALIA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2003**

	Consolidated		Company	
	2003	2002	2003	2002
	\$	\$	\$	\$
<b>13. INTANGIBLES</b>				
Goodwill: At cost	2,308,129	2,308,129	-	-
Accumulated amortisation	<u>(663,585)</u>	<u>(548,179)</u>	<u>-</u>	<u>-</u>
	1,644,544	1,759,950	-	-
Brand Name: At cost (Note 1(k))	<u>8,000,000</u>	<u>8,000,000</u>	<u>-</u>	<u>-</u>
	<u>9,644,544</u>	<u>9,759,950</u>	<u>-</u>	<u>-</u>

Aggregate amortisation allocated during the year is recognised as an expense and disclosed in Note 2 to the financial statements.

**14. DEFERRED TAX ASSETS**

Future income tax benefit – Timing differences	<u>732,365</u>	<u>680,752</u>	<u>100,069</u>	<u>108,349</u>
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**15. CURRENT PAYABLES**

Unsecured:				
Trade payables and accruals	8,792,807	8,637,074	<u>-</u>	<u>3,257</u>

**16. CURRENT INTEREST-BEARING LIABILITIES**

Secured:				
Bank overdraft (i)	<u>-</u>	<u>-</u>	<u>916,770</u>	<u>914,285</u>

(i) Secured by a fixed and floating charge and guarantees over the assets of the company and its wholly-owned controlled entities.

**WRIDGWAYS AUSTRALIA LIMITED**

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

	Consolidated		Company	
	2003	2002	2003	2002
	\$	\$	\$	\$
<b>17. CURRENT TAX LIABILITIES</b>				
Income tax payable	<u>273,272</u>	<u>524,815</u>	<u>116,833</u>	<u>252,671</u>
<b>18. CURRENT PROVISIONS</b>				
Employee entitlements	<u>1,181,877</u>	<u>1,201,717</u>	<u>168,646</u>	<u>213,922</u>
<b>19. NON-CURRENT PAYABLES</b>				
Unsecured:				
Non-trade payable: wholly-owned controlled entities	<u>-</u>	<u>-</u>	<u>5,324,682</u>	<u>5,686,196</u>
<b>20. NON-CURRENT INTEREST-BEARING LIABILITIES</b>				
Secured:				
Bills of exchange (i)	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>
(i) Secured by a fixed and floating charge and guarantees over the assets of the company and its wholly-owned controlled entities.				
<b>21. DEFERRED TAX LIABILITIES</b>				
Deferred income tax	<u>265,290</u>	<u>340,921</u>	<u>93,116</u>	<u>98,792</u>
<b>22. NON-CURRENT PROVISIONS</b>				
Employee entitlements	<u>906,655</u>	<u>876,410</u>	<u>164,911</u>	<u>142,737</u>

**WRIDGWAYS AUSTRALIA LIMITED**

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

	Consolidated		Company	
	2003	2002	2003	2002
	\$	\$	\$	\$
<b>23. CONTRIBUTED EQUITY</b>				
32,000,000 fully paid ordinary shares (2002: 32,000,000)	1,500,000	1,500,000	1,500,000	1,500,000

**Ordinary share capital**

Ordinary shares carry one vote per share and carry the right to dividends.

**24. RETAINED PROFITS**

Balance at beginning of financial year	5,036,158	3,896,605	1,323,781	770,679
Net profit	2,216,587	2,579,553	2,018,675	1,993,102
Dividends (Note 27)	<u>(1,440,000)</u>	<u>(1,440,000)</u>	<u>(1,440,000)</u>	<u>(1,440,000)</u>
Balance at end of financial year	5,812,745	5,036,158	1,902,456	1,323,781

**25. EMPLOYEE ENTITLEMENTS**

The aggregate employee entitlement liability recognised and included in the financial statements is as follows:

Provision for employee entitlements:				
Current (Note 18)	1,181,877	1,201,717	168,646	213,922
Non-Current (Note 22)	<u>906,655</u>	<u>876,410</u>	<u>164,911</u>	<u>142,737</u>
	2,088,532	2,078,127	333,557	356,659

	2003	2002	2003	2002
	No.	No.	No.	No.
Number of employees at end of the financial year	299	300	36	35

**WRIDGWAYS AUSTRALIA LIMITED**

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

	Consolidated		Company	
	2003	2002	2003	2002
	\$	\$	\$	\$
<b>26. COMMITMENTS FOR EXPENDITURE</b>				
<b>Operating Leases</b>				
Commitments under non-cancellable operating leases contracted for:				
<u>Premises (i)</u>				
Not longer than 1 year	4,074,727	3,964,049	-	-
Longer than 1 year and not longer than 5 years	10,994,641	14,052,899	-	-
Longer than 5 years	<u>4,768,852</u>	<u>4,482,274</u>	<u>-</u>	<u>-</u>
	<u>19,838,220</u>	<u>22,499,222</u>	<u>-</u>	<u>-</u>
<u>Plant &amp; Equipment (ii)</u>				
Not longer than 1 year	463,328	490,877	463,328	490,877
Longer than 1 year and not longer than 5 years	127,463	1,047,256	127,463	1,047,256
Longer than 5 years	<u>135,204</u>	<u>12,913</u>	<u>135,204</u>	<u>12,913</u>
	<u>725,995</u>	<u>1,551,046</u>	<u>725,995</u>	<u>1,551,046</u>

Leasing Arrangements

(i) The consolidated entity leases a number of premises throughout Australia. The rental period of each individual lease agreement varies between 1 and 10 years with renewal options ranging from 2 to 5 years. The majority of lease agreements are subject to rental adjustments in line with movements in the Consumer Price Index or Market Rentals.

(ii) Consists of agreements for the leasing of containers, transport fleet and motor vehicles.

The lease agreement for containers is for 5 years. At the expiration of the lease agreement, the consolidated entity has the option to renew the lease for a further 2 year term or purchase the containers.

The lease agreements for the transport fleet and motor vehicles are for periods ranging from 4 to 7 years. These lease agreements do not include renewal options.

**WRIDGWAYS AUSTRALIA LIMITED**

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

**27. DIVIDENDS**

	2003		2002	
	Cents per share	Total \$	Cents per share	Total \$
<b>Fully Paid Ordinary shares</b>				
<i>Recognised amounts</i>				
Final dividend in respect of the prior financial year – Franked to 30%	3.0	960,000	3.0	960,000
Interim dividend in respect to the current financial year – Franked to 30%	1.5	<u>480,000</u>	1.5	<u>480,000</u>
		<u>1,440,000</u>		<u>1,440,000</u>
<i>Unrecognised amounts</i>				
Final dividend in respect of the current financial year – Franked to 30%	3.0	<u>960,000</u>	3.0	<u>960,000</u>
		<b>Consolidated</b>		<b>Company</b>
		<b>2003</b>	<b>2002</b>	<b>2003</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>
Adjusted franking account balance (tax paid basis)		<u>4,112,753</u>	<u>3,648,364</u>	<u>910,425</u>
				<u>665,026</u>

Due to changes in Australian income tax legislation, from 1 July 2002 franking accounts are maintained on a 'tax paid' rather than an 'after tax distributable profits' basis. The comparative franking account balance as at 30 June 2002 has been restated on a tax paid basis so as to be comparable with the disclosure as at 30 June 2003.

**WRIDGWAYS AUSTRALIA LIMITED**

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

	<b>2003</b>	<b>2002</b>
	¢	¢
<b>28. EARNINGS PER SHARE</b>		
<i>Basic Earnings Per Share (cents)</i>	6.93	8.06

	<b>2003</b>	<b>2002</b>
	\$	\$

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Earnings (i)	<u>2,216,587</u>	<u>2,579,553</u>
--------------	------------------	------------------

(i) Earnings used in the calculation of basic earnings per share represents the net profit in the statement of financial performance.

	<b>2003</b>	<b>2002</b>
	No	No

Weighted average number of ordinary shares	<u>32,000,000</u>	<u>32,000,000</u>
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*Diluted Earnings Per Share*

Diluted earnings per share is the same as basic earnings per share. The consolidated entity has not issued any potential ordinary shares during the financial year.

	<b>Consolidated</b>		<b>Company</b>	
	2003	2002	2003	2002
	\$	\$	\$	\$
<b>29. NOTES TO THE STATEMENT OF CASH FLOWS</b>				

**(a) Reconciliation of Cash**

For the purpose of the statement of cash flows, cash includes cash on hand and in banks, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash assets	1,396,435	2,569,442	-	2,078
Bank overdraft	<u>-</u>	<u>-</u>	<u>(916,770)</u>	<u>(914,285)</u>
	<u>1,396,435</u>	<u>2,569,442</u>	<u>(916,770)</u>	<u>(912,207)</u>

**WRIDGWAYS AUSTRALIA LIMITED**

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

	Consolidated		Company	
	2003	2002	2003	2002
	\$	\$	\$	\$
<b>29. NOTES TO THE STATEMENT OF CASH FLOWS</b>				
<b>(Continued)</b>				
<b>(b) Reconciliation of net profit to net cash flows from operating activities</b>				
Profit from ordinary activities after income tax	2,216,587	2,579,553	2,018,675	1,993,102
(Profit)/loss on sale of plant and equipment	(67,012)	(72,055)	(47,170)	(58,653)
Depreciation and amortisation of plant and equipment	697,406	643,148	341,032	350,622
Amortisation of goodwill	115,406	115,406	-	-
(Increase)/decrease in assets:				
Receivables	(1,379,238)	536,741	(1,494)	1,641
Inventories	3,629	15,011	-	-
Prepayments	(79,967)	737	1,009	7,502
Deferred tax assets	(51,613)	(15,314)	8,280	(54,833)
Increase/(decrease) in liabilities:				
Payables	155,733	1,057,253	(3,257)	(2,625)
Current provisions	(19,840)	24,837	(45,276)	107,059
Current tax liabilities	(251,543)	(427,178)	(135,838)	102,612
Non-current provisions	30,245	78,869	22,174	78,911
Deferred tax liabilities	(75,631)	(82,576)	(5,676)	(8,719)
Net cash from operating activities	<u>1,294,162</u>	<u>4,454,432</u>	<u>2,152,459</u>	<u>2,516,619</u>
<b>(c) Financing facilities</b>				
Secured bill acceptance facility, reviewed annually:				
Amount used	3,000,000	3,000,000	3,000,000	3,000,000
Amount unused	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>
	<u>7,000,000</u>	<u>7,000,000</u>	<u>7,000,000</u>	<u>7,000,000</u>
Secured bank overdraft facility, reviewed annually and payable at call:				
Amount used	-	-	916,770	914,285
Amount unused	<u>1,000,000</u>	<u>1,000,000</u>	<u>83,230</u>	<u>85,715</u>
	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

**WRIDGWAYS AUSTRALIA LIMITED**

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

	Consolidated		Company	
	2003	2002	2003	2002
	\$	\$	\$	\$
<b>30. NON-HEDGED FOREIGN CURRENCY BALANCES</b>				
The Australian dollar equivalent of foreign currency balances included in the financial statements which are not effectively hedged are as follows:				
<b>Current Payables</b>				
New Zealand Dollars	22,635	11,827	-	-
US Dollars	165,099	116,974	-	-
British Pounds	128,963	70,491	-	-
Canadian Dollars	13,706	4,185	-	-
Papua New Guinea Kina	1,555	537	-	-
Japanese Yen	-	5,452	-	-
South African Rand	1,728	423	-	-
Norwegian Kroner	1,644	3,914	-	-
Danish Kroner	340	812	-	-
Euro	9,818	8,309	-	-
Swiss Francs	-	3,167	-	-
Swedish Kroner	10,368	-	-	-
	<u>355,856</u>	<u>226,091</u>	<u>-</u>	<u>-</u>

**31. FINANCIAL INSTRUMENTS**

**(a) Significant Accounting Policies**

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

**(b) Objectives of Derivative Financial Instruments**

The consolidated entity does not enter into derivative financial instruments to manage its exposure to foreign exchange rate risk. The consolidated entity's maximum exposure to foreign exchange risk is disclosed in Note 30 to the financial statements.

The consolidated entity enters into a financial instrument to manage its exposure to interest rate risk being an interest rate swap to mitigate the risk of rising interest rates.

The consolidated entity does not enter into or trade derivative financial instruments for speculative purposes.

**WRIDGWAYS AUSTRALIA LIMITED**

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

**31. FINANCIAL INSTRUMENTS (Continued)**

**(c) Interest Rate Risk**

The following table details the consolidated entity's exposure to interest rate risk:

	Average Interest Rate	Variable Interest Rate	Fixed Interest Rate Maturity		Non- Interest Bearing	Total
			Less than 1 Year	1 to 5 Years		
	%	\$	\$	\$	\$	\$
<b><u>2003</u></b>						
<b>Financial Assets</b>						
Cash assets	3.8	1,396,435	-	-	-	1,396,435
Receivables	-	-	-	-	5,973,820	5,973,820
		1,396,435	-	-	5,973,820	7,370,255
<b>Financial Liabilities</b>						
Payables	-	-	-	-	8,792,807	8,792,807
Current provisions	-	-	-	-	1,181,877	1,181,877
Non-current provisions	-	-	-	-	906,655	906,655
Bills of exchange	4.8	3,000,000	-	-	-	3,000,000
Interest rate contracts	6.6	(3,000,000)	-	3,000,000	-	-
		-	-	3,000,000	10,881,339	13,881,339
<b><u>2002</u></b>						
<b>Financial Assets</b>						
Cash assets	3.9	2,569,442	-	-	-	2,569,442
Receivables	-	-	-	-	4,594,582	4,594,582
		2,569,442	-	-	4,594,582	7,164,024
<b>Financial Liabilities</b>						
Payables	-	-	-	-	8,637,074	8,637,074
Current provisions	-	-	-	-	1,201,717	1,201,717
Non-current provisions	-	-	-	-	876,410	876,410
Bills of exchange	4.9	3,000,000	-	-	-	3,000,000
Interest rate contracts	6.6	(3,000,000)	-	3,000,000	-	-
		-	-	3,000,000	10,715,201	13,715,201

**WRIDGWAYS AUSTRALIA LIMITED**

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

**31. FINANCIAL INSTRUMENTS (Continued)**

**(d) Credit Risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted the policy of only dealing with creditworthy counterparts and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The consolidated entity measures risk on a fair value basis.

The carrying amount of financial assets recorded in the financial statements, net of any provision for losses, represents the consolidated entity's maximum exposure to credit risk, without taking account of the value of any collateral or other security obtained.

**(e) Net Fair Value**

Except as detailed in the following table, the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their net fair values.

The net fair values of financial assets and financial liabilities are determined as follows:

- the net fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the net fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow theory.

The following table details the net fair value of financial assets and financial liabilities:

<b>Financial Liability</b>	<b>Carrying Amount</b>		<b>Net Fair Value</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Interest rate swaps	-	-	142,588	76,573

**(f) Significant Terms and Conditions**

The consolidated entity uses an interest rate swap to manage its interest rate exposure.

Under interest rate swap contracts, the consolidated entity agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the consolidated entity to mitigate the risk of rising interest rates.

The following table details the notional principal amounts and remaining terms of interest rate swap contracts and forward interest rate contracts outstanding as at reporting date.

<b>Outstanding Contracts</b>	<b>Average Interest Rate</b>		<b>Notional Principal Amount</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>%</b>	<b>%</b>	<b>\$</b>	<b>\$</b>
1 to 5 years	6.6	6.6	3,000,000	3,000,000

**WRIDGWAYS AUSTRALIA LIMITED**

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

**32. SEGMENT INFORMATION**

The consolidated entity operates in the transport industry (through the provision of removal and storage services) and operates only in Australia.

**33. CONTINGENT LIABILITIES**

Performance guarantees of \$341,664 (2002: \$441,098) are held by Westpac Banking Corporation on behalf of Wridgways Limited.

**34. RELATED PARTY DISCLOSURES**

**(a) Equity Interests in Controlled Entities**

Details of the percentage of ordinary shares held in controlled entities are disclosed in Note 35 to the financial statements.

**(b) Directors' Remuneration**

Details of directors' remuneration are disclosed in Note 6 to the financial statements.

**(c) Directors' Equity Holdings**

Directors and their director related entities held 5,836,145 (2002: 5,871,013) fully paid ordinary shares at the reporting date.

**(d) Transactions Within the Wholly Owned Group**

The ultimate parent entity in the wholly-owned group is Wridgways Australia Limited.

Details of dividend revenue derived by the parent entity from wholly-owned controlled entities is disclosed in Note 2 to the financial statements.

During the financial year Wridgways Australia Limited derived management fee income through the provision of administrative services at cost plus 5% to 30% (2002: 5% to 30%) and rental of the transport fleet at commercial rates, as disclosed in note 2 to the financial statements.

Amounts payable to wholly-owned controlled entities are disclosed in Note 19 to the financial statements.

**(e) Transactions with Director Related Parties**

During the financial year, the consolidated entity provided removal and storage services to directors and their director-related entities, which were domestic or trivial in nature, on the same terms and conditions available to other employees and customers.

**WRIDGWAYS AUSTRALIA LIMITED**

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

**35. CONTROLLED ENTITIES**

<b>Name of Entity</b>	<b>Country of Incorporation</b>	<b>Ownership Interest</b>	
		<b>2003</b>	<b>2002</b>
		<b>%</b>	<b>%</b>
<b>Parent Entity</b>			
Wridgways Australia Limited (i)	Australia		
<b>Controlled Entities</b>			
Wridgways Limited	Australia	100	100
Wridgways Business Relocations Pty Ltd	Australia	100	100

(i) Wridgways Australia Limited is a listed public company operating in Australia.

**36. NET TANGIBLE ASSETS PER SHARE**

	<b>2003</b>	<b>2002</b>
	<b>\$</b>	<b>\$</b>
Consolidated net tangible assets per share	(\$0.07)	(\$0.10)

Net tangible assets of (\$2,331,799) (2002: (\$3,223,792)) consists of Net Assets of \$7,312,745 (2002: \$6,536,158) less Intangible Assets of \$9,644,544 (2002: \$9,759,950).

**WRIDGWAYS AUSTRALIA LIMITED**

**Additional Stock Exchange Information  
(as at 18 August 2003)**

**Number of Holders of Equity Securities**

32,000,000 fully paid ordinary shares are held by 1,941 individual shareholders.

All issued ordinary shares carry one vote per share.

**Distribution of Holders of Equity Securities**

	<b>Fully Paid Ordinary Shares</b>
1 - 1,000	106
1,001 - 5,000	888
5,001 - 10,000	567
10,001 - 100,000	357
100,001 and over	23
	<hr/>
	1,941
Holdings less than a marketable parcel	24

**Substantial Shareholders**

<b>Ordinary Shareholders</b>	<b>Fully Paid Ordinary Shares</b>	
	<b>Number</b>	<b>Percentage</b>
D F & J Stickland	3,690,000	11.53
Starbrite Consultants Pty Ltd	2,133,332	6.67
B C & C A Clarke Investments Pty Ltd	1,959,145	6.12
	<hr/>	
	7,782,477	24.32
	<hr/>	

**WRIDGWAYS AUSTRALIA LIMITED**

**Additional Stock Exchange Information  
(as at 18 August 2003)**

**Twenty Largest Holders of Quoted Equity Securities**

Ordinary Shareholders	Fully Paid	
	Number	Percentage
D F & J Stickland	3,690,000	11.53
Starbrite Consultants Pty Ltd	2,133,332	6.67
B C & C A Clarke Investments Pty Ltd	1,959,145	6.12
D P Sutton	1,565,775	4.89
S J & H N Crowle Pty Ltd	1,535,165	4.80
Questor Financial Services Ltd	1,258,750	3.93
Pook Investments Pty Ltd	850,000	2.66
W C Anderson	500,910	1.57
J A Boustead	409,332	1.28
Steelpport Industries Pty Ltd	233,705	0.73
E B Hansen	193,600	0.61
Parkstone Investments Pty Ltd	165,000	0.52
H Lee	162,200	0.51
Questor Financial Services Ltd	145,200	0.45
Dawson Corporate Investments Pty Ltd	141,000	0.44
M M Horsfield	140,000	0.44
Howard Securities Pty Ltd	140,000	0.44
G W Goode	135,328	0.42
Dormund Pty Ltd	127,489	0.40
E & T M Gill	120,000	0.38
	<hr/>	
	15,605,931	48.79

**WRIDGWAYS AUSTRALIA LIMITED**

**Additional Stock Exchange Information  
(as at 18 August 2003)**

**Company Secretary**

Mr Brian C Clarke

**Principal Registered Office**

93 Heatherdale Road  
Ringwood Victoria 3134  
Telephone: (03) 9837 1700

**Principal Administration Office**

93 Heatherdale Road  
Ringwood Victoria 3134  
Telephone: (03) 9837 1700  
Facsimile: (03) 9872 4063  
Email: [moving@wridgways.com.au](mailto:moving@wridgways.com.au)  
Website: <http://www.wridgways.com.au>

**Share Registry**

C/- Computershare Investor Services Pty Limited  
Level 12, 565 Bourke Street  
Melbourne Vic 3000  
Telephone: (03) 9611 5711  
Facsimile: (03) 9611 5710

**Stock Exchange Listings**

Wridgways Australia Limited's ordinary shares are quoted by the Australian Stock Exchange Limited.

# Wridgways Australia Ltd

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## Preliminary Final Report For the Financial Year Ended 30 June 2003

### Information on Audit or Review

This preliminary final report is based on accounts to which one of the following applies.

- |   |  |   |   |
|---|--|---|---|
| X | The accounts have been audited.  | - | The accounts have been subject to review.           |
| - | The accounts are in the process of being audited or subject to review. | - | The accounts have not yet been audited or reviewed. |