

Preliminary Final Report Of  
Wridgways Australia Limited  
for the Financial Year Ended 30 June 2007

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 ending 30 June 2007

Previous Corresponding Period: Financial Year ending 30 June 2006

**Wridgways Australia Ltd  
Preliminary Final Report  
For the Financial Year Ended 30 June 2007**

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**Wridgways Australia Ltd**  
**Preliminary Final Report**  
**For the Financial Year Ended 30 June 2007**

**Results For Announcement to the Market**

Revenue and Net Profit

		<b>Percentage Change %</b>		<b>Amount \$'000</b>
Revenue from operations	up/down	10.0%	To	113,183
Profit after tax attributable to members	up/down	34.9%	To	5,849
Profit attributable to members	up/down	34.9%	To	5,849

Dividends (Distributions)

	<b>Amount per security</b>	<b>Franked amount per security</b>
Final dividend – payable 28 September 2007	10.0¢	10.0¢ (at 30% tax)
Interim dividend – paid 16 March 2007	5.0¢	5.0¢ (at 30% tax)

Record date for determining entitlements to the final dividend is

21 September 2007
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**Brief Explanation of Revenue, Net Profit and Dividends**

Revenue from operations increased by 10.0% from \$102.866m to \$113.183m.

Profit after Tax increased by 34.9% to \$5.849m.

Final Dividend of 10.0cents per share fully franked bringing total paid for the year to 15.0cents per share fully franked. (2006: 9.5cents)

See commentary attached.

The attached Financial Statements and Directors Declaration have been audited.

**Wridgways Australia Ltd**  
**Preliminary Final Report**  
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It is extremely pleasing to once again be able to report record Revenue and Profits for the year. This resulted in earnings per share of 18.28 cents (last year's 13.55); our highest since listing in 1999.

Group operating revenue of \$113.183 million increased by 10.0% on last year's figure of \$102.866 million.

Operating profit after tax increased by 34.9% to \$5.849 million, again a strong increase on the \$4.336 million last year. Operating profit before tax also increased by 34.9%, to \$8.381 million on last year's \$6.212 million.

At year end Wridgways continued to be debt free with Cash at Bank of \$8.359 million, after Capital Expenditure of \$2.991 million and Dividend payments of \$3.840 million, double last year's dividend payments of \$1.920 million.

The ongoing strength of the Australian economy, in particular the resources sector in Western Australia and Queensland, continues to underpin demand for relocation services in both the domestic and international markets.

Dividend

The Directors have resolved to declare a fully franked final dividend of 10.0 cents per share (2006 – 5.0 cents plus a special dividend of 2.0 cents).

Shareholders will be aware that our interim dividend of 5.0 cents per share (previous year 2.5 cents) was paid on 16 March, 2007, bringing the total dividend for the fiscal year to 15.0 cents per share, a 58% increase on the previous year (2006 – 9.5 cents).

The Dividend will be payable on 28 September, 2007 to Shareholders registered as such on 21 September, 2007, and transfers will be received by the company until 5.00pm on that date.

Outlook

While the domestic and international markets remain strong, we expect our business to continue to grow.

We continue to look for acquisition opportunities as the industry around the world is at the stage where consolidation is required.

Annual General Meeting

Shareholders will receive the Annual Report in mid September and should note that the Annual General meeting will be held on Wednesday, 24 October 2007. Full details will be in the Notice of Meeting accompanying the Annual Report.

Commentary will be Chairman's announcement

***Wridgways Australia Limited***

***ABN 82 079 887 728***

**Financial report for the financial year ended 30 June  
2007**

# Annual Financial Report for the Financial Year Ended 30 June 2007

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# Directors' Report - 30 June 2007

The directors of Wridgways Australia Limited submit herewith the annual financial report of the company for the financial year ended 30 June 2007. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

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

## Directors

Name

Anthony W Whatmore

Bryan D Weir

Desmond F Stickland

Brian C Clarke [Company Secretary]

James A Brown

The above named directors held office during and since the end of the financial year. Particulars of the Directors are set out on page 33 of the annual report.

## Principal activities

The company's principal activities in the course of the financial year was 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 net profit for the year was \$5,848,707 (2006: \$4,336,218).

## Changes in state of affairs

During the financial year there was no significant change in the state of affairs of the consolidated entity.

## Subsequent events

There has not been any matter or circumstance 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.

## 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.

## 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.

## Dividends

In respect of the financial year ended 30 June 2006, as detailed in the directors' report for that financial year, a final dividend of 5.0 cents per share and a special dividend of 2.0 cents per share both franked to 100% at 30% corporate income tax rate was paid to the holders of fully paid ordinary shares on 29 September 2006.

In respect of the financial year ended 30 June 2007, an interim dividend of 5.0 cents per share franked to 100% at 30% corporate income tax rate was paid to the holders of fully paid ordinary shares on 16 March 2007.

In respect of the financial year ended 30 June 2007, the directors declare the payment of a final dividend of 10.0 cents per share franked to 100% at 30% corporate income tax rate to the holders of fully paid ordinary shares on 28 September 2007.

## Share options

During and since the end of the financial year no share options were granted and none are on issue.

## 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 executive officers 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.

## 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 meetings, 2 audit committee meetings and 2 remuneration committee meetings were held.

Directors	Board of directors		Audit committee		Remuneration committee	
	Held	Attended	Held	Attended	Held	Attended
A W Whatmore	7	7	2	2	2	2
B D Weir	7	6	2	2	2	2
J A Brown	7	7	2	2	2	2
D F Stickland	7	7	2	2	2	2
B C Clarke	7	7	2	2	-	-

## Directors' shareholdings

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

Directors	Fully Paid Ordinary Shares
A W Whatmore	215,000
B D Weir	84,000
J A Brown	60,000
D F Stickland	3,090,000
B C Clarke	1,405,626

## **Remuneration report**

### **General remuneration policy for directors and executives:**

The Remuneration policy of Wridgways Australia Limited is to establish remuneration practices that:

- are consistent with the Company's goals and objectives;
- motivate directors and management to pursue the long-term growth and success of the company within an appropriate control framework;
- deliver a level and composition of remuneration that is sufficient and reasonable and compares favourably with other employers in the industry;
- clearly define the relationship of remuneration to corporate and individual performances;
- attract and maintain talented and motivated directors and employees so as to encourage and enhance the performance of the Company; and
- are competitively set to attract and retain appropriately qualified and experienced employees.

### **Executive Remuneration:**

There are no employment contracts for executives.

Remuneration packages for executives include a mix of fixed remuneration and performance based remuneration, which is based on the performance of the respective executive's division or operating branch compared to budget. At this stage there is no equity-based remuneration. A review of remuneration packages in comparative companies is undertaken to determine the appropriateness of the packages.

### **Director Remuneration:**

The remuneration of non-executive directors is competitive for the industry and in keeping with the responsibilities of public company directors. Remuneration for non-executive directors comprises fixed fees, which may be in the form of cash, non-cash benefits and superannuation.

No part of the remuneration is incentive-based, for example, bonuses and share options. Also, no retirement benefits will be provided other than statutory superannuation. Total salary and fees for all non-executive directors are not to exceed \$200,000 per annum.

Along with their fees non-executive directors are entitled to be paid all travelling and other expenses properly incurred in connection with the affairs of the company. Wridgways Australia Limited pays a premium to insure directors' liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct with acting as a director of Wridgways Australia Limited, and all its subsidiaries, other than conduct involving a willful breach of duty.

### **Details of Executive and Director Remuneration:**

The directors of Wridgways Australia Limited during the year were:

- Anthony W Whatmore (Chairman, Non-Executive)
- Bryan D Weir (Non-Executive)
- James A Brown (Non-Executive)
- Desmond F Stickland (Managing Director)
- Brian C Clarke (Finance Director)

The five highest remunerated executives (excluding Executive Directors) of Wridgways Australia Limited (both company and group executives) during the year were:

- Des P Sutton (General Manager, Move Dynamics)
- John V Ford (State Manager, Queensland)
- Steven J Crowle (General Manager, Move Solutions)
- Grant C Harrang (State Manager, New South Wales)
- Rob E Sims (State Manager, Western Australia)

**Elements of director and executive remuneration**

Remuneration packages contain the following key elements:

- (a) Short-term employee benefits – salary/fees, bonuses and other benefits including the provision of motor vehicles and fringe benefits
- (b) Post-employment employee benefits – including superannuation and prescribed retirement benefits

The following table discloses the remuneration of the directors of the company and the five highest remunerated executives of the company (excluding Executive Directors) and group executives of the consolidated entity.

2007	Short-term employee benefits			Post-employment	Total
	Salary & fees \$	Bonus (i) \$	Other \$	Superannuation \$	\$
<b>Directors</b>					
A W Whatmore	70,000	-	-	6,300	76,300
B D Weir	35,000	-	-	3,150	38,150
J A Brown	38,150	-	-	-	38,150
D F Stickland	279,442	49,200	56,857	37,293	422,792
B C Clarke	200,751	34,000	25,077	27,550	287,378
<b>Executives</b>					
G C Harrang	160,734	35,000	20,430	40,937	257,101
J V Ford	124,668	25,000	69,218	22,440	241,326
D P Sutton	158,334	20,000	3,300	39,617	221,251
R E Sims	154,634	35,000	7,426	20,291	217,351
S J Crowle	162,334	5,000	19,566	20,350	207,250

(i) The cash bonuses were granted on 4 October 2006. Bonuses were given based on the performance of the specified executive's division compared to budget.

**Non-audit services**

The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 7 to the financial statements.

**Auditor's independence declaration**

The auditor's independence declaration is included on page 5 of the financial report.

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: 21 August 2007



Deloitte Touche Tohmatsu  
A.C.N. 74 490 121 060

180 Lonsdale Street  
Melbourne VIC 3000  
GPO Box 78B  
Melbourne VIC 3001 Australia

21 August 2007

DX 111  
Tel: +61 (0) 3 9208 7000  
Fax: +61 (0) 3 9208 7001  
www.deloitte.com.au

Board of Directors  
Wridgways Australia Limited  
93 Heatherdale Road  
RINGWOOD VIC 3134

Dear Board Members

**Wridgways Australia Limited**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Wridgways Australia Limited.

As lead audit partner for the audit of the financial statements of Wridgways Australia Limited for the financial year ended 30 June 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

  
DELOITTE TOUCHE TOHMATSU

  
SNEZA PELUSI  
Partner  
Chartered Accountants

Member of  
Deloitte Touche Tohmatsu

Liability limited by a scheme approved under Professional Standards Legislation.



Deloitte Touche Tohmatsu  
A.C.N. 74 490 121 060

180 Lonsdale Street  
Melbourne VIC 3000  
GPO Box 78B  
Melbourne VIC 3001 Australia

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

DX 111  
Tel: +61 (0) 3 9208 7000  
Fax: +61 (0) 3 9208 7001  
www.deloitte.com.au

We have audited the accompanying financial report of Wridgways Australia Limited (the company), which comprises the balance sheet as at 30 June 2007, and the income statement, cash flow statement and statement of recognised income and expense for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 7 to 31.

*Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 2, the Director's also state in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the consolidated financial statements and notes comply with the International Financial Reporting Standards.

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Auditor's Independence Declaration*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

**Auditor's Opinion**

In our opinion:

- (a) the financial report of Wridgways Australia Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- (b) the consolidated financial statements and notes comply with International Financial Reporting Statements as disclosed in note 2.

*Deloitte Touche Tohmatsu*  
DELOITTE TOUCHE TOHMATSU

*SPe*

S PELUSI  
Partner  
Chartered Accountants  
Melbourne, 21 August 2007

Member of  
Deloitte Touche Tohmatsu

## Directors' Declaration

The directors declare that:

- (a) 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;
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company and the consolidated entity; and
- (c) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

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: 21 August 2007

## Income Statement for the Financial Year Ended 30 June 2007

	Note	Consolidated		Company	
		2007 \$	2006 \$	2007 \$	2006 \$
Revenue	4	113,183,315	102,865,761	8,890,266	6,360,669
Other income	4	27,560	66,438	21,230	49,752
Freight and direct expenses		(76,991,205)	(70,562,224)	(893,819)	(668,617)
Occupancy expenses		(4,909,402)	(4,733,954)	-	-
Administration expenses		(22,928,810)	(21,319,624)	(3,087,907)	(2,648,101)
Finance costs		-	(104,865)	-	(104,865)
<b>Profit before tax</b>	4	8,381,458	6,211,532	4,929,770	2,988,838
Income tax expense	5	(2,532,751)	(1,875,314)	(326,931)	(320,651)
<b>Profit for the year</b>		5,848,707	4,336,218	4,602,839	2,668,187
<b>Profit attributable to members of the parent entity</b>		5,848,707	4,336,218	4,602,839	2,668,187
<b>Earnings per share:</b>					
Basic (cents per share)	22	18.28	13.55		
Diluted (cents per share)	22	18.28	13.55		

Notes to the financial statements are included on pages 12 to 31.

# Balance Sheet

## As at 30 June 2007

	Note	Consolidated		Company	
		2007	2006	2007	2006
		\$	\$	\$	\$
<b>Current assets</b>					
Cash	29	8,359,544	5,418,393	163,478	159,854
Trade and other receivables	8	9,422,633	7,917,855	2,201,721	-
Inventories	9	299,486	240,386	-	-
Other	10	996,041	1,376,188	8,591	7,965
<b>Total current assets</b>		<b>19,077,704</b>	<b>14,952,822</b>	<b>2,373,790</b>	<b>167,819</b>
<b>Non-current assets</b>					
Investments	11	-	-	11,688,898	11,688,898
Plant and equipment	12	5,387,981	3,082,696	4,372,829	2,089,783
Deferred tax assets	5	1,037,008	1,033,079	134,774	129,935
Goodwill	13	1,529,138	1,529,138	-	-
Brand name	14	8,000,000	8,000,000	-	-
Other intangible assets	15	61,894	364,354	-	-
<b>Total non-current assets</b>		<b>16,016,021</b>	<b>14,009,267</b>	<b>16,196,501</b>	<b>13,908,616</b>
<b>Total assets</b>		<b>35,093,725</b>	<b>28,962,089</b>	<b>18,570,291</b>	<b>14,076,435</b>
<b>Current liabilities</b>					
Trade and other payables	16	16,451,049	13,096,905	-	-
Current tax liabilities	5	1,064,200	766,206	1,064,200	766,206
Provisions	17	2,058,199	1,792,211	346,270	275,347
<b>Total current liabilities</b>		<b>19,573,448</b>	<b>15,655,322</b>	<b>1,410,470</b>	<b>1,041,553</b>
<b>Non-current liabilities</b>					
Trade and other payables	18	-	-	10,779,710	7,475,435
Provisions	19	1,478,556	1,273,753	273,613	215,788
<b>Total non-current liabilities</b>		<b>1,478,556</b>	<b>1,273,753</b>	<b>11,053,323</b>	<b>7,691,223</b>
<b>Total liabilities</b>		<b>21,052,004</b>	<b>16,929,075</b>	<b>12,463,793</b>	<b>8,732,776</b>
<b>Net assets</b>		<b>14,041,721</b>	<b>12,033,014</b>	<b>6,106,498</b>	<b>5,343,659</b>
<b>Equity</b>					
Issued capital	20	1,500,000	1,500,000	1,500,000	1,500,000
Retained earnings	21	12,541,721	10,533,014	4,606,498	3,843,659
<b>Total equity</b>		<b>14,041,721</b>	<b>12,033,014</b>	<b>6,106,498</b>	<b>5,343,659</b>

Notes to the financial statements are included on pages 12 to 31.

## Statement of Recognised Income and Expense for the Financial Year Ended 30 June 2007

	Consolidated		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Profit for the period	5,848,707	4,336,218	4,602,839	2,668,187
Net income recognised directly in equity	-	-	-	-
<b>Total recognised income and expense for the period</b>	<b>5,848,707</b>	<b>4,336,218</b>	<b>4,602,839</b>	<b>2,668,187</b>
Total attributable to members of the parent entity	5,848,707	4,336,218	4,602,839	2,668,187

Notes to the financial statements are included on pages 12 to 31.

## Cash Flow Statement for the Financial Year Ended 30 June 2007

	Note	Consolidated		Company	
		2007 \$	2006 \$	2007 \$	2006 \$
<b>Cash flows from operating activities</b>					
Receipts from customers		111,453,846	102,451,576	8,890,267	6,360,669
Payments to suppliers and employees		(99,667,333)	(93,199,829)	(3,370,128)	(2,892,636)
Interest received		224,690	124,194	-	-
Interest and other costs of finance paid		-	(104,865)	-	(104,865)
Income taxes paid		(2,238,687)	(1,655,294)	(543,132)	(1,430,944)
Net cash provided by operating activities	29(b)	9,772,516	7,615,782	4,977,007	1,932,224
<b>Cash flows from investing activities</b>					
Payment for software, plant and equipment		(3,051,599)	(1,431,705)	(2,788,674)	(999,956)
Proceeds from sale of plant and equipment		60,234	79,279	43,381	71,098
Net cash used in investing activities		(2,991,365)	(1,352,426)	(2,745,293)	(928,858)
<b>Cash flows from financing activities</b>					
Repayment of borrowings		-	(3,000,000)	-	(3,000,000)
Loans from subsidiaries		-	-	1,611,910	3,887,953
Dividends paid		(3,840,000)	(1,920,001)	(3,840,000)	(1,920,001)
Net cash used in financing activities		(3,840,000)	(4,920,001)	(2,228,090)	(1,032,048)
<b>Net increase/(decrease) in cash</b>		2,941,151	1,343,355	3,624	(28,682)
<b>Cash at the beginning of the financial year</b>		5,418,393	4,075,038	159,854	188,536
<b>Cash at the end of the financial year</b>	29(a)	8,359,544	5,418,393	163,478	159,854

Notes to the financial statements are included on pages 12 to 31.

# Notes to the Financial Statements for the Financial Year Ended 30 June 2007

## 1. Adoption of new and revised Accounting Standards

At the date of authorisation of the financial report, the following Standards and Interpretations were in issue but not yet effective:

• AASB 7 'Financial Instruments: Disclosures'	Effective for annual reporting periods beginning on or after 1 January 2007
• AASB 101 'Presentation of Financial Statements' – revised standard	Effective for annual reporting periods beginning on or after 1 January 2007
• AASB 2005-10 'Amendments to Australian Accounting Standards' – consequential amendments to other accounting standards from the issue of AASB 7	Effective for annual reporting periods beginning on or after 1 January 2007
• AASB 8 'Operating Segments'	Effective for annual reporting periods beginning on or after 1 January 2009
• Interpretation 10 'Interim Financial Reporting and Impairment'	Effective for annual reporting periods beginning on or after 1 November 2006

The directors anticipate that the adoption of these Standards and Interpretations in the future periods will have no material financial impact on the financial statements of the company or the Group. The group has not reversed any impairment losses recognised in its reported half-year results, and accordingly, Interpretation 10, which prohibits the reversal of certain impairment losses, has no impact on the company or the Group's future financial statements.

The application of AASB101 (revised), AASB 7 and AASB 2005-10 will not affect any of the amounts recognised in the financial statements, but will change the disclosures presently made in relation to the company and the Group's financial instruments and the objectives, policies and processes for managing capital.

These Standards and Interpretations will be first applied in the financial report of the Group that relates to the annual reporting period beginning after the effective date of each pronouncement, which in all cases will be the Company's annual reporting period beginning on 1 July 2007.

## 2. Summary of Accounting Policies

### Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the consolidated financial statements and notes of the consolidated entity comply with International Financial Reporting Standards ('IFRS'). The parent entity financial statements and notes also comply with IFRS except for the disclosure requirements in IAS 32 'Financial Instruments: Disclosure and Presentation' as the Australian equivalent Accounting Standard, AASB 132 'Financial Instruments: Disclosure and Presentation' does not require such disclosures to be presented by the parent entity where its separate financial statements are presented together with the consolidated financial statements of the consolidated entity.

The financial statements were authorised for issue by the directors on 21 August 2007.

## 2. Summary of Accounting Policies (cont'd)

### Basis of Preparation

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

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 are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the company (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 127 'Consolidated and Separate Financial Statements'. A list of subsidiaries appears in Note 26 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceeds the cost of acquisition, the deficiency is credited to profit and loss in the period of acquisition.

The consolidated financial statements include the information and results of each subsidiary 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 and rental revenue is recognised on an accrual basis.

#### (c) Income tax

##### Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

##### Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

## 2. Summary of Accounting Policies (cont'd)

### (c) Income tax (cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

#### Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

#### Tax consolidation

The company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Wridgways Australia Ltd is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'group allocation' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group).

### (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.

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

### (e) Cash

Cash comprises cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts.

### (f) Trade and other receivables

Trade receivables and other receivables are recorded at amortised cost less impairment.

### (g) Inventories

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

### (h) Investments

Investments in subsidiaries are recorded at cost.

## 2. Summary of Accounting Policies (cont'd)

### (i) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. 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.

Depreciation is provided on plant and equipment. Depreciation 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 its estimated residual value. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- Transport Fleet 5 – 7 years
- Plant and Equipment 3 – 10 years

### (j) Leased assets

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.

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

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.

### (k) Goodwill

Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired (in respect of the business of Wridgways Limited) is recognised as an asset and not amortised, but tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in profit or loss and is not subsequently reversed. Refer also note 2(n).

### (l) Brand name

The consolidated entity's brand name, Wridgways, is recorded at cost of acquisition. In the opinion of the Directors, the brand name does not have a finite useful life. Accordingly, the brand name is not amortised but tested for impairment annually and whenever there is an indication that the brand name may be impaired. The following factors support the Directors' opinion of indefinite useful life:

- There is no legal (either by way of statute or contract) limitation on the life of the Wridgways brand name. The ownership is absolute and therefore not limited as to term;
- The Wridgways brand name value derives from the market recognition of the quality of the Wridgways' removal and storage services. Such services are not adversely impacted by changes in technology and regulatory frameworks or a dependence on key industries or customers. Therefore, there is no expectation that the usefulness of the brand name will diminish over time due to technical or commercial obsolescence;
- For over 100 years the brand name has been actively promoted and is prominent across the market place;
- The Wridgways name has continued to be used throughout various changes in ownership of the company. The business had its origins in a business started by Mr Ernest Wridgway in Melbourne in 1892. The business then conducted under the Wridgways name was acquired by Ansett in 1972 and sold to TNT in 1994. In 1997, Wridgways was acquired by its management team and two management buy-out funds where it was finally listed on the Australian Stock Exchange in 1999;
- History of strong earnings in the business under the brand name.

## 2. Summary of Accounting Policies (cont'd)

### (l) Brand name (cont'd)

The longevity of the brand name is sound evidence that it is resilient to changes in the economy, consumer needs, competitive activity, management strategy and ownership.

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.

### (m) Intangible assets

#### Software

Software is recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over their estimated useful lives of 2 – 5 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

### (n) Impairment of assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

### (o) 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.

### (p) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs.

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

### (q) 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.

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 cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

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 virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

## 2. Summary of Accounting Policies (cont'd)

### (r) **Employee benefits**

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 employee benefits 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 employee benefits 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 reporting date.

#### Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when incurred.

### (s) **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 balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

### (t) **Foreign currency**

#### Foreign currency transactions

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 reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Exchange differences are recognised in the income statement in the period in which they arise.

## 3. Critical Accounting Judgements

In the application of the entity's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

	Consolidated		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>4. Profit From Operations</b>				
<b>(a) Revenue</b>				
Revenue from operations consisted of the following items:				
Revenue from the rendering of removal and storage services	112,946,865	102,732,724	-	-
Rental revenue	11,760	8,550	-	-
Interest revenue	224,690	124,487		2
Dividends - subsidiaries	-	-	3,840,000	1,920,001
Management fee - subsidiaries	-	-	5,050,266	4,440,375
	113,183,315	102,865,761	8,890,266	6,360,669
<b>(b) Profit before income tax</b>				
Profit before income tax has been arrived at after charging/(crediting) the following gains and losses from operations:				
Gain on disposal of plant and equipment	27,560	57,220	21,230	49,752
Net foreign exchange gains	-	9,218	-	-
Profit before income tax has been arrived at after charging/ (crediting) the following expenses.				
Net bad and doubtful debts	(110,234)	171,671	-	-
Operating lease rental expenses	7,108,845	6,587,904	410,342	315,930
Finance costs:				
Interest on loans	-	78,591	-	78,591
Other finance costs	-	26,274	-	26,274
	-	104,865	-	104,865
Depreciation and amortisation of non-current assets:				
Transport fleet	483,477	352,688	483,477	352,688
Plant and equipment	202,350	227,583	-	-
Software	330,274	194,549	-	-
	1,016,101	774,820	483,477	352,688
Employee benefit expense:				
Defined contribution plans	2,314,540	2,043,299	-	-
Other employee benefits	22,527,735	20,919,368	2,916,912	2,576,330
	24,842,275	22,962,667	2,916,912	2,576,330

	Consolidated		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>5. Income Taxes</b>				
<b>(a) Income tax recognised in profit</b>				
The prima facie income tax expense on pre-tax accounting profit reconciles to the income tax expense in the financial statements as follows:				
Profit before income tax expense	8,381,458	6,211,532	4,929,770	2,988,838
Income tax expense calculated at 30%	2,514,437	1,863,460	1,478,931	896,651
Non-deductible expenses	19,376	11,678	-	-
Effect of transactions within the tax consolidated group that are exempt from taxation	-	-	(1,152,000)	(576,000)
Under/(over) provision of income tax in previous year	(1,062)	176	-	-
	2,532,751	1,875,314	326,931	320,651
<b>Tax expense comprises:</b>				
Current tax expense	2,536,680	2,051,193	331,770	349,210
Deferred tax income (refer 5c)	(3,929)	(175,879)	(4,839)	(28,559)
	2,532,751	1,875,314	326,931	320,651
<b>(b) Current tax liabilities</b>				
Income tax payable	1,064,200	766,206	1,064,200	766,206
<b>(c) Deferred tax balances</b>				
Deferred tax assets comprises taxable and deductible temporary differences arising from the following:				

	Consolidated				
	Balance 30/06/05	Charged to Income	Balance 30/06/06	Charged to Income	Balance 30/06/07
Provisions	810,473	109,318	919,791	141,237	1,061,028
Accruals	77,816	13,607	91,423	(49,456)	41,967
Plant, Equipment and Software	(37,218)	46,490	9,272	(32,962)	(23,690)
Other	6,129	6,464	12,593	(54,890)	(42,297)
	857,200	175,879	1,033,079	3,929	1,037,008
	Company				
	Balance 30/06/05	Charged to Income	Balance 30/06/06	Charged to Income	Balance 30/06/07
Provisions	131,384	15,958	147,342	38,624	185,966
Plant and Equipment	(30,008)	12,601	(17,407)	(33,785)	(51,192)
	101,376	28,559	129,935	4,839	134,774

**(d) Unrecognised deferred tax balances**

The company and consolidated entity has deferred tax assets relating to capital tax losses of \$98,875 (2006: \$98,875) which have not been brought to account as assets.

## 5. Income Tax (cont'd)

### (e) Tax consolidation

#### *Relevance of tax consolidation to the Group*

The company and its wholly owned Australian resident entities have formed a tax consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax consolidated group is Wridgways Australia Limited. The members of the tax consolidated group are identified in note 26.

#### *Nature of tax funding arrangements and tax sharing agreements*

Entities within the tax consolidated group have entered into a tax funding agreement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, Wridgways Australia Limited and each of the entities in the tax consolidated group has agreed to pay a tax equivalent payment to or from the head entity based on the current tax liability or tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the tax consolidated group.

The tax sharing arrangement entered into between members of the tax consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its payment obligations or if an entity should leave the tax consolidated group. The effect of the tax sharing arrangement is that each member's liability for tax payable by the tax consolidated group is limited to the amounts payable to the head entity under the tax funding arrangement.

## 6. Key Management Personnel Compensation

The key management personnel of Wridgways Australia Limited during the year were:

- Anthony W Whatmore (Chairman, Non-Executive)
- Bryan D Weir (Director, Non-Executive)
- James A Brown (Director, Non-Executive)
- Desmond F Stickland (Managing Director)
- Brian C Clarke (Finance Director)
- John V Ford (State Manager, Queensland)
- Steven J Crowle (General Manager, Move Solutions)
- Grant C Harrang (State Manager, New South Wales)
- Desmond P Sutton (General Manager, Move Dynamics)
- Rob E Sims (State Manager, Western Australia)

### **Key management personnel compensation policy**

The remuneration committee reviews the compensation policies applicable to all directors and executives on an annual basis and makes recommendations on remuneration packages to the board. Remuneration packages are reviewed and determined with due regard to current market rates and are benchmarked against comparable industry salaries, adjusted by a performance factor to reflect changes in the performance of the consolidated entity.

Remuneration packages which consist of base salary, incentive schemes, (including performance related bonuses based on the performance of the respective executive's division compared to budget), other benefits (provision of motor vehicles and fringe benefits), superannuation and entitlements upon retirement and termination are reviewed with due regard to performance and other relevant factors.

The aggregate compensation of the key management personnel of the consolidated entity and the company is set out below:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Short-term employee benefits	1,789,121	1,710,419	1,375,897	1,385,205
Post-employment employee benefits	217,928	175,479	156,700	130,048
	<b>2,007,049</b>	<b>1,885,898</b>	<b>1,532,597</b>	<b>1,515,253</b>

## 6. Key Management Personnel Compensation (cont'd)

The compensation of each member of the key management personnel of the consolidated entity is set out below:

2007	Short-term employee benefits			Post-employment	Total
	Salary & fees	Bonus (i)	Other	Superannuation	
	\$	\$	\$	\$	
A W Whatmore	70,000	-	-	6,300	76,300
B D Weir	35,000	-	-	3,150	38,150
J A Brown	38,150	-	-	-	38,150
D F Stickland	279,442	49,200	56,857	37,293	422,792
B C Clarke	200,751	34,000	25,077	27,550	287,378
G C Harrang	160,734	35,000	20,430	40,937	257,101
J V Ford	124,668	25,000	69,218	22,440	241,326
D P Sutton	158,334	20,000	3,300	39,617	221,251
R E Sims	154,634	35,000	7,426	20,291	217,351
S J Crowle	162,334	5,000	19,566	20,350	207,250
<b>Total</b>	<b>1,384,047</b>	<b>203,200</b>	<b>201,874</b>	<b>217,928</b>	<b>2,007,049</b>

(i) A bonus provision of \$600,000 has been recognised for the year ended 30 June 2007. However at the date of this report no amounts have been allocated to key management personnel generally or individually. Accordingly the amounts included in compensation is the actual allocation of the bonus pool from the prior year. Bonuses were given based on the performance of the specified executive's division compared to budget.

2006	Short-term employee benefits			Post-employment	Total
	Salary & fees	Bonus (ii)	Other	Superannuation	
	\$	\$	\$	\$	
A W Whatmore	70,000	-	-	6,300	76,300
B D Weir	35,000	-	-	3,150	38,150
J A Brown	38,150	-	-	-	38,150
D F Stickland	239,530	50,000	63,815	35,142	388,487
B C Clarke	174,667	30,000	35,110	24,560	264,337
J V Ford	108,000	10,000	77,061	17,670	212,731
D P Sutton	168,333	10,000	5,224	18,150	201,707
G C Harrang	147,000	-	21,717	27,509	196,226
S J Crowle	142,983	-	28,261	17,158	188,402
R E Sims	134,634	15,000	6,863	17,922	174,419
J L Clayton	66,946	5,000	27,125	7,918	106,989
<b>Total</b>	<b>1,325,243</b>	<b>120,000</b>	<b>265,176</b>	<b>175,479</b>	<b>1,885,898</b>

(ii) The cash bonuses were granted on 2 September 2005. Bonuses were given based on the performance of the specified executive's division compared to budget.

	<b>Consolidated</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>7. Remuneration of Auditors</b>				
<b>Auditor of the parent entity</b>				
Audit or review of the financial report	96,210	98,550	-	-
Taxation services	16,275	48,510	-	-
	<u>112,485</u>	<u>147,060</u>	<u>-</u>	<u>-</u>
The auditor of Wridgways Australia Limited is Deloitte Touche Tohmatsu.				
<b>8. Current Trade and Other Receivables</b>				
Trade receivables (i)	9,455,706	8,130,540	-	-
Allowance for doubtful debts	(158,497)	(282,364)	-	-
	<u>9,297,209</u>	<u>7,848,176</u>	<u>-</u>	<u>-</u>
Other	125,424	69,679	-	-
Subsidiary receivables	-	-	2,201,721	-
	<u>9,422,633</u>	<u>7,917,855</u>	<u>2,201,721</u>	<u>-</u>
(i) The average credit period on sales is 30 days. No interest is charged on trade receivables.				
<b>9. Inventories</b>				
Consumables at cost	<u>299,486</u>	<u>240,386</u>	<u>-</u>	<u>-</u>
<b>10. Other Current Assets</b>				
Prepayments	<u>996,041</u>	<u>1,376,188</u>	<u>8,591</u>	<u>7,965</u>
<b>11. Non-Current Investments</b>				
Shares in subsidiaries	<u>-</u>	<u>-</u>	<u>11,688,898</u>	<u>11,688,898</u>

## 12. Plant and Equipment

	Consolidated		
	Plant and equipment	Transport Fleet	Total
<b>Gross carrying amount (at cost)</b>			
Balance at 30 June 2005	3,527,555	3,660,484	7,188,039
Additions	259,502	999,959	1,259,461
Disposals	(19,415)	(68,349)	(87,764)
Balance at 30 June 2006	3,767,642	4,592,094	8,359,736
Additions	228,226	2,788,676	3,016,902
Disposals	(31,561)	(62,397)	(93,958)
Balance at 30 June 2007	3,964,307	7,318,373	11,282,680
<b>Accumulated depreciation</b>			
Balance at 30 June 2005	2,565,848	2,196,624	4,762,472
Depreciation expense	227,583	352,688	580,271
Disposals	(18,702)	(47,001)	(65,703)
Balance at 30 June 2006	2,774,729	2,502,311	5,277,040
Depreciation expense	202,350	483,477	685,827
Disposals	(27,923)	(40,245)	(68,168)
Balance at 30 June 2007	2,949,156	2,945,543	5,894,699
<b>Net book value</b>			
As at 30 June 2006	992,913	2,089,783	3,082,696
As at 30 June 2007	1,015,151	4,372,830	5,387,981

	Company		
	Plant and equipment	Transport Fleet	Total
<b>Gross carrying amount (at cost)</b>			
Balance at 30 June 2005	211,893	3,660,484	3,872,377
Additions	-	999,959	999,959
Disposals	-	(68,349)	(68,349)
Balance at 30 June 2006	211,893	4,592,094	4,803,987
Additions	-	2,788,675	2,788,675
Disposals	-	(62,397)	(62,397)
Balance at 30 June 2007	211,893	7,318,372	7,530,265
<b>Accumulated depreciation</b>			
Balance as 30 June 2005	211,893	2,196,624	2,408,517
Depreciation expense	-	352,688	352,688
Disposals	-	(47,001)	(47,001)
Balance at 30 June 2006	211,893	2,502,311	2,714,204
Depreciation expense	-	483,477	483,477
Disposals	-	(40,245)	(40,245)
Balance at 30 June 2007	211,893	2,945,543	3,157,436
<b>Net book value</b>			
As at 30 June 2006	-	2,089,783	2,089,783
As at 30 June 2007	-	4,372,829	4,372,829

	<b>Consolidated</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	\$	\$	\$	\$
<b>13. Goodwill</b>				
Goodwill at cost	1,529,138	1,529,138	-	-

Goodwill and Brand name have been allocated for impairment testing purposes to one individual cash-generating unit being the Removalist and Storage business.

The recoverable amount of this cash-generating unit was assessed by reference to the cash-generating unit's value in use. A discount factor of 10% (2006: 10%) was applied in the value in use model. This model uses cash flow projections based on the budget, approved by management for the coming year and an extrapolation for the next four years based on historical operating margins. Cash flows beyond that have been extrapolated using a steady 3% growth rate. Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the carrying amount to exceed the recoverable amount of the cash generating unit.

	<b>Consolidated</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	\$	\$	\$	\$
<b>14. Brand name</b>				
Brand name at cost	8,000,000	8,000,000	-	-

The consolidated entity's brand name, Wridgways is assessed as having an indefinite useful life. Refer to Note 2(i). Refer to Note 13 for impairment assessment.

**15. Other Intangible Assets**

	<b>Consolidated Software</b>
<b>Gross carrying amount</b>	
<b>Balance at 1 July 2005</b>	774,393
Additions	172,247
<b>Balance at 1 July 2006</b>	946,640
Additions	34,698
Disposals	(19,500)
<b>Balance at 30 June 2007</b>	961,838
<b>Accumulated amortisation</b>	
<b>Balance at 1 July 2005</b>	387,737
Amortisation expense (i)	194,549
<b>Balance at 1 July 2006</b>	582,286
Amortisation expense (i)	330,274
Disposals	(12,616)
<b>Balance at 30 June 2007</b>	899,944
<b>Net book value</b>	
As at 30 June 2006	364,354
As at 30 June 2007	61,894

(i) Amortisation expense is included in the line item administration expenses in the income statement.

	<b>Consolidated</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>16. Current Trade and Other Payables</b>				
Trade payables (i)	16,232,237	12,906,781	-	-
Goods and services tax (GST) payable	218,812	190,124	-	-
	<u>16,451,049</u>	<u>13,096,905</u>	<u>-</u>	<u>-</u>
 (i) Terms of payment for trade payables range from 7 days from date of invoice to 30 days from end of month. The group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.				
<b>17. Current Provisions</b>				
Employee benefits	<u>2,058,199</u>	<u>1,792,211</u>	<u>346,270</u>	<u>275,347</u>
<b>18. Non-Current Trade and Other Payables</b>				
Unsecured:				
Payable to subsidiaries	<u>-</u>	<u>-</u>	<u>10,779,710</u>	<u>7,475,435</u>
<b>19. Non-Current Provisions</b>				
Employee benefits	<u>1,478,556</u>	<u>1,273,753</u>	<u>273,613</u>	<u>215,788</u>
<b>20. Issued Capital</b>				
32,000,000 fully paid ordinary shares (2006: 32,000,000)	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>
<b>21. Retained Earnings</b>				
Balance at beginning of financial year	10,533,014	8,116,797	3,843,659	3,095,473
Net profit attributable to members of the parent entity	5,848,707	4,336,218	4,602,839	2,668,187
Dividends provided for or paid (note 23)	<u>(3,840,000)</u>	<u>(1,920,001)</u>	<u>(3,840,000)</u>	<u>(1,920,001)</u>
Balance at end of financial year	<u>12,541,721</u>	<u>10,533,014</u>	<u>4,606,498</u>	<u>3,843,659</u>

## 22. Earnings Per Share

	<b>Consolidated</b>	
	<b>2007</b>	<b>2006</b>
	<b>Cents per share</b>	<b>Cents per share</b>
<b>Basic earnings per share:</b>		
Total basic earnings per share	18.28¢	13.55¢

The earnings used in the calculation of basic earnings per share is \$5,848,707 (2006: \$4,336,218).

The weighted average number of ordinary shares used in the calculation of basic earnings per share is 32,000,000 (2006: 32,000,000).

### 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 and has no potential ordinary shares on issue.

	<b>2007</b>		<b>2006</b>	
	<b>Cents per share</b>	<b>Total \$</b>	<b>Cents per share</b>	<b>Total \$</b>
<b>23. Dividends</b>				
<b><u>Recognised amounts</u></b>				
<b>Fully paid ordinary shares</b>				
Final dividend in respect of the prior year:				
Franked to 30% (Prior year: 30%)	5.0	1,600,000	3.5	1,120,000
Special dividend in respect of the prior year:				
Franked to 30%	2.0	640,000	-	
Interim dividend in respect of the current year:				
Franked to 30% (Prior year: 30%)	5.0	1,600,000	2.5	800,001
	12.0	3,840,000	6.0	1,920,001
<b><u>Unrecognised amounts</u></b>				
<b>Fully paid ordinary shares</b>				
Final dividend in respect of the current year:				
Franked to 30% (Prior year: 30%)	10.0	3,200,000	5.0	1,600,000
Special dividend in respect of the current year:				
Franked to 30%	-		2.0	640,000
	10.0	3,200,000	7.0	2,240,000

On 21 August 2007, the directors declared a fully franked final dividend of 10 cents per share to the holders of fully paid ordinary shares in respect of the financial year ended 30 June 2007, to be paid to shareholders on 28 September 2007. The dividend will be paid to all shareholders on the Register of Members on 21 September 2007. The total estimated dividend to be paid is \$3,200,000.

	<b>Company &amp; Consolidated</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b><u>Franking account balance</u></b>		
Adjusted franking account balance	6,474,705	5,881,089
Impact on franking account balance of dividends not recognised	(1,371,429)	(960,000)
	5,103,276	4,921,089

## 24. Contingent Liabilities

Performance guarantees of \$232,406 (2006: \$252,353) are held by Westpac Banking Corporation on behalf of Wridgways Limited and Wridgways Australia Limited.

## 25. Leases

### Operating leases

Commitments under non-cancellable operating leases contracted for:

	Consolidated		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Premises (i)				
Not longer than 1 year	5,125,980	4,784,336	-	-
Longer than 1 year and not longer than 5 years	14,158,706	11,847,417	-	-
Longer than 5 years	3,073,144	2,746,077	-	-
	22,357,830	19,377,830	-	-
Plant and equipment (ii)				
Not longer than 1 year	1,255,921	863,081	380,054	363,542
Longer than 1 year and not longer than 5 years	2,028,129	1,307,918	479,737	700,007
Longer than 5 years	717,298	64,084	-	64,084
	4,001,348	2,235,083	859,791	1,127,633

### 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, IT equipment, transport fleet and motor vehicles. The lease agreement for containers ranges from 5 to 10 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.

## 26. Subsidiaries

Name of entity	Country of incorporation	Ownership interest	
		2007 %	2006 %
<b>Parent entity</b>			
Wridgways Australia Limited (i)	Australia		
<b>Subsidiaries</b>			
Wridgways Limited (ii)	Australia	100%	100%
Wridgways Business Relocations Pty Limited (ii)	Australia	100%	100%

- (i) Head entity of tax-consolidated group and ultimate parent entity in the wholly owned group.  
(ii) Members of tax-consolidated group.

## 27. Segment Information

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

## 28. Related party disclosures

### (a) Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 26 to the financial statements.

### (b) Key management personnel remuneration

Details of key management personnel remuneration are disclosed in note 6 to the financial statements.

### (c) Transactions within the wholly owned group

Details of dividend revenue derived by the parent entity from subsidiaries is disclosed in Note 4 to the financial statements.

During the financial year Wridgways Australia Limited derived management fee income from its subsidiaries, through the provision of administrative services at cost plus 5% to 30% (2006: 5% to 30%) and rental of the transport fleet at commercial rates, as disclosed in Note 4 to the financial statements.

Amounts payable to subsidiaries is disclosed in Note 18 to the financial statements.

### (d) Transactions with key management personnel of the wholly owned group

During the financial year, the consolidated entity provided removal and storage services to key management personnel which were domestic or trivial in nature, on the same terms and conditions available to other employees and customers.

### (e) Key management personnel equity holdings

2007	Balance at 1/07/06 No.	Net Change (i) No.	Balance at 30/06/07 No.
A W Whatmore	200,000	15,000	215,000
B D Weir	70,000	14,000	84,000
J A Brown	60,000	-	60,000
D F Stickland	3,690,000	(600,000)	3,090,000
B C Clarke	1,660,141	(254,515)	1,405,626
D P Sutton	1,376,000	(176,000)	1,200,000
S J Crowle	1,152,247	(100,000)	1,052,247
J V Ford	475,000	(204,900)	270,100

  

2006	Balance at 1/07/05 No.	Net Change (i) No.	Balance at 30/06/06 No.
A W Whatmore	140,000	60,000	200,000
B D Weir	67,000	3,000	70,000
J A Brown	30,000	30,000	60,000
D F Stickland	3,690,000	-	3,690,000
B C Clarke	1,817,041	(156,900)	1,660,141
D P Sutton	1,500,000	(124,000)	1,376,000
S J Crowle	1,390,165	(237,918)	1,152,247
J V Ford	654,000	(179,000)	475,000
G C Harrang	122,729	(122,729)	-
J L Clayton	2,133,332	(2,133,332)	-

(i) No shares were granted as remuneration by the company.

	Consolidated		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>29. Notes to the Cash Flow Statement</b>				
<b>(a) Reconciliation of cash</b>				
For the purposes of the cash flow statement, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:				
Cash	8,359,544	5,418,393	163,478	159,854
<b>(b) Reconciliation of profit for the year to net cash flows from operating activities</b>				
Profit for the year	5,848,707	4,336,218	4,602,839	2,668,187
(Gain)/loss on sale or disposal of non-current assets	(27,560)	(57,220)	(21,230)	(49,752)
Depreciation and amortisation of non-current assets	1,016,101	774,820	483,477	352,688
Changes in net assets and liabilities:				
(Increase)/decrease in assets:				
Current receivables	(1,504,778)	(289,990)	-	1,618
Current inventories	(59,100)	5,500	-	-
Other current assets	380,147	(44,422)	(626)	16,581
Deferred tax assets	(3,929)	(175,879)	(4,839)	(28,559)
Increase/(decrease) in liabilities:				
Current payables	3,354,143	2,306,471	-	-
Current provisions	265,988	222,400	70,924	38,605
Current tax liabilities	297,994	395,898	(211,362)	395,898
Non-current payables	-	-	-	(1,477,632)
Non-current provisions	204,803	141,986	57,824	14,590
Net cash from operating activities	9,772,516	7,615,782	4,977,007	1,932,224
<b>(c) Financing facilities</b>				
<b>Secured bill acceptance facility:</b>				
Amount used	-	-	-	-
Amount unused	7,000,000	7,000,000	7,000,000	7,000,000
	7,000,000	7,000,000	7,000,000	7,000,000
<b>Secured bank overdraft facility:</b>				
Amount used	-	-	-	-
Amount unused	1,000,000	1,000,000	1,000,000	1,000,000
	1,000,000	1,000,000	1,000,000	1,000,000

### 30. 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 income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

**(b) Foreign currency risk management**

The group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The consolidated entity does not enter into derivative financial instruments to manage its exposure to foreign exchange rate risk and does not enter into or trade in financial instruments for speculative purposes.

**(c) Interest rate risk**

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

	Average interest rate	Variable interest rate	Fixed maturity dates		Non interest bearing	Total
			Less than 1 year	1 to 5 years		
	%	\$	\$	\$	\$	\$
<b>2007</b>						
<b>Financial assets:</b>						
Cash	4.9	8,359,544	-	-	-	8,359,544
Trade receivables	-	-	-	-	9,422,633	9,422,633
		8,359,544	-	-	9,422,633	17,782,177
<b>Financial liabilities:</b>						
Trade payables	-	-	-	-	16,451,049	16,451,049
Current provisions	-	-	-	-	2,058,199	2,058,199
Non-current provisions	-	-	-	-	1,478,556	1,478,556
		-	-	-	19,987,804	19,987,804
<b>2006</b>						
<b>Financial assets:</b>						
Cash	3.7	5,418,393	-	-	-	5,418,393
Trade receivables	-	-	-	-	7,917,855	7,917,855
		5,418,393	-	-	7,917,855	13,336,248
<b>Financial liabilities:</b>						
Trade payables	-	-	-	-	13,096,905	13,096,905
Current provisions	-	-	-	-	1,792,211	1,792,211
Non-current provisions	-	-	-	-	1,273,753	1,273,753
		-	-	-	16,162,869	16,162,869

**(d) Credit risk management**

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 a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The consolidated entity measures credit risk on a fair value basis.

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

### 30. Financial Instruments (cont'd)

(e) **Fair value**

The directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

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

- the 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 fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Transaction costs are included in the determination of net fair value.

### 31. Net Tangible Assets per Share

	2007 \$	2006 \$
Consolidated net tangible assets per share	0.14	0.07

Net tangible assets of \$4,450,689 [2006: \$2,139,522] consists of Net Assets of \$14,041,721 [2006: \$12,033,014] less Intangible Assets of \$9,591,032 [2006: \$9,893,492]

### 32. Additional Company Information

Wridgways Australia Limited is a listed public company, incorporated and operating in Australia.

**Registered office**

93 Heatherdale Road, Ringwood, Victoria 3134

**Principal place of business**

93 Heatherdale Road, Ringwood, Victoria 3134

## Additional stock exchange information as at 8 August 2007

### *Number of holders of equity securities*

32,000,000 fully paid ordinary shares are held by 1,936 individual shareholders.

All issued ordinary shares carry one vote per share.

### *Distribution of holders of equity securities*

	Fully Paid Ordinary Shares
1 - 1,000	184
1,001 - 5,000	783
5,001 - 10,000	475
10,001 - 100,000	468
100,001 and over	26
	1936
Holding less than a marketable parcel	9

### *Substantial shareholders*

Ordinary shareholders	Fully paid	
	Number	Percentage
D F & J Stickland	3,090,000	9.66
B C & C A Clarke Investments Pty Ltd	1,405,626	4.39
	4,495,626	14.05

### *Twenty largest holders of quoted equity securities*

	Fully paid	
	Number	Percentage
D F & J Stickland	3,090,000	9.66
B C & C A Clarke Investments Pty Ltd	1,405,626	4.39
HSBC Custody Nominees (Australia) Ltd	1,298,942	4.06
D P Sutton	1,185,000	3.70
S J & H N Crowle Pty Ltd	1,052,247	3.29
Starbrite Consultants Pty Ltd	1,000,000	3.13
Questor Financial Services Ltd	922,549	2.88
W C Anderson	500,910	1.57
Wilmar Enterprises Pty Ltd	500,000	1.56
Mandel Pty Ltd	400,000	1.25
Mutual Trust Pty Ltd	350,000	1.09
A W Whatmore	215,000	0.67
Pook Investments Pty Ltd	205,000	0.64
Milne Investments Pty Ltd	200,000	0.63
Ebbtide Equities Pty Ltd	185,000	0.58
Dawson Corporate Investments Pty Ltd	170,000	0.53
R T Francis	163,000	0.51
H Lee	162,200	0.51
C Lovett	160,000	0.50
N M Shugg	150,000	0.47
	13,315,474	41.62

## Particulars of Directors

**Anthony W Whatmore** FCPA, FAIM, FAICD.  
*Chairman*

Mr Whatmore is Chairman and non-executive Director of Nestle Australia Limited and Chairman of Carter and Spencer Group Advisory Board. He has had significant commercial experience including previous appointments as the Deputy Managing Director, Petersville Australia Limited, Managing Director of George Weston Foods Limited and a Director of the Australian Wool Corporation, Morgan & Banks Limited, Walker Corporation Limited, Rebel Sports Limited and BRL Hardy Limited. He has been a Director and Chairman of Wridgways Australia Limited since May 1999.

**J A Brown** FAIM.  
*Non-Executive Director*

Mr Brown was previously Managing Director of Coates Hire Limited from 1996-2003. He has also been President Commissioner of P.T. Coates Hire Indonesia and Chairman of Coates Hire (UK). Prior to that he held many senior positions with Coates Hire including Chief Executive. He has been a Director of Wridgways Australia Limited since February 2003.

**Brian D Weir** LLB BCom.  
*Non-Executive Director*

Mr Weir is a Director of Walker Douglas & Company, a private investment and advisory group. He was formerly a partner of Freehill Hollingdale & Page and a Director of Macquarie Corporate Finance Limited. He has been a Director of Wridgways Australia Limited since May 1999.

**Desmond F Stickland**  
*Managing Director*

Mr Stickland has held various senior positions with Wridgways including Branch Manager, Sales Manager and Group International Manager. He was appointed Chief Executive in 1991 and assumed the role of Managing Director in 1997.

**Brian C Clarke** BEc, ACIS, MAICD.  
*Finance Director & Company Secretary*

Mr Clarke has held a number of senior administrative positions within the Group including Group Accountant and IT Manager. A member of the Chartered Institute of Company Secretaries in Australia, he has been Company Secretary since 1997 and a Director since May 1999.