

Adtrans
Annual
Report

2008

Adtrans

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Corporate Directory

Adtrans Group Limited
ABN 28 008 129 477

Directors

Graeme D Bignell, Chairman
Shaun A Swift, Managing Director
Antimo Spagnuolo
David L Holst
John H Heard AM, Deputy Chairman, (non-executive)
Raymond G Grigg, (non-executive)
Chris Stillwell, (non-executive)
Stephen J Officer, (non-executive)
Martin A Ward, (non-executive)

Secretary

Teresa J Swinden

Registered office

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Wayville SA 5034

Postal address

PO Box 55, Goodwood SA 5034

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(08) 8373 3712

Email

corporate@adtransgroup.com.au

Auditors

Ernst & Young
Chartered Accountants
Ernst & Young Building
121 King William Street, Adelaide SA 5000

Solicitors

Cowell Clarke
Level 5, 63 Pirie Street, Adelaide SA 5000

Bankers

National Australia Bank Ltd.
22-28 King William Street, Adelaide SA 5000

Share registry

Computershare Investor Services Pty. Ltd.
Level 5, 115 Grenfell Street
SA 5000
Telephone 1300 556 161
Fax (08) 8236 2305

Annual General Meeting

Thursday 23 October 2008 at 11am
Stamford Plaza Hotel - Boulevard Room, North Terrace, Adelaide SA

2008 Highlights

Sales revenue increased 17.0% to \$752.8m

Record after tax profit of \$12.0m up 37.7%

Earnings per share up 36.1% to 49.8 cents

Net tangible assets up 4.6% to \$2.14 per share

Dividends per share up 1.5c to 25.0c

Five Year Review

	2003/04	2004/05	2005/06	2006/07	2007/08
Total revenue - \$'000	579,431	631,927	637,092	643,939	753,847
Operating profit before tax - \$'000	10,429	12,390	10,768	12,654	17,535*
Operating profit before tax before non-recurring events - \$'000	10,429	12,390	10,768	12,654	15,023
Operating profit after tax - \$'000	7,156	8,551	7,496	8,757	12,098*
Profit after tax and minorities - \$'000	7,072	8,514	7,443	8,720	12,009*
Earnings per share, basic – cents	30.9	36.8	31.7	36.6	49.8*
Earnings per share, diluted – cents	30.2	36.3	31.5	36.6	49.8*
Dividends per share – cents	21.0	22.0	22.0	23.5	25.0
Net tangible asset backing per share – cents	170.6	177.2	197.5	204.9	214.3
Shareholders equity – \$'000	42,557	46,714	52,273	56,259	61,848

* Includes GST on holdback refund \$2.5m, with an after tax impact of \$1.7m.

Chairman's Report



Your Adtrans directors are pleased to report an all-time record profit of \$12 million after tax, a 37.72% increase on the previous year, on sales revenue of \$753 million - a 17% increase.

The underlying basic profit before tax of \$15 million, our best ever year, was up 18.7% on the previous year. A refund from the ATO of \$2.5 million gross for GST paid on manufacturers holdback was determined during the year, bringing our total profit before tax to \$17.5 million.

According to Federal Chamber of Automotive Industry statistics, the 2007 calendar year vehicle markets were slightly over one million vehicles or 9.1% over the previous year. Within this market, the total truck market for the calendar year showed a 13.8% lift and the heavy duty segment was 23.7% up on the previous year.

During the year the Company acquired Hino truck franchises in New South Wales at Gosford (south central coast), Camden (western suburbs) and Mascot in downtown Sydney. Whilst these recent acquisitions made no meaningful contributions last year, we are confident they will be a good contributor to the Group's future profits, particularly as Hino is the second largest truck volume franchise in Australia.

Another significant first for us during the year was the acquisition of the Chinese manufactured BCI Bus franchise through our Whitehorse Truck and Bus Centre in Footscray. The BCI franchise recorded a good result and we expect it to continue to have a positive influence on our Group's profit.

Our employee share scheme introduced in July 2007 has generated much interest from our senior management right through to employees who have been with our Group for over three years and I am sure that Adtrans will benefit greatly from this scheme.

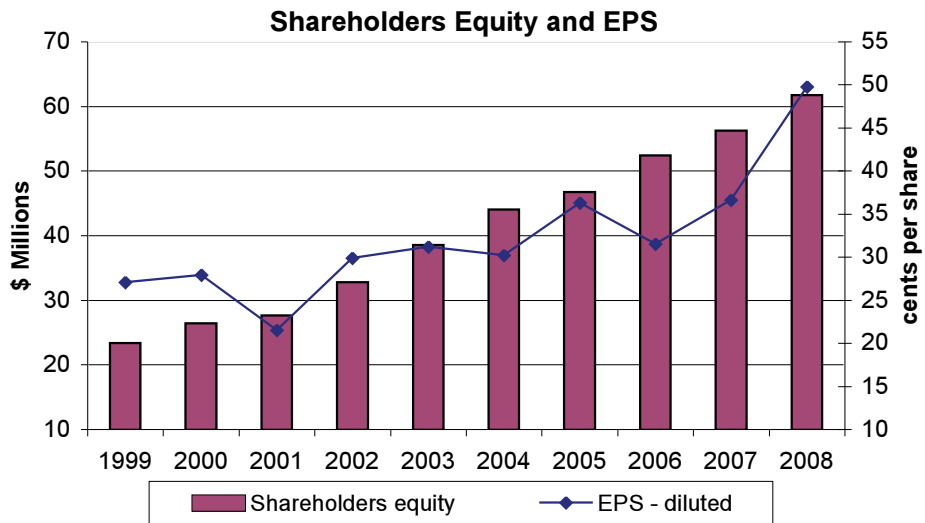
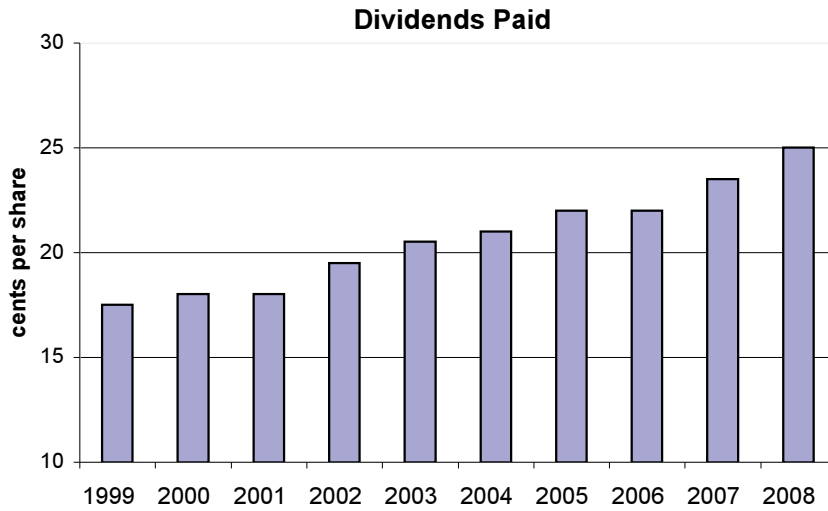
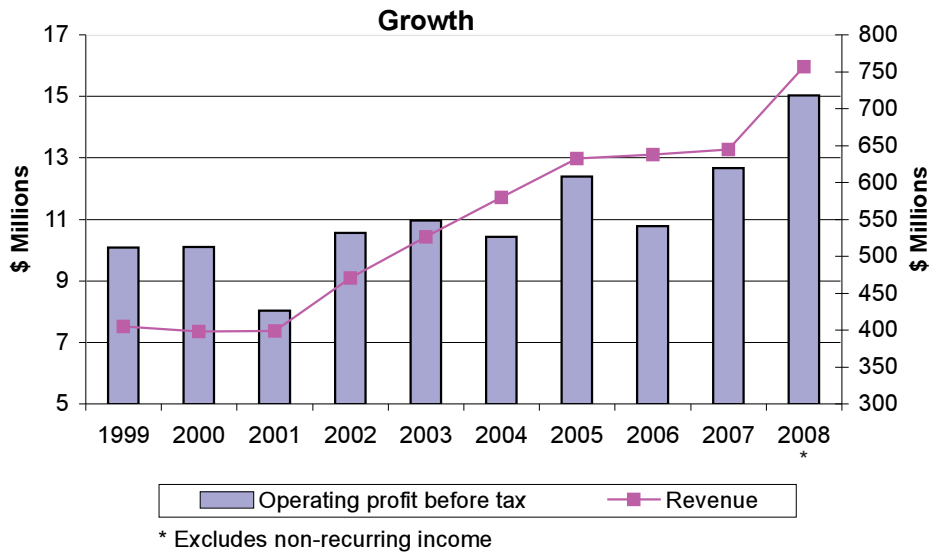
Currently high fuel prices combined with higher interest rates have affected our car market considerably, particularly with a very sudden swing to smaller, more fuel-efficient vehicles. With our large used car holdings, this necessitated a significant adjustment to our inventory holding which was accomplished before 30 June 2008.

Insofar as trucks are concerned, independent experts have predicted 2008 to be the second biggest calendar year truck market in history. The truck market was excellent through July but our performance has currently been affected by a lack of stock from one of our major franchises. This shortage of heavy duty stock should be rectified during September and provided the economy is restored, we would still expect a good truck market for both the calendar and financial years.

To conclude, our Group is budgeting for another good year albeit below last year's record and the Board confirm that unless completely unforeseen circumstances arise, dividends will be maintained. At the present time Adtrans is well positioned and keen to make the right acquisition to continue to expand our group of dealerships.

GD BIGNELL

Chairman



Directors' Report

Adtrans Group Limited is a company limited by shares that is incorporated and domiciled in Australia.

The Board of Directors of Adtrans Group Limited has pleasure in submitting the annual financial report for the financial year ended 30 June 2008 and report as follows:

DIRECTORS' QUALIFICATIONS:

The names and relevant particulars of the Directors in office during the financial year and until the date of this report are:



Graeme D Bignell, F.A.I.C.D.

Mr Bignell established Stillwell Ford in Adelaide in 1971. He was elected Chairman of Adtrans Group when it was formed in 1987 and is Chairman of the Remuneration and Nomination Committees and a member of the Corporate Governance Committee.



Shaun A Swift, B.Ec, M.B.A.

Mr Swift was appointed Managing Director on 1 August 2003. Mr Swift had previously been employed for 15 years with the Ford Motor Company, both in Australia and Detroit, US.



John H Heard, AM, F.C.A., F.A.I.C.D.

Mr Heard was appointed a non-executive Director in 1990. He is a Chartered Accountant in private practice and has experience as a Director or consultant for a number of companies. He is Deputy Chairman of the Board, Chairman of the Audit and Risk and Corporate Governance Committees and a member of the Remuneration and Nomination Committees. During the past three years Mr Heard has served as a Director of the following other public companies:

- CEDA (Committee for Economic Development of Australia)
- S. Kidman & Co. Ltd. *
- Penrice Soda Products Holdings Ltd. (Chairman) *
- Master Butchers Co-operative Ltd. (Chairman)

He is also Chairman of Bank of South Australia Advisory Board.

(* denotes current directorship)



Chris Stillwell, F.A.I.C.D.

Mr Stillwell was appointed a non-executive Director in 2000. He is currently CEO of B. S. Stillwell Motor Group Pty. Ltd., Dealer Principal of Bib Stillwell BMW/Mini, Meneres BMW, Mornington BMW, Sam Gould Ford and Sam Gould Kia. He is also managing director of Silverstone Jaguar, Bilia Volvo & Knox Ford. He is a member of the Corporate Governance and Remuneration Committees.



Antimo Spagnuolo, B.Ec., M.A.I.C.D. Dip., F.C.I.S.

Mr Spagnuolo joined the Group in 1990, following a ten-year career with a major trading bank. He has been a Director of Adtrans Group since 1994. He is Dealer Principal and a Director of Graham Cornes Motors Pty Ltd.



David L. Holst, M.A.I.C.D. Dip T., B. Ed.

Mr Holst was appointed a Director in 2001. He has been employed by Adtrans Group since 1986 in several capacities including Dealer Principal and Director of various Group truck and car dealerships. Effective 1 July 2005 he was appointed Group Director of Sales. He is also a Director of the Adtrans subsidiaries Adtrans Automotive Group Pty Ltd and Adtrans Used Pty Ltd.



Raymond G. Grigg, F.S.A.E-I., F.A.I.C.D.

Mr Grigg was appointed a non-executive Director in 2004. Mr Grigg has extensive experience in the automotive industry following a 47 year career with General Motors Corporation where he held a number of senior positions in Australia and overseas.

Mr Grigg is currently a Board member of:

- Futuris Corporation Ltd.
- Royal Automobile Association of SA
- Bedford Industries Ltd.

During the past three years Mr Grigg has not served on any public company boards other than those listed above. He is a member of the Audit and Risk, Corporate Governance and Remuneration Committees.



Stephen J. Officer, B.Ec. (Hons.), F.A.I.C.D.

Mr Officer was appointed non-executive director on 24 August 2006. Mr Officer has over 30 years experience in the automotive vehicle industry which includes 13 years at Ford Motor Company in Australia, the United States and New Zealand, and 19 years at Adtrans.

He was managing director of Adtrans Group until his retirement in August 2003.

He is a member of the Audit and Risk and Remuneration Committees.



Martin A. Ward, B.Sc. (Hons), F.A.I.C.D.

Mr Ward was appointed non-executive director on 3 May 2007. Mr Ward has extensive experience in the automotive vehicle industry where he has held senior positions with several large motor vehicle dealer groups. He is currently CEO and a Board Member of A P Eagers Ltd., a substantial shareholder of Adtrans Group.

During the past three years Mr Ward has not served on any public company boards other than A P Eagers Ltd. He is a member of the Remuneration and Nomination Committees.

The above named Directors held office during the financial year unless otherwise stated.

Company Secretary

Teresa J Swinden, CPA

Ms Swinden was appointed Company Secretary in May 1999.

She has been employed by Adtrans Group for 18 years and prior to this position held the role of Chief Group Accountant.

Directors' Report

DIRECTORS' SHAREHOLDING INTERESTS

At the date of this report, the interests of Directors in shares of the company and related entities were:

	Number of Ordinary Shares	
	Company	Related Entity
G. D. Bignell	4,671,217	
C. Stillwell	558,116	
A. Spagnuolo	270,000	60,000*
D. L. Holst	329,066	
S. A. Swift	36,957	
S. J Officer	9,913	

* Being 10% of the capital of Graham Cornes Motors Pty. Ltd.

Movements in equity holdings of Directors during the year are disclosed in Note 29(f) of the financial statements.

COMMITTEE MEMBERSHIPS

At the date of this report the company had Audit and Risk, Remuneration, Nomination and Corporate Governance Committees. Members of the Committees of the Board during the year were:

Audit and Risk	Remuneration	Nomination	Corporate Governance
J. H. Heard (C)	G. D. Bignell (C)	G. D. Bignell (C)	J. H. Heard (C)
R. G. Grigg	J. H. Heard	J. H. Heard	G. D. Bignell
S. J. Officer	C. Stillwell	M. A. Ward	C. Stillwell
	R. G. Grigg		R. G. Grigg
	M. A. Ward		
	S. J. Officer		
	(appointed 24/4/08)		

(C) Denotes Chairman of the Committee

DIRECTORS' MEETINGS

During the year the company held, or would have held if a quorum had been present, six meetings of Directors. The names of Directors and members of Committees of the Board are outlined above. The attendances of the Directors at meetings of the Board and of its Committees were:

	Directors' meetings	Meetings of committees			Corporate Governance
		Audit & Risk	Remuneration	Nomination	
Number of meetings held	6	3	3	1	2
Number of meetings attended					
G. D. Bignell	6	-	3	1	2
J. H. Heard	5	3	2	1	2
S. A. Swift	6	-	-	-	-
A. Spagnuolo	5	-	-	-	-
C. Stillwell	6	-	3	-	2
D. L. Holst	6	-	-	-	-
R. G. Grigg	6	2	3	-	2
S. J. Officer	6	3	2	-	-
M. A. Ward	6	-	3	1	-

Directors' Report

PRINCIPAL ACTIVITIES

The principal activity of the company and its subsidiaries was operating franchised vehicle dealerships.

GROUP RESULT

The operating profit after income tax for the financial year attributable to the members of Adtrans Group Ltd was \$12,009,410 (2007: \$8,719,932). The profit after tax of \$12,009,410 includes a \$1,758,548 after tax benefit from a tax refund of overpaid GST on holdback payments. This refund may be subject to audit or review by the ATO in due course. Trading profit of \$10,250,862 after tax is 17.6% up on the corresponding period.

DIVIDENDS

Declared and paid during the year:

	<u>2008</u>	<u>2007</u>
	\$	\$
Final ordinary dividend of 14.5 cents per share paid on 7 November 2007 (2006: 13.5 cents)	3,497,227	3,229,937
Interim ordinary dividend of 9.5 cents per share paid on 14 April 2008 (2007: 9.0 cents)	2,292,229	2,153,291
Final ordinary dividend of 15.5 cents per share proposed and provided, payable on 14 November 2008 (2007: 14.5 cents)	<u>3,802,683</u>	<u>-</u>
Total dividends for the year	<u>9,592,139</u>	<u>5,383,228</u>

The 2008 final dividend proposed on 20th June 2008, provided for at year end and payable on 14th November 2008. The 2007 final dividend declared subsequent to year end and unprovided at 30 June 2007.

EARNINGS PER SHARE

	2008	2007
Basic earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the company (cents)	49.8	36.6

OPERATING AND FINANCIAL REVIEW

The strong Australian new vehicle market for 2007/08 and in particular the increased activity in the heavy truck market assisted the company to achieve record sales levels and record profits.

The Australian new vehicle market finished 2007/08 at 1,068,301 vehicles, up 6.4%, incorporating a 13% lift in the heavy truck market.

Total Sales Revenue increased 17.0% to \$752.8m, with good lift in new vehicle, parts and service sales. Total new cars sold for the year increased to 6,473 vehicles and new trucks increased to 2,458 vehicles. This lift in new vehicle sales had a significant influence on the company's record results.

Directors' Report

OPERATING AND FINANCIAL REVIEW (continued)

Total Parts and Service sales have again achieved good growth with total sales up 9.8% on the previous year. Used vehicles sold for the year total 7,331 used cars, in line with the previous year, and 507 used trucks, a slight increase.

The total profit before income tax of \$17.5 million includes a significant refund of GST from the Australian Taxation Office (ATO) of \$2.5 million. In 2005, the ATO released a determination stating that holdback payments received by motor vehicle dealers from manufacturers and distributors were not subject to GST. On 28 February 2008, the Federal Court ruled that the ATO refund GST paid on these holdback payments. The company has received the refund and this claim may be subject to audit by the ATO.

During the year, Whitehorse Truck and Bus at Footscray, Victoria, acquired the Group's first bus franchise, BCI Buses, selling eight buses in total for the year.

In November 2007, the company acquired the business of Best Hino and in April 2008 acquired the business of Camden Hino. Now styled Adtrans Hino, this is the Group's first Hino franchise and provides an excellent opportunity for the Group.

As part of the Best Hino business acquisition, the Group also acquired the Gosford dealership property.

Additional funding of \$8.2 million was secured during the year to assist with funding the property and business purchases.

In January 2008, the company acquired the parts and service business of Colrain Truck and Trailer at Traralgon and relocated its existing Morwell branch of Whitehorse Trucks business to the new Traralgon premises. This business is now styled Valley Truck Centre.

227,474 shares were issued during the year to employees and managers, including executive directors, as a result of the company's employee share plans launched in July 2007.

On 13 March 2008 at a General Meeting, shareholders approved a Dividend Reinvestment Plan. 158,512 shares were issued during the year under the Dividend Reinvestment Plan.

SIGNIFICANT CHANGES IN THE 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 this report, accounts or notes thereto.

LIKELY DEVELOPMENTS AND FUTURE RESULTS

The Directors have excluded from this report any further information on the likely developments in the operations of the consolidated entity and the expected results of those operations in future financial years, as the Directors have reasonable grounds to believe that it would be likely to result in unreasonable prejudice to the consolidated entity.

SUBSEQUENT EVENTS

Since the end of the financial year, the Directors are not aware of any matter or circumstance not otherwise dealt with in this report or the consolidated financial statements which 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 subsequent financial years.

Directors' Report

ENVIRONMENTAL REGULATION PERFORMANCE

The consolidated entity's environmental obligations and waste discharge quotas are regulated under both State and Federal Law. All environmental performance obligations are monitored by the consolidated entity and subjected from time to time to Government agency audits and site inspections. The consolidated entity has a policy of at least complying with, but in most cases exceeding, its environmental performance obligations.

No environmental breaches have been notified by any Government agency during the year to 30 June 2008.

INDEMNIFICATION OF OFFICERS

During the financial year a wholly-owned entity paid an insurance premium in respect of a contract insuring the parent entity's Directors against liability arising as a result of work performed in their capacity as a Director. The terms of the insurance brokerage contract prohibit the disclosure of the insurance cover and premium.

REMUNERATION REPORT

This report outlines the remuneration arrangements in place for Directors and executives of Adtrans Group Limited (the company). For the purpose of this report Key Management Personnel (KMP) of the Group are those Directors and executives listed on page 12.

The remuneration disclosures in this remuneration report have been audited.

Remuneration philosophy

The performance of the company depends upon the quality of its Directors and executives. To prosper, the company must attract, motivate and retain highly skilled Directors and executives.

To this end, the company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives;
- Significant portion of executive remuneration "at risk", dependent upon company performance.

Remuneration committee

The Remuneration Committee of the Board of Directors of the company is responsible for determining compensation arrangements for the Directors, and reviewing compensation arrangements for the executive team.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of Directors and executives on a periodic basis by reference to the relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive Director and executive remuneration is separate and distinct.

Non-executive Director Remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the company with the ability to attract and retain Directors of the highest calibre, while incurring a cost which is acceptable to shareholders.

Directors' Report

REMUNERATION REPORT (continued)

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination was at the Annual General Meeting held on 25 October 2007, when shareholders approved an aggregate remuneration of \$500,000 per year. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed periodically.

Each Director receives a fee for being a Director of the company. The Deputy Chairman receives an additional fee in recognition of his additional responsibilities. The remuneration committee reviews the Directors' fees periodically and considers fees paid to non-executive Directors of comparable companies when undertaking this review process.

Directors who have served as a non-executive Director of the company for a total period of no less than five years may, at the discretion of the Board of Directors, receive a retirement allowance. The retirement allowance cannot exceed the total Directors' fees paid to the Director by the company or any subsidiary of the company during the period of three years immediately preceding the resignation, retirement or death of the non-executive Director.

On 23 August 2007, the directors agreed that the Directors' Retirement Allowance Scheme be quarantined to the existing non-executive directors and will not apply for newly-appointed directors after this date.

Executive Director Remuneration

Objective

The company aims to reward executives with a level and mix of remuneration commensurate with their positions and responsibilities within the company and to:

- reward executives for company, business unit and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link reward with the performance of the company; and
- ensure that total remuneration is competitive by market standards.

Structure

Remuneration may consist of the following key elements:

- Fixed remuneration
- Variable remuneration
 - Short-term incentive (STI) and;
 - Long-term incentive (LTI).

The proportion of fixed remuneration and variable remuneration is reviewed for each executive by the Remuneration Committee.

Fixed remuneration

Objective

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and competitive in the market.

Directors' Report

REMUNERATION REPORT (continued)

Fixed remuneration is reviewed annually by the Remuneration Committee and the process consists of a review of company-wide, business unit and individual performance, relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Committee may access external advice independent of management.

Structure

Executives receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles.

Variable remuneration – Short-term incentive (STI)

Objective

The objective of the STI programme is to link the achievement of the company's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential STI available is set at a level to provide sufficient incentive to the executive to achieve the operational targets and so that the cost to the company is reasonable in the circumstances.

Structure

Actual STI payments to each executive depend on the extent to which specific operating targets are met. The operational targets are primarily financial, such as contribution to net profit before tax. These financial targets are set at the beginning of the financial year and performances against these targets are monitored regularly.

Variable pay – Long-term incentive (LTI)

Objective

The company's Share Option Agreement was approved by shareholders at the Annual General Meeting held on 23 October 2001. The final tranche of options were exercised in October 2006.

The Company has a Deferred Employee Share Plan, please refer to page 13. In July 2008 the Company established a Share Appreciation Rights Plan for its senior executives, please refer to pages 13 and 14.

The objective of these plans is to encourage senior executives and managers to improve the performance of the company and its return to shareholders by providing them with an opportunity to share in the growth and value of the company.

Directors' Report

REMUNERATION REPORT (continued)

Compensation of Key Management Personnel

The following tables disclose the remuneration of the directors and executives of the company. Apart from those listed below, there are no other key management personnel of the company for the purpose of this disclosure requirement.

30 June 2008

	Short-term				Post employment	Long-term	% performance related#
	Salary & Fees	Cash bonus	Equity Bonus Defered Share Plan	Non-monetary benefits	Superannuation	Deferred Share Plan	
Directors							
G. D. Bignell	140,000	-	-	2,409	12,600	-	-
J. H. Heard	69,000	-	-	2,409	6,210	-	-
C. Stillwell	48,000	-	-	2,409	4,320	-	-
R. G. Grigg	48,000	-	-	2,409	4,320	-	-
S. J. Officer	48,000	-	-	2,409	4,320	-	-
M. A. Ward	48,000	-	-	2,409	4,320	-	-
S. A. Swift	300,047	269,895	51,781	41,227	60,844	12,945	44%
A. Spagnuolo	132,865	37,495	51,781	9,344	30,108	12,945	33%
D. L. Holst	278,293	182,015	51,781	47,704	67,237	12,945	37%
Executives							
T. J. Swinden	141,669	119,320	43,755	28,135	29,659	10,939	44%
Total	1,253,874	608,725	199,098	140,864	223,938	49,774	

Cash and equity bonus as percentage of total annual compensation

30 June 2007

	Short-term			Post employment	% performance related*
	Salary & Fees	Cash bonus	Non-monetary benefits	Superannuation	
Directors					
G. D. Bignell	127,000	-	2,626	11,430	-
J. H. Heard	63,000	-	2,626	5,670	-
C. Stillwell	43,500	-	2,626	3,915	-
R. G. Grigg	43,500	-	2,626	3,915	-
S. J. Officer					
(appointed 24/8/06)	39,875	-	2,626	3,589	-
M. A. Ward					
(appointed 3/5/07)	7,250	-	2,626	653	-
S. A. Swift	294,741	195,210	36,750	53,253	34%
A. Spagnuolo	124,033	70,000	20,142	33,722	28%
D. L. Holst**	468,229	188,075	47,576	65,780	33%
Executives					
T. J. Swinden	139,165	103,855	28,954	26,353	35%
Total	1,350,293	557,140	149,178	208,280	

* Cash bonus as percentage of total annual compensation.

** Includes \$192,204 long service leave paid in lieu.

Directors' Report

REMUNERATION REPORT (continued)

Employment contracts

No contracts exist for company Directors or executives.

Share-based compensation

Options agreement

In the year ended 30 June 2007, the final tranche of options under a plan approved by shareholders at the Annual General Meeting of 23 October 2001 were exercised. This now concludes this option plan.

EMPLOYEE SHARE PLANS

Tax Exempt Share Plan

In July 2007, the company implemented a tax exempt share plan where permanent employees with more than three years service were invited to buy up to \$1,000 worth of Adtrans Group shares at a 20% discount to market. Shares issued under this Plan may not be sold until three years after issue, or cessation of employment, whichever is the earlier date/event. Shares can be new issues or purchased on market six-monthly.

Deferred Employee Share Plan

Adtrans' Deferred Employee Share Plan was introduced in July 2007. The Plan operates on a salary sacrifice basis whereby, on accepting an offer, the participants are able to apply for shares instead of receiving some of their annual remuneration.

- For General Managers, shares will be allocated to the participant at a 20% discount. These shares may not be sold until the earlier of three years after allocation or cessation of employment.
- For key operators and senior executives, (but excluding the Executive Chairman), the company will allocate, on a one-for-one basis, free matching shares to the participants. Shares held under this Plan will be subject to a four year restriction period. During this time, participants will not be able to sell, transfer or otherwise deal with any of the shares. If a participant leaves the company before the end of the four year restriction period, their matching free shares will be forfeited.

While shares are held under the Plan, if a participant's employment is terminated for cause (ie fraud, theft or gross misconduct), all shares acquired by that participant under the Plan, will be forfeited.

Shareholder approval is required prior to shares being issued to executive directors.

The purpose of the above Plans is to encourage employees to improve the performance of the company and its return to shareholders by providing them with an opportunity to share in the growth and value of the company.

Share Appreciation Rights Plan

In July 2008, the company established a Share Appreciation Rights Plan ("SAR") for its senior executives.

The purpose of the Plan is to provide senior executives and executive Directors with an opportunity to acquire a financial interest in the company in the event certain targets are met, which will align their interests more closely with shareholders and provide greater incentive for them to focus on the company's long-term goals. The Board believes that long-term incentives form a key part of remuneration for senior managers and Executive Directors to encourage strong performance by these individuals.

Directors' Report

EMPLOYEE SHARE PLANS (continued)

Share Appreciation Rights Plan (continued)

The performance conditions in relation to the SARs offered under the Plan are based on Earnings Per Share targets ("Performance Conditions"), specifically:

- Tranche 1 SARs:
 - * will vest if Earnings Per Share (EPS) for the financial year ending 30 June 2011 is at least equal to 45.3 cents;
 - * that do not vest in the initial three year performance period will be re-tested, and if the EPS for the financial year ended 30 June 2012 is at least equal to 48.5, these SARs will vest;
 - * that do not vest in the third and fourth year performance periods will be re-tested, and if the EPS for the financial year ended 30 June 2013 is at least equal to 51.9, these SARs will vest;
 - * that do not vest over the five year performance period will not vest and will lapse.
- Tranche 2 SARs:
 - * will vest if EPS for the financial year ending 30 June 2012 is at least equal to 48.5 cents;
 - * that do not vest in the initial four year performance period will be re-tested, and if the EPS for the financial year ended 30 June 2013 is at least equal to 51.9, these SARs will vest;
 - * that do not vest over the five year performance period will not vest and will lapse.
- Tranche 3 SARs:
 - * will vest if EPS for the year ending 30 June 2013 is at least equal to 51.9 cents;
 - * that do not vest over the five year performance period will not vest and will lapse.

When SARs vest, the executives will be allocated Shares which will be held on their behalf by the trustee of the Plan, CPU Share Plans Pty Limited ABN 20 081 600 875 (the "Plan Trustee").

The number of Shares that will be allocated and held on an executive's behalf by the Plan Trustee will depend on how many of an executive's SARs vest and the volume weighted average price of Shares on the market conducted by ASX Limited ("ASX") over the five trading days leading up to the start of the relevant performance period and the volume weighted average price of Shares over the five trading days up to and including the last day of the relevant performance period.

Specifically, the number of Shares that are allocated to an executive under the Plan will be determined at the time the SARs vest by reference to the following formula:

$$S = \text{IAP} \times \text{VS} / \text{LAP}$$

Where:

- S = the number of Shares to be allocated to an executive (rounded down to the nearest whole Share);
- IAP = the difference (if any) between the volume weighted average price of Shares on the ASX over the five trading days immediately prior to the start of the relevant performance period and the volume weighted average price of Shares on the ASX over the five trading days up to and including the last trading day of the relevant performance period;
- VS = the number of SARs of the executive that vest; and
- LAP = the volume weighted average price of Shares on the ASX over the five trading days up to and including the last trading day of the relevant performance period.

In its absolute discretion, the Board may determine that SARs will vest and Shares will be allocated even if the Performance Conditions have not been met. (For example, if the executive's employment ceases as a result of them becoming permanently disabled or their position being made redundant or if there is a takeover of the company).

Once Shares are allocated to the executives upon satisfaction of the Performance Conditions, there will be no restrictions on the Shares. However, while Shares are held within the Plan, they will be subject to forfeiture. Accordingly, if an executive's employment is terminated for (in the Board's opinion) cause or if the executive has committed any act of fraud, theft or gross misconduct in relation to the affairs of the company (whether or not charged with an offence), the executive will forfeit all of their Shares.

Shareholders have been asked to approve the participation in the Plan of selected Executive Directors at the October 2008 Annual General Meeting.

Directors' Report

NON-AUDIT SERVICES

The fees paid to the company auditors are disclosed in Note 28 of the financial report. The nature and scope of each type of other services provided has not compromised auditor independence, as these are services that the auditor is best suited to perform. Ernst & Young received or are due to receive the following amount for the provision of non-audit services.

Assurance related services	\$4,192
Taxation related services	\$61,473

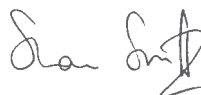
ROUNDING OF AMOUNTS

The parent entity is a company of the kind specified in Australian Securities and Investments Commission Class Order 98/0100. In accordance with that Class Order, amounts in this report and the financial statements have been rounded to the nearest thousand dollars, unless specifically stated to be otherwise.

Signed in accordance with a resolution of the Directors.



G. D. Bignell
Chairman



S. A. Swift
Managing Director

ADELAIDE
25 August 2008

INDEPENDENCE DECLARATION



Auditor's Independence Declaration to the Directors of Adtrans Group Limited

In relation to our audit of the financial report of Adtrans Group Limited for the financial year ended 30 June 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



Ernst & Young



Colin W. Dunsford
Partner
25 August 2008

Statement of Corporate Governance Practices

The Board of Directors of Adtrans Group is responsible for the corporate governance of the consolidated entity. The Board has agreed to adopt the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations and is pleased to report that its practices are largely consistent with those of the ASX guidelines. Where the Adtrans corporate governance practices do not correlate with the practices recommended by the Council, details are disclosed in this statement.

Structure of the Board

The names of the Directors and their qualifications and experience are stated on pages 4 and 5 of the Directors' Report.

Adtrans has adopted the definition of "independent Director" as outlined in recommendation 2.1 of the ASX Corporate Governance Best Practice Guidelines.

In the context of Director Independence, "materiality" is determined based on quantitative and qualitative elements. An item is material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount.

In accordance with the definition of independence and the materiality thresholds provided, the following Directors of Adtrans are considered to be independent:

J. H. Heard
C. Stillwell
R. G. Grigg
S. J. Officer

The Board is made up of five non-executive directors, four of whom are independent, and four executive Directors. Adtrans is unique in some ways in that vehicle inventories, including heavy-duty trucks, represent the largest portion of shareholders' funds. Additionally, in common with all automotive retail companies, Adtrans has very high revenue for comparatively very low net returns. The Board has adopted a policy of having representation by experienced, knowledgeable and competent automotive retail executive Directors, along with a minimum of three (3) independent non-executive Directors.

The Chairman is an executive Director, not an independent Director. The current Chairman is the founder of Adtrans Group and still has a substantial shareholding. The Board believes that Mr. Bignell is the most appropriate person to lead the Board and that he is able to and does bring quality and independent judgement to all relevant issues falling within the scope of the role of Chairman.

The Managing Director is responsible for the day to day management of the company. There are procedures in place, which have been agreed by the Board, to enable Directors to seek independent professional advice at the company's expense.

The term of each Director in office at the date of this report is as follows:

Name	Term
G. D. Bignell	21 years
J. H. Heard	17 years
C. Stillwell	8 years
S. A. Swift	5 years
A. Spagnuolo	14 years
D. L. Holst	7 years
R. G. Grigg	4 years
S. J. Officer	2 years
M. A. Ward	1 year

Statement of Corporate Governance Practices

Nomination Committee

The Board has established a Nomination Committee, which meets at least annually to ensure that the Board continues to operate within the established guidelines including, where necessary, selecting candidates for the position of Director.

The Nomination Committee comprises the following members:

G. D. Bignell (Chair)

J. H. Heard

M. A. Ward

For details of Directors' attendance at meetings of the Nomination Committee refer to page 6 of the Directors' Report.

Audit and Risk Committee

The Audit & Risk Committee operates under a charter approved by the Board. The committee provides assistance to the Board in fulfilling its corporate governance and oversight responsibilities in relation to the company's financial reporting and internal control structure, and the internal and external audit functions.

The committee will assist the Board with its responsibility for the oversight of risk management. The committee continues to review the company's risk management and control framework for all risks, not limited to financial reporting risks. The Managing Director, Company Secretary and Chief Group Accountant provide the Board with written confirmation that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results, and are in accordance with relevant accounting standards and founded on sound systems of risk management and internal compliance and control.

The Audit and Risk Committee comprises three members, all of whom are independent Directors.

The members of the Audit and Risk Committee during the year were:

J. H. Heard (Chair)

R. G. Grigg

S. J. Officer

For details of Directors' attendance at meetings of the Audit and Risk Committee refer to page 6 of the Directors' Report. Refer also to pages 4 and 5 of the Directors' Report for details of the qualifications of Mr. Heard, Mr. Grigg and Mr. Officer as members of the Audit and Risk Committee.

Remuneration Committee

The Board is responsible for determining and reviewing compensation arrangements for the Directors and the executive team. The Board has established a Remuneration Committee, comprising at least three Directors, the majority of who shall be independent. Members of the Remuneration Committee during the year were:

G. D. Bignell (Chair)

J. H. Heard

C. Stillwell

R. G. Grigg

M. A. Ward

S. J. Officer (appointed 24/4/08)

For details of the Directors' attendance at meetings of the Remuneration Committee held during the year refer to page 6 of the Directors' Report.

Statement of Corporate Governance Practices

It is the company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating Directors and senior management fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Remuneration Committee links the nature and amount of executive directors' and officers' emoluments to the company's financial and operational performance. The expected outcomes of the remuneration structure are:

- Retention and motivation of key executives
- Attraction of quality management to the company
- Performance incentives which allow executives to share the rewards of the success of the company.

For a full discussion of the company's remuneration philosophy and framework and the remuneration received by Directors and executives in the current year please refer to the remuneration report, which is contained within the Directors' Report.

A retirement allowance exists for non-executive Directors. For details refer to the remuneration report, which is contained within the Directors' Report.

Continuous disclosure

Adtrans Group has written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to enforce accountability at senior management level for that compliance. The Board has endorsed these policies.

Communication with shareholders

Adtrans Group has a communications policy to promote communication with shareholders. The Adtrans Group Website (www.adtrans.com.au) is where shareholders can obtain market announcements, press releases, notice of meetings and financial statements.

The external auditors, Ernst & Young, attend the annual general meeting and are available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

Performance

The Board has adopted a performance evaluation policy. Each year the Chairman meets separately with each non-executive Director to discuss individual performance and ideas for improvement. The Board as a whole discusses and analyses its own performance during the year, including suggestions for change or improvement.

Code of conduct

Adtrans Group has adopted a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.

Director and employee share trading policy

All information obtained or obtainable as a Director or employee of the company is the property of the company and may not be used for any purpose other than in the conduct of the affairs of the company.

All information of the company is strictly confidential and must not be disclosed to any entity, except as required in the ordinary course of the operations of the company, or used by Directors or employees for personal benefit or gain.

As a matter of law, Directors and company employees may not buy or sell shares in the company if they possess information that, if disclosed publicly, might have a material effect on the price or value of the company's shares

Statement of Corporate Governance Practices

The procedure for Directors and employees trading company shares is as follows:

- All dealings by Directors and General Managers are to be previously advised (in advance of trade) to the Chairman for clearance, with all other employees advising the Managing Director or the Company Secretary.
- All completed trades with reference to the above approvals must be notified to the Company Secretary, who must keep all relevant details of such dealings and ensure that appropriate notification, signed by the relevant Director, is given to the Australian Stock Exchange.

General share trading is prohibited during periods of account preparation preceding the public announcement of the company's indicative annual and half-yearly results.

Adtrans Group's policies and charters are available upon request to the Company Secretary.

Income Statement

FOR THE YEAR ENDED 30 JUNE 2008

	Note	CONSOLIDATED		PARENT ENTITY	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Sales revenue	3	752,759	643,493	-	-
Other revenue	3	1,088	446	8,344	6,087
Total Revenue		753,847	643,939	8,344	6,087
Cost of Sales	4	(634,078)	(538,394)	-	-
Gross Profit		119,769	105,545	8,344	6,087
Other income	3	2,673	442	1,877	-
Occupancy expenses		(8,393)	(7,435)	-	-
Depreciation and amortisation	4	(2,347)	(2,086)	(22)	(22)
Employee benefits	4	(60,202)	(53,480)	-	-
Other expenses		(27,606)	(25,892)	(711)	(626)
Finance costs	4	(6,359)	(4,440)	-	-
Profit before income tax expense		17,535	12,654	9,488	5,439
Income tax expense	5	(5,437)	(3,897)	(571)	(1)
Net profit after tax		12,098	8,757	8,917	5,438
Attributable to:					
Minority interests		89	37	-	-
Members of the parent		12,009	8,720	8,917	5,438
Earnings per share:					
Basic and diluted (cents per share)	6	49.8	36.6	-	-

The accompanying notes form an integral part of this income statement.

Balance Sheet

AS AT 30 JUNE 2008

	Note	CONSOLIDATED		PARENT ENTITY	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
CURRENT ASSETS					
Cash and cash equivalents	7	25,255	12,588	21	-
Trade and other receivables	8	34,610	26,861	33,557	24,803
Prepayments		1,243	896	-	-
Inventories – Bailment	9	72,743	58,871	-	-
Inventories – Other	9	47,759	40,702	-	-
TOTAL CURRENT ASSETS		181,610	139,918	33,578	24,803
NON-CURRENT ASSETS					
Other financial assets	10	-	-	8,235	8,235
Property, plant and equipment	11	43,511	38,565	9,400	7,978
Intangibles	12	8,706	5,854	-	-
Deferred tax assets	5	4,044	3,561	131	106
TOTAL NON-CURRENT ASSETS		56,261	47,980	17,766	16,319
TOTAL ASSETS		237,871	187,898	51,344	41,122
CURRENT LIABILITIES					
Trade and other payables	13	28,333	24,502	21,422	17,799
Interest-bearing liabilities – Bailment	14	104,542	75,503	-	-
Interest-bearing liabilities - Other	15	4,729	7,588	-	17
Income tax payable		2,614	1,888	2,380	1,985
Provisions	16	11,474	6,857	3,803	-
TOTAL CURRENT LIABILITIES		151,692	116,338	27,605	19,801
NON-CURRENT LIABILITIES					
Interest-bearing liabilities – Other	17	19,225	11,307	-	-
Deferred tax liabilities	5	3,317	2,472	1,332	902
Provisions	18	1,789	1,522	-	-
TOTAL NON-CURRENT LIABILITIES		24,331	15,301	1,332	902
TOTAL LIABILITIES		176,023	131,639	28,937	20,703
NET ASSETS		61,848	56,259	22,407	20,419
EQUITY					
Contributed equity	19	17,142	15,490	17,142	15,490
Reserves	21	10,007	8,555	5,265	4,254
Retained earnings	22	34,363	31,946	-	675
Total parent entity interest in equity		61,512	55,991	22,407	20,419
Minority interest	22	336	268	-	-
TOTAL EQUITY		61,848	56,259	22,407	20,419

The accompanying notes form an integral part of this balance sheet.

Statement of Recognised Income and Expenses

FOR THE YEAR ENDED 30 JUNE 2008

	Note	CONSOLIDATED		PARENT ENTITY	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Fair value revaluation of land and buildings		2,074	-	1,444	-
Income tax on item taken directly to equity		(622)	-	(433)	-
Net income recognised directly in equity	21	1,452	-	1,011	-
Profit for the year after tax		12,098	8,757	8,917	5,438
Total recognised income and expenses for the year		13,550	8,757	9,928	5,438
Attributed to:					
Equity holders of the parent		13,461	8,720	9,928	5,438
Minority interest		89	37	-	-
Total recognised income and expenses for the year		13,550	8,757	9,928	5,438

The accompanying notes form an integral part of this statement of recognised income and expenses.

Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2008

	Note	CONSOLIDATED		PARENT ENTITY	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	(i)	839,075	714,606	-	650
Payments to suppliers and employees	(i)	(799,396)	(690,751)	(2,849)	(2,251)
Finance cost paid		(6,359)	(4,440)	-	-
Interest received		1,088	446	96	81
Dividends received		-	-	7,584	5,357
Income tax (paid)/received		(4,884)	(4,401)	(204)	866
GST (paid)/received		(8,877)	(6,635)	28	33
Net cash provided by operating activities	25c	20,647	8,825	4,655	4,736
CASH FLOWS FROM INVESTING ACTIVITIES					
Payment for property, plant and equipment		(1,659)	(5,527)	-	-
Acquisition of business units	30b	(6,184)	(993)	-	-
Proceeds from sale of property, plant and equipment		243	451	-	-
Net cash (used) by investing activities		(7,600)	(6,069)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from the issue of shares		537	638	537	638
Proceeds from borrowings		8,200	2,038	-	-
Repayments of borrowings		(3,942)	(957)	-	-
Dividends paid		(5,175)	(5,409)	(5,154)	(5,383)
Net cash (used) by financing activities		(380)	(3,690)	(4,617)	(4,745)
Net increase/(decrease) in cash held		12,667	(934)	38	(9)
Cash/(overdraft) at beginning of financial year		12,588	13,522	(17)	(8)
Cash/(overdraft) at end of financial year	25a	25,255	12,588	21	(17)

(i) Inclusive of GST.

Note: The GST on holdback refund has not been received at balance date as cash. The receipt occurred subsequent to year end.

The accompanying notes form an integral part of this cash flow statement.

Notes to and Forming Part of the Accounts

1. Corporate information

The financial reports of Adtrans Group Limited for the year ended 30 June 2008 were authorised for issue in accordance with a resolution of the Directors on 25 August 2008.

Adtrans Group Limited, which is the ultimate parent company of the Group, is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The principal activity of the company and its subsidiaries was operating franchised vehicle dealerships.

2. Statement of significant accounting policies

The principal accounting policies adopted during preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Adtrans Group Limited as an individual entity and the consolidated entity consisting of Adtrans Group Limited and its subsidiaries.

Basis of accounting

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. The financial report has also been prepared on an historical cost basis, except for land and buildings which has been measured at fair value.

Foreign currency translation

Functional and presentation currency

Both the functional and presentation currency of Adtrans Group Limited and its subsidiaries is Australian dollars (\$).

Statement of Compliance

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ending 30 June 2008. These are outlined in the table below.

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 8 and AASB 2007-3	Operating Segments and consequential amendments to other Australian Accounting Standards	New standard replacing AASB 114 <i>Segment Reporting</i> , which adopts a management reporting approach to segment reporting.	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements. The amendments may have an impact on the Group's segment disclosures.	1 July 2009
AASB 101 (Revised) and AASB 2007-8	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 January 2009	These amendments are only expected to affect the presentation of the Group's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report. The Group has not determined at this stage whether to present a single statement of comprehensive income or two separate statements.	1 July 2009

Notes to and Forming Part of the Accounts

2. Statement of significant accounting policies (continued)

Statement of Compliance (continued)

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2008-1	Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations	The amendments clarify the definition of 'vesting conditions', introducing the term 'non-vesting conditions' for conditions other than vesting conditions as specifically defined and prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied.	1 January 2009	The Group has share-based payment arrangements that will unlikely be effected by these amendments.	1 July 2009
AASB 3 (Revised)	Business Combinations	The revised standard introduces a number of changes to the accounting for business combinations, the most significant of which allows entities a choice for each business combination entered into – to measure a non-controlling interest (formerly a minority interest) in the acquiree either at its fair value or at its proportionate interest in the acquiree's net assets. This choice will effectively result in recognising goodwill relating to 100% of the business (applying the fair value option) or recognising goodwill relating to the percentage interest acquired. The changes apply prospectively.	1 July 2009	The Group may enter into some business combinations in future financial years that may be impacted by these amendments.	1 July 2009
AASB 127 (Revised)	Consolidated and Separate Financial Statements	Under the revised standard, a change in the ownership interest of a subsidiary (that does not result in loss of control) will be accounted for as an equity transaction.	1 July 2009	If the Group changes its ownership interest in existing subsidiaries in the future, the change will be accounted for as an equity transaction. This will have no impact on goodwill, nor will it give rise to a gain or a loss in the Group's income statement.	1 July 2009

Notes to and Forming Part of the Accounts

2. Statement of significant accounting policies (continued)

Statement of Compliance (continued)

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2008-7	Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	<p>The main amendments of relevance to Australian entities are those made to AASB 127 deleting the 'cost method' and requiring all dividends from a subsidiary, jointly controlled entity or associate to be recognised in profit or loss in an entity's separate financial statements (i.e., parent company accounts). The distinction between pre- and post-acquisition profits is no longer required. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment.</p> <p>AASB 127 has also been amended to effectively allow the cost of an investment in a subsidiary, in limited reorganisations, to be based on the previous carrying amount of the subsidiary (that is, share of equity) rather than its fair value.</p>	1 January 2009	<p>Recognising all dividends received from subsidiaries, jointly controlled entities and associates as income will likely give rise to greater income being recognised by the parent entity after adoption of these amendments.</p> <p>In addition, if the Group enters into any group reorganisation establishing new parent entities, an assessment will need to be made to determine if the reorganisation meets the conditions imposed to be effectively accounted for on a 'carry-over basis' rather than at fair value.</p>	1 July 2009
Amendments to International Financial Reporting Standards***	Improvements to AASB 2008-5 'Amendments to Australian Accounting Standards arising from the Annual Improvements Process' and AASB 2008-6 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process'	The improvements project is an annual project that provides a mechanism for making non-urgent, but necessary, amendments to IFRSs. The IASB has separated the amendments into two parts: Part 1 deals with changes the IASB identified resulting in accounting changes; Part II deals with either terminology or editorial amendments that the IASB believes will have minimal impact.	1 January 2009 except for amendments to IFRS 5, which are effective from 1 July 2009.	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	Amending standard issued as a consequence of revisions to AASB 3 and AASB 127.	1 July 2009	Refer to AASB 3 (Revised) and AASB 127 (Revised) above.	1 July 2009

*designates the beginning of the applicable annual reporting period

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Notes to and Forming Part of the Accounts

2. Statement of significant accounting policies (continued)

Significant accounting estimates, judgements and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates, judgements and assumptions of future events. The key estimates and assumptions that have a significant risk of causing material change to the carrying amounts of certain assets and liabilities within the next annual reporting period is the impairment of goodwill and intangibles with indefinite useful lives.

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill and intangibles with indefinite useful life are discussed on page 30.

Principles of consolidation

The consolidated financial statements comprise the financial statements of Adtrans Group Limited and its subsidiaries ('the Group').

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions, including unrealised profits arising from intra-Group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Adtrans Group Limited has control.

Minority interests represent the interests in Graham Cornes Motors Pty Ltd not held by the Group.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Receivables

Trade receivables, which generally are on less than 30 days terms are recognised and carried at original invoice amount which represents fair value at that date and subsequently at amortised cost. An allowance of doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Notes to and Forming Part of the Accounts

2. Statement of significant accounting policies (continued)

Income tax (continued)

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary differences associated with investments in subsidiaries, and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary differences are associated with investments in subsidiaries, in which case, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Other financial assets

Other financial assets in the parent company represent investments in subsidiaries held at historical cost.

Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and less any impairment losses recognised.

Land and buildings are measured at fair value less accumulated depreciation on buildings and less any impairment losses recognised after date of revaluation.

Notes to and Forming Part of the Accounts

2. Statement of significant accounting policies (continued)

Property, plant and equipment (continued)

Depreciation

Property, plant & equipment, excluding freehold land, are depreciated over their useful lives as follows:-

	Life	Method
Buildings	50 years	Straight line
Leasehold improvements	3 to 30 years	Straight line
Plant & equipment	3 to 13 years	Straight line & diminishing
Motor vehicles	4 to 6 years	Straight line & diminishing

Impairment

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash inflows 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.

Revaluations – Land and buildings

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the balance sheet unless it reverses a revaluation decrement of the same asset previously recognised in the income statement.

Any revaluation decrement is recognised in the income statement unless it directly offsets a previous surplus of the same asset in the asset revaluation reserve.

In addition, any accumulated depreciation as at revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Independent valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

Notes to and Forming Part of the Accounts

2. Statement of significant accounting policies (continued)

Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired using a discounted cash flow analysis based on a discount rate applicable to the relevant cash generating unit to which the goodwill is allocated.

As at acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies.

Intangibles - Brand Name

The brand name, which is considered to have an indefinite life, is initially measured at cost and not amortised. The carrying value of the brand name is reassessed at each balance sheet date and impairment tested to support recoverable value.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the brand name relates.

Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Finished goods

Inventory comprising vehicles purchased and spare parts are included at the lower of cost and net realisable value. Cost is assigned on a specific identification basis per item.

Bailment inventory and related bailment liability

Motor vehicles secured under bailment plans are provided to the consolidated entity under bailment agreements between the bailment financier and entities within the consolidated entity. Whilst the bailment financier retains legal ownership of the inventory until immediately prior to the sale to the customer, the consolidated entity assumes all the risks and benefits obtainable from the use of the asset from the date of receipt of the inventory from the financier. Motor vehicles financed under bailment held by the consolidated entity are treated as inventory, with the corresponding bailment liability shown as owing to the financier.

Notes to and Forming Part of the Accounts

2. Statement of significant accounting policies (continued)

Cost of Sales

Cost of sales includes the carrying amount of inventories sold in the reporting period in which the related revenue is recognised and includes the cost of purchase of new and used vehicles, spare parts and direct mechanical labour incurred in the preparation of vehicles for sale and vehicle servicing.

Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity. Subsequent measurement is at amortised cost. Payables to related parties are carried at the principal amount.

Interest-bearing liability

All loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised and as well as through the amortisation process.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contributed equity

Contributed equity is recognised at the fair value of the consideration received. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Dividends

Provision is made for the amount of any dividend declared or proposed on or before the end of the financial year but not distributed at balance date.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Notes to and Forming Part of the Accounts

2. Statement of significant accounting policies (continued)

Revenue recognition (continued)

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Dividends

Revenue is recognised when the shareholders' right to receive the payment is established.

Rental income

Rental income received from subsidiaries is recognised as income in the period in which it is earned and accounted for a straight line basis.

Other Taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

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

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Taxation Authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Borrowing costs

Borrowing costs are recognised as expenses when incurred.

Employee benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in provisions or payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Notes to and Forming Part of the Accounts

2. Statement of significant accounting policies (continued)

Employee benefits (continued)

(ii) Long service leave

The liabilities for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with term to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(iii) Defined contribution superannuation

The Group makes contributions during the year on behalf of its employees in accordance with legislative requirements and employee salary packages to various defined contribution superannuation funds. These payments are treated as expenses on an incurred basis.

Segment information

The consolidated entity operates in the automotive retail sector as a single reportable business segment within the geographical area of Australia.

Recoverable amount of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. When an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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.

Business combinations

Purchase method is applied for accounting for business combinations. Assets and liabilities are acquired at cost and any consideration over the cost of acquisition is identified as goodwill. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred plus directly attributable costs of the combination.

Share-based payment transactions

The Group provides benefits to its employees (including Directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

Notes to and Forming Part of the Accounts

2. Statement of significant accounting policies (continued)

Share-based payment transactions (continued)

(i) Tax Exempt Share Plan

In July 2007, the Company implemented a tax exempt share plan where permanent employees with more than three years service were invited to buy up to \$1,000 worth of Adtrans Group shares at a 20% discount to market. Shares issued under this Plan may not be sold until three years after issue, or cessation of employment, whichever is the earlier date/event. Shares can be new issues or purchased on market six-monthly/bi-annually.

(ii) Deferred Employee Share Plan

Adtrans' Deferred Employee Share Plan was introduced in July 2007. The Plan operates on a salary sacrifice basis whereby, on accepting an offer, the participants are able to apply for shares instead of receiving some of their annual remuneration.

Share-based payments made under any of these schemes are valued in accordance with accepted valuation methodologies and brought to account as expenses in accordance with vesting conditions.

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
3. Income				
Revenues from sale of goods	752,759	643,493	-	-
Other revenue				
Interest				
- partly owned controlled entity	-	-	96	81
- other persons	1,088	446	-	-
Total interest	1,088	446	96	81
Rent received – wholly owned group	-	-	664	650
Dividends received from related corporations				
- wholly owned group	-	-	7,398	5,117
- partly owned controlled entity	-	-	186	239
Total dividends	-	-	7,584	5,356
Total other revenue	1,088	446	8,344	6,087
Other income				
GST on holdback refund	2,512	-	1,877	-
HIH distribution	97	386	-	-
Sundry	64	30	-	-
Net gain from the sale of non-current assets	-	26	-	-
Other income	2,673	442	1,877	-
Total income	756,520	644,381	10,221	6,087

Notes to and Forming Part of the Accounts

	CONSOLIDATED		PARENT ENTITY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
4. Expenses				
Cost of goods sold	634,078	538,394	-	-
Finance cost				
Interest expense				
- bailment plan vehicles	4,555	3,208	-	-
- director related entities	384	306	-	-
- other persons	1,420	926	-	-
Total finance costs	6,359	4,440	-	-
Depreciation of non-current assets				
Depreciation				
- buildings	117	110	22	22
- leasehold improvements	713	540	-	-
- plant and equipment	937	871	-	-
- motor vehicles	580	565	-	-
Total depreciation	2,347	2,086	22	22
Employee benefits				
- salaries and wages	46,285	41,311	-	-
- superannuation	4,025	3,720	-	-
- share based payments (i)	857	-	-	-
- annual leave	3,499	3,138	-	-
- long service leave	945	705	-	-
- on costs	4,591	4,606	-	-
Total employee benefits	60,202	53,480	-	-
Other specific expenses:				
Write down of inventory to net realisable value	218	241	-	-
Operating lease payments				
- other persons	3,604	3,343	-	-
- related parties	1,127	1,033	-	-
Bad debt expense	187	182	-	-
Net loss from the sale on non-current assets	77	-	-	-

(i) Includes amounts salary sacrificed by employees into shares.

Notes to and Forming Part of the Accounts

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
5. Income Tax				
Income Statement				
<i>Current income tax</i>				
Current income tax charge	5,075	5,192	166	(18)
<i>Deferred income tax</i>				
Relating to origination and reversal of temporary differences	362	(1,295)	405	19
Income tax expense/(benefit) reported in the income statement	5,437	3,897	571	1
Reconciliation between tax expense and accounting profit before income tax multiplied by the Group's applicable income tax rate				
Profit from continuing operations before income tax expense	17,535	12,654	9,488	5,439
Tax at the Australian tax rate of 30% (2007 - 30%)	5,260	3,796	2,846	1,632
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Dividends	-	-	(2,275)	(1,637)
Employee benefits	73	32	-	-
Travel & Entertainment	81	60	-	-
Capital allowance	-	28	-	6
Sundry items	23	(19)	-	-
Total income tax expense/(benefit) reported in the income statement	5,437	3,897	571	1

Notes to and Forming Part of the Accounts

	BALANCE SHEET		INCOME STATEMENT	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
5. Income tax (continued)				
Deferred income tax				
Deferred income tax at 30 June related to the following:				
The balance comprises temporary differences attributable to:				
CONSOLIDATED				
Deferred tax assets				
Amounts recognised in profit or loss				
Doubtful debts	86	80	(6)	(9)
Employee benefits	2,838	2,514	(324)	(80)
Payables	90	126	36	(21)
Depreciation	621	563	(58)	(27)
Inventories	211	102	(109)	(796)
Inventory obsolescence	198	176	(22)	(59)
Gross deferred income tax assets	4,044	3,561		
Deferred tax liabilities				
Amounts recognised in profit or loss				
Unearned income	108	112	(4)	(2)
Prepayments	-	6	(6)	-
Inventories	-	(232)	232	(301)
Capital gain on revalued assets	3,209	2,586	623	-
Gross deferred tax liabilities	3,317	2,472		
Deferred income tax income / (expenses)			362	(1,295)
PARENT ENTITY				
Deferred tax assets				
Payables	131	106	(25)	21
Gross deferred income tax assets	131	106		
Deferred tax liabilities				
Unearned income	108	112	(4)	(2)
Capital gain on revalued assets	1,224	790	434	-
Gross deferred income tax liabilities	1,332	902		
Deferred income tax income / (expenses)			405	19

Notes to and Forming Part of the Accounts

5. Income Tax (continued)

Tax consolidation

Adtrans Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003.

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Adtrans Group Limited.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Adtrans Group Limited for any current tax payable assumed and are compensated by Adtrans Group Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Adtrans Group Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax installments. The funding amounts are recognised as current intercompany receivables or payables in Note 8 and Note 13.

6. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than dividends, by the weighted average number of ordinary shares outstanding during the financial year.

The company has not taken into account the SAR started in July 2008 in relation to the impact to dilutive earnings per share, as these equity instruments were not in place at 30 June 2008.

The following reflects the income and share data used in the basic earnings per share computations:

	CONSOLIDATED	
	2008	2007
	\$000	\$000
Net profit attributable to ordinary equity holders of the parent from continuing operations	12,009	8,720
Net profit attributable to ordinary equity holders of the parent	12,009	8,720
	No.	No.
Weighted average number of ordinary shares for basic earnings per share	24,118,225	23,823,806
Basic and diluted (cents per share)	49.8	36.6

Notes to and Forming Part of the Accounts

	Note	CONSOLIDATED		PARENT ENTITY	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
7. Cash and cash equivalents					
Cash at bank and in hand		8,755	7,088	21	-
Deposit at call		16,500	5,500	-	-
		25,255	12,588	21	-
8. Trade and other receivables					
Trade debtors	(i)	32,120	27,031	-	-
Allowance for doubtful debts	(ii)	(287)	(266)	-	-
		31,833	26,765	-	-
Other debtors		2,777	96	2,566	-
Related party receivables					
Wholly owned group		-	-	30,654	23,700
Partly owned controlled entities		-	-	337	1,103
		-	-	30,991	24,803
Total receivables (current)		34,610	26,861	33,557	24,803

- (i) Trade debtors are non-interest bearing and generally on less than 30-day terms.
- (ii) Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.
- (iii) The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

(a) The ageing of trade debtors at 30 June 2008 is:

	2008		CONSOLIDATED		2007	
	Gross \$'000	Provision \$'000	Gross \$'000	Provision \$'000	Gross \$'000	Provision \$'000
Current	22,715	-	19,296	-	-	-
Past due 0 - 30 days	6,421	-	5,370	-	-	-
Past due 31 plus days	2,984	287	2,365	266	-	-
Total	32,120	287	27,031	266	-	-

The maximum credit period on sales is 30 days. No interest is charged on the trade receivables from the date of invoice or when past due. The Group has provided fully for all receivables identified by management as being specifically doubtful. The Group's provision policy is based on an assessment of changes in credit quality and historical experience. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired.

Notes to and Forming Part of the Accounts

CONSOLIDATED
2008 2007
\$'000 \$'000

8. Trade and other receivables (continued)

(b) Movement in provision for doubtful debts

Opening balance	266	265
Additional provisions	198	180
Amounts written off during the year	(177)	(179)
Closing balance	287	266

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large, diverse and unrelated. Accordingly, the Directors believe that there is no further credit provision required in excess of the provision for doubtful debts.

Note	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000

9. Inventories

Bailment inventory (at cost)	14	72,743	58,871	-	-
Finished goods (at cost or realisable value)		46,950	40,020	-	-
Work in progress (at cost)		526	489	-	-
Other inventories (at cost)		283	193	-	-
Total other inventories		47,759	40,702	-	-
Total inventories at lower of cost and net realisable value		120,502	99,573	-	-

Notes to and Forming Part of the Accounts

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
10. Other financial assets (non-current)				
Investment in controlled entities	-	-	8,235	8,235
	-	-	8,235	8,235

The following entities were controlled entities at 30 June 2008, and have been included in the consolidated financial statements. The financial year of all the controlled entities is the same as that of the parent entity.

Name of controlled entity	% of shares held	
	2008	2007
Adtrans Automotive Group Pty. Ltd.	100	100
Adtrans Corporate Pty. Ltd.	100	100
Adtrans Australia Pty. Ltd.	100	100
Adtrans Used Pty. Ltd.	100	100
Graham Cornes Motors Pty. Ltd.	90	90
Stillwell Trucks Pty. Ltd. (i)	100	100
Adtrans Trucks Pty. Ltd. (ii)	100	100
Adtrans Truck Centre Pty. Ltd.	100	100
Whitehorse Trucks Pty. Ltd.	100	100
Adtrans Hino Pty. Ltd.	100	-

(i) Wholly owned subsidiary of Adtrans Automotive Group Pty Ltd.

(ii) Wholly owned subsidiary of Stillwell Trucks Pty Ltd.

Each company is incorporated in South Australia.

11. Property, plant and equipment

	CONSOLIDATED				TOTAL \$'000
	Freehold land & buildings at valuation \$'000	Leasehold improvements at cost \$'000	Plant and equipment at cost \$'000	Motor vehicles at cost \$'000	
Gross carrying amount					
Balance at 30 June 2007	23,390	14,092	10,534	3,219	51,235
Additions through business combination	2,386	-	685	236	3,307
Additions - other	28	1,182	509	513	2,232
Revaluation	1,847	-	-	-	1,847
Disposals	-	(87)	(275)	(383)	(745)
Balance at 30 June 2008	27,651	15,187	11,453	3,585	57,876
Accumulated depreciation					
Balance at 30 June 2007	110	3,736	7,607	1,217	12,670
Disposals	-	(11)	(235)	(179)	(425)
Revaluation	(227)	-	-	-	(227)
Depreciation expense	117	713	937	580	2,347
Balance at 30 June 2008	-	4,438	8,309	1,618	14,365
Net book value					
As at 30 June 2008	27,651	10,749	3,144	1,967	43,511
Net book value					
As at 30 June 2007	23,280	10,356	2,927	2,002	38,565

Notes to and Forming Part of the Accounts

11. Property, plant and equipment (continued)

	Consolidated				
	Freehold land & buildings at valuation \$'000	Leasehold improvements at cost \$'000	Plant and equipment at cost \$'000	Motor vehicles at cost \$'000	TOTAL \$'000
Gross carrying amount					
Balance at 30 June 2006	23,390	9,534	9,509	3,296	45,729
Additions through business combination	-	-	191	-	191
Additions - other	-	4,411	1,111	885	6,407
Reclassification	-	160	(160)	-	-
Disposals	-	(13)	(117)	(962)	(1,092)
Balance at 30 June 2007	23,390	14,092	10,534	3,219	51,235
Accumulated depreciation					
Balance at 30 June 2006	-	3,097	6,944	1,212	11,253
Disposals	-	(7)	(102)	(560)	(669)
Reclassification	-	106	(106)	-	-
Depreciation expense	110	540	871	565	2,086
Balance at 30 June 2007	110	3,736	7,607	1,217	12,670
Net book value					
As at 30 June 2007	23,280	10,356	2,927	2,002	38,565
Net book value					
As at 30 June 2006	23,390	6,437	2,565	2,084	34,476

Revaluations of land and buildings are made in accordance with the policy of revaluations as described in Note 2.

The 30 June 2008 valuations of freehold land and buildings were based on their estimated market value, which are considered fair value. The independent valuations were performed during March and April 2008 by:

Chris Dupen, A.A.P.I.

Michael Goran, F.R.E.I., A.A.P.I.

Derek Royans, B. Bus. Prop. (Valuation), G.A.P.I.

Stuart Norman, Certified Practising Valuer, A.A.P.I.

Craig Barlow, B. Bus. Prop. (Valuation), A.A.P.I.

Matthew Edwards, Certified Practising Valuer, A.A.P.I.

S. W. McMonigal, A.A.P.I.

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

	CONSOLIDATED		PARENT ENTITY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Cost	15,964	12,760	3,000	3,000

Notes to and Forming Part of the Accounts

11. Property, plant and equipment (continued)

	PARENT Freehold land & buildings at valuation \$'000
Gross carrying amount	
Balance at 30 June 2007	8,000
Additions through business combination	-
Revaluation increase	1,400
Disposals	-
Balance at 30 June 2008	9,400
Accumulated depreciation	
Balance at 30 June 2007	22
Disposals	-
Write back due to revaluation	(44)
Depreciation expense	22
Balance at 30 June 2008	-
Net book value As at 30 June 2008	9,400
As at 30 June 2007	7,978

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
12. Intangible assets				
Goodwill				
Opening cost (gross carrying amount)	5,554	5,380	-	-
Impairment	-	-	-	-
Net carrying amount	5,554	5,380	-	-
Additions:	2,852	174	-	-
Closing cost (gross carrying amount)	8,406	5,554	-	-
Accumulated impairment	-	-	-	-
Net carrying amount	8,406	5,554	-	-
Brand name				
Opening cost (gross carrying amount)	300	300	-	-
Accumulated amortisation and impairment	-	-	-	-
Net carrying amount	300	300	-	-
Additions:	-	-	-	-
Closing cost (gross carrying amount)	300	300	-	-
Accumulated impairment	-	-	-	-
Net carrying amount	300	300	-	-
Total intangible assets	8,706	5,854	-	-

Notes to and Forming Part of the Accounts

	Note	CONSOLIDATED		PARENT ENTITY	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
13. Trade and other payables					
Trade creditors and accruals (Trade creditors are non-interest bearing and are normally settled on 30-day terms).		28,333	24,502	1,251	328
Amount owing to related corporations - wholly owned group (unsecured)		-	-	20,171	17,471
Total payables (current)		28,333	24,502	21,422	17,799

Due to the short term nature of trade and other payables, fair value is deemed to equate to book value. Further details are included in Note 26.

14. Interest-bearing liabilities (current)

Bailment interest bearing liabilities					
- Inventory (secured)	(i)	72,743	58,871	-	-
- Other (secured)	(ii)	31,799	16,632	-	-
Total bailment interest bearing liabilities		104,542	75,503	-	-

- (i) Bailment – inventory, reflects a liability to the consolidated entity's bailment financier. This liability is secured and represented by bailment inventory in current assets referred to in Note 9.
- (ii) Bailment - other, is payable to our bailment financier, and is represented by funds owing in respect of some recent deliveries to customers and Group demonstrator vehicles (included in finished goods) referred to in Note 9.
- (iii) Further details on fair value, liquidity risk and interest rate risk are provided in Note 26.

15. Interest-bearing liabilities - other

Other interest-bearing liabilities					
Hire purchase finance lease liability	(i)	639	590	-	-
Loans other (unsecured)	(ii)	4,090	6,998	-	-
Bank overdraft (secured)	(iii)	-	-	-	17
Total other interest bearing liabilities		4,729	7,588	-	17

- (i) Hire purchase finance leases have an average term of 2 to 4 years and related assets are purchased at the completion of the term for market value. These liabilities are secured by the related asset.
- (ii) Relates to deposits by employees repayable on demand and interest is paid at commercial rates.
- (iii) The consolidated entity has a bank overdraft and credit facilities limit of \$2,125,000 secured by limited cross-guarantees from various companies within the consolidated entity and supported by mortgaged property.
- (iv) Further details on fair value, liquidity risk and interest rate risk are provided in Note 26.

Notes to and Forming Part of the Accounts

	Note	CONSOLIDATED		PARENT ENTITY	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
16. Provisions (current)					
Employee benefits		7,671	6,857		
Dividend provided		3,803	-	3,803	-
		11,474	6,857	3,803	-

17. Interest-bearing liabilities (non-current)

Hire purchase finance lease liability	(i)	825	1,107	-	-
Property loan (secured)	(ii)	18,400	10,200	-	-

Total other interest-bearing liabilities

		19,225	11,307	-	-
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- (i) These liabilities are secured by the related asset.
- (ii) The property loan is secured by a charge over freehold land and buildings and cross-guarantees by various companies in the consolidated entity.
- (iii) Further details on fair value, liquidity risk and interest rate risk are provided in Note 26.

18. Provisions (non-current)

Employee benefits		1,789	1,522	-	-
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Consolidated & Parent Entity 2008		Consolidated & Parent Entity 2007	
\$'000	No. of shares	\$'000	No. of shares

19. Contributed equity**Movements in ordinary shares**

Beginning of the financial year	15,490	23,925,451	14,852	23,575,451
Issue of shares	1,652	385,986	638	350,000
End of the financial year	17,142	24,311,437	15,490	23,925,451

Effective 1 July 1998, the Corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the parent does not have authorised capital nor par value in respect of its issued shares.

	Note	CONSOLIDATED		PARENT ENTITY	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000

20. Dividend

Interim fully franked dividend for 2008 : 9.5 cents (2007 : 9.0 cents)		2,292	2,153	2,292	2,153
Final fully franked dividend for 2007 : 14.5 cents (2006 : 13.5 cents)		3,497	3,230	3,497	3,230
Total dividend paid during year		5,789	5,383	5,789	5,383

Dividends per share paid during financial year (cents)		24.0	22.5	24.0	22.5
Dividend on ordinary shares	(i)				
Final franked dividend for 2008: 15.5 cents (2007: 14.5 cents)		3,803	3,469	3,803	3,469

- (i) 30 June 2008 proposed and provided for prior to year end. 30 June 2007 declared subsequent to year end and unprovided.

Notes to and Forming Part of the Accounts

CONSOLIDATED
2008 2007
\$'000 \$'000

20. Dividend (continued)

Franking credit balance

The amounts of franking credits available for the subsequent financial year are:

Franking balance as at the end of the financial year at 30% (2007: 30%)	34,619	32,202
Franking credits that will arise from the payment of income tax payable as at the end of financial year	1,257	1,190
Franking debits that will arise from the payment of dividends as at the end of financial year	-	-
Franking credits that will arise from the receipt of dividends recognised as receivables at the end of financial year	-	-
The amount of franking credits available for future reporting periods:		
• Impact on the franking account of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the year	-	(1,487)
	35,876	31,905

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000

21. Reserves

Asset revaluation reserve

Movements in reserve

Balance at beginning of year	8,299	8,299	4,254	4,254
Revaluation of property net of tax effect	1,452	-	1,011	-
Balance at end of year	9,751	8,299	5,265	4,254

The asset revaluation reserve is used to record after-tax increments and decrements in the value of non-current assets. The reserve can only be used to pay dividends in limited circumstances.

Capital profits reserve

Balance at end of year	256	256	-	-
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The capital profits reserve may be used to accumulate realised capital profits. The capital profits reserve can be used to pay dividends.

Notes to and Forming Part of the Accounts

	Note	CONSOLIDATED		PARENT ENTITY	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
22. Retained earnings					
Retained earnings					
Balance at the beginning of year		31,946	28,609	675	620
Net profit attributable to the members of Adtrans Group Limited		12,009	8,720	8,917	5,438
Total available for appropriation		43,955	37,329	9,592	6,058
Dividends paid		(5,789)	(5,383)	(5,789)	(5,383)
Dividends provided		(3,803)	-	(3,803)	-
Balance at end of year		34,363	31,946	-	675
Minority Interest – Graham Cornes Motors Pty Ltd					
Interest in:					
Contributed equity		47	47	-	-
Retained earnings		289	221	-	-
Balance at end of year		336	268	-	-
23. Expenditure commitments					
Capital expenditure commitments					
Estimated capital expenditure contracted for at reporting date, but not provided for, payable:					
- not later than one year		612	592	-	-
Lease expenditure commitments					
(i) Operating leases (non-cancellable)	(a)				
Minimum lease payments					
- not later than one year		5,161	4,094	-	-
- later than one year and not later than five years		14,115	12,464	-	-
- later than five years		16,270	15,503	-	-
Aggregate lease expenditure contracted for at reporting date		35,546	32,061	-	-
(ii) Hire purchase finance leases					
- not later than one year		718	693	-	-
- later than one year and not later than five years		851	1,165	-	-
- later than five years		-	-	-	-
Total minimum lease payments		1,569	1,858	-	-
- future finance charges		(185)	(161)	-	-
Hire purchase lease liability, reconciled to note 15 & 17		1,464	1,697	-	-
- current		639	590	-	-
- non-current		825	1,107	-	-
		1,464	1,697	-	-

(a) Relating to properties and other plant and equipment with options to renew available.

Notes to and Forming Part of the Accounts

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000

24. Contingent liabilities

(a) Borrowings and facilities

The parent entity is co-guarantor for certain loans, other facilities and agreements provided to the consolidated entity.

The estimated maximum liability under these arrangements is as follows:-

- in respect of bank and finance company borrowings	-	-	31,225	22,600
- in respect of other secured liabilities (Note 14)	-	-	104,542	75,503
- in respect of hire purchase agreements (Notes 15 & 17)	-	-	1,464	1,697
	-	-	137,231	99,800

(b) Legal

There are no legal proceedings pending against or involving the consolidated entity that in the opinion of the Directors will have a material adverse effect upon the financial position or results of the operations of the Group.

25. Notes to cash flow statement

(a) Reconciliation of cash

For the purposes of the statement of cash flows, "cash" includes cash on hand and in banks and short-term deposits. 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 on hand	51	47	-	-
- Cash at bank	8,704	7,041	21	-
- Deposits at call	16,500	5,500	-	-
- Bank overdraft	-	-	-	(17)
	25,255	12,588	21	(17)

(b) Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows:

- (i) During the financial year the consolidated entity acquired property, plant and equipment with an aggregate fair value of \$551,131 (2007: \$882,084) by way of hire purchase finance lease liability.
- (ii) Payment of dividend of \$634,579 (2007: \$Nil) under the Dividend Reinvestment Plan settled by way of issue of 158,512 shares (2007: Nil)

Notes to and Forming Part of the Accounts

	CONSOLIDATED		PARENT ENTITY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
25. Notes to cash flow statement (continued)				
(c) Reconciliation of net cash provided by operating activities to net profit after income tax				
Net profit after tax expense	12,098	8,757	8,917	5,438
Adjustments for non-cash income and expense items:				
(Gain)/Loss on sale of non-current assets	77	(26)	-	-
Depreciation	2,347	2,086	22	22
Bad debts	187	182	-	-
Discount allocation on ESP	195	-	195	-
Inventory obsolescence	(14)	150	-	-
Net revaluation gain	(22)	-	-	-
Change in assets and liabilities:				
(Increase)/decrease in assets:				
Trade debtors	(5,089)	(846)	-	-
Other debtors and prepayments	(3,012)	505	(2,566)	-
Inventories	9,378	(3,329)	-	-
Increase/(decrease) in liabilities:				
Payables	3,161	1,624	(2,280)	(1,591)
Provisions	788	226	-	-
Net movement of tax balances	553	(504)	367	867
Net cash provided by operating activities	20,647	8,825	4,655	4,736

Notes to and Forming Part of the Accounts

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
26. Financial instruments				
(a) Financing arrangements				
Total facilities available:				
- Bank overdraft and credit facilities	2,125	2,200	1,700	1,885
- Bank bills	18,400	10,200	-	-
- Finance company bailment facility*	115,042	85,503	-	-
- Lease and hire purchase facility	1,664	1,897	-	-
	137,231	99,800	1,700	1,885
Facilities utilised at balance date	124,406	87,400	-	-
Facilities not utilised at balance date	12,825	12,400	1,700	1,885

The consolidated entity's bank and finance company facilities are reviewed annually in the ordinary course of business and renewal is anticipated.

*At 30 June 2008, new motor vehicles were held for resale under the bailment plan financing arrangements (Note 9).

Financial risk management objectives and policies

The Board of Directors has overall responsibility for the establishment and oversight of the consolidated entity's risk management framework. The Board has established an Audit and Risk Committee which is responsible for developing and monitoring the consolidated entity's risk management policies. The committee provides regular reports to the Board of Directors on its activities.

The consolidated entity's risk management policies are established to identify and analyse the risks faced by the consolidated entity, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the consolidated entity's activities.

The Audit and Risk Committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks.

The Group's principal financial instruments comprise bank loans and overdrafts, finance company bailment facilities, finance leases, hire purchase contracts, cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations and to provide floorplan finance for bailment inventory. The Group has various financial assets and liabilities such as trade receivables and payables which arise directly from its operations.

The main risks arising from the Group's financial instruments are liquidity risk, credit risk and cash flow interest rate risk.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

Notes to and Forming Part of the Accounts

26. Financial instruments (continued)

Credit risk

The maximum credit risk exposure on financial assets of the Group that have been recognised in the balance sheet is generally the carrying amount, which is net of any allowances for doubtful debts. Credit risk is managed in conjunction with a formal Credit Committee comprised of members of senior management. There were no concentrations of credit risk due to geographical and customer spread.

Interest rate risk

The Group's exposure to interest rate risk and the effective weighted average interest rates for classes of interest-bearing financial assets and financial liabilities is set out overleaf. The Group does not undertake any formal interest rate hedging. The risk attached to variable rate borrowings is naturally hedged in part by variable rates on cash deposits.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for financial instruments held at reporting date. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management and represents management's assessment of the possible change in interest rates.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's net profit and equity would increase/decrease by approximately \$416,885 (2007: \$349,565). This is mainly due to the Group's exposure to interest rates on its variable rate borrowings.

The Group and company's sensitivity to interest rates has increased during the current period mainly due to the increase in variable rate debt instruments.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

During the year the entity introduced a Dividend Reinvestment Plan as part of its capital management strategy.

The Group's capital is only comprised of share capital as detailed in Note 19.

Notes to and Forming Part of the Accounts

26. Financial instruments (continued)

(b) Net fair values of financial instruments

The carrying amounts of all financial assets and liabilities approximate their net fair values.

The following table details the carrying amount and fair value of consolidated financial assets and liabilities:

	CARRYING AMOUNT		FAIR VALUE	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Financial assets				
Cash and cash equivalents	25,255	12,588	25,255	12,588
Trade receivables net of doubtful debts	34,610	26,861	35,853	26,861
	59,865	39,449	61,108	39,449
Financial liabilities				
Trade and other payables	28,333	24,502	28,333	24,502
Bailment – Inventory	72,743	58,871	72,743	58,871
Bailment – Other	31,799	16,632	31,799	16,632
Hire purchase	1,464	1,697	1,464	1,697
Loans other	4,090	6,998	4,090	6,998
Property loan	18,400	10,200	18,400	10,200
	156,829	118,900	156,829	118,900

Notes to and Forming Part of the Accounts

26. Financial instruments (continued)

(c) Maturity profile

The following tables set out, by maturity, the consolidated financial instruments that are exposed to interest rate risk:

30 June 2008

Interest Bearing	Less than 1 year \$'000	1-2 years \$'000	2 - 3 years \$'000	3 - 4 years \$'000	4 - 5 years \$'000	5+ years \$'000	TOTAL \$'000
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FLOATING RATE

Financial assets

Cash and cash equivalents	25,255	-	-	-	-	-	25,255
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Weight average interest rate 8.22%

Financial liabilities

Bailment - Inventory	79,123	-	-	-	-	-	79,123
Bailment - Other	34,588	-	-	-	-	-	34,588
Loans other	4,437	-	-	-	-	-	4,437
	118,148	-	-	-	-	-	118,148

Weighted average interest rate 8.73%

FIXED RATE

Financial liabilities

Hire purchase	718	718	133	-	-	-	1,569
Property loan	3,405	1,252	1,252	1,252	17,652	-	24,813
	4,123	1,970	1,385	1,252	17,652	-	26,382

Weighted average interest rate 7.65%

NON INTEREST BEARING

Financial assets

Net trade receivables	34,610	-	-	-	-	-	34,610
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Financial liabilities

Trade and other payables	28,333	-	-	-	-	-	28,333
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30 June 2007

FLOATING RATE

Financial assets

Cash and cash equivalents	12,588	-	-	-	-	-	12,588
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Weighted average interest rate 6.58%

Financial liabilities

Bailment - Inventory	63,316	-	-	-	-	-	63,316
Bailment - Other	17,888	-	-	-	-	-	17,888
Loans other	7,484	-	-	-	-	-	7,484
	88,688	-	-	-	-	-	88,688

Weighted average interest rate 7.50%

FIXED RATE

Financial liabilities

Hire purchase	694	694	471	-	-	-	1,859
Property loan	4,727	442	442	442	442	6,642	13,137
	5,421	1,136	913	442	442	6,642	14,996

Weighted average interest rate 7.20%

NON INTEREST BEARING

Financial assets

Net trade receivables	26,861	-	-	-	-	-	26,861
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Financial liabilities

Trade and other payables	24,502	-	-	-	-	-	24,502
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Notes to and Forming Part of the Accounts

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
27. Employees				
Number of full-time equivalent employees as at 30 June	896	857	-	-

28. Remuneration of auditors

	\$	\$	\$	\$
An amount received or due and receivable by Ernst & Young (Australia) for:				
• An audit or review of the financial report of the entity and any other entity in the consolidated group	188,039	169,579	19,918	34,579
• Assurance related services	4,192	928	3,090	-
• Taxation related services	61,473	20,600	61,473	-
	253,704	191,107	84,481	34,579

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000

29. Related party disclosures

(a) The ownership interests of related parties in the consolidated entity are disclosed in Note 10

(b) The following persons held the position of Director of Adtrans Group Limited during all of the past two financial years, unless otherwise stated:

G. D. Bignell
 J. H. Heard AM
 S. A. Swift
 A. Spagnuolo
 C. Stillwell
 D. L. Holst
 R. G. Grigg
 S. J. Officer (appointed 24/8/06)
 M. A. Ward (appointed 3/5/07)

(c) Balances with Director-related parties

Loans - Other (Note 15) includes Director-related loans made to the consolidated entity	(2,412)	(5,760)	-	-
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Notes to and Forming Part of the Accounts

29. Related party disclosures (continued)

(d) Transactions with related parties

Receivables from and payables to related parties are set out in Notes 8 and 13 of the financial report. Loans were advanced and payments received on short-term inter-company accounts. All transactions and those disclosed in Notes 3 and 4 were undertaken on commercial terms and conditions.

Lease of premises (Director-related entity):

Terms and conditions: Normal commercial terms, with rents assessed by licensed valuers.

Rents paid for Mr. G. D. Bignell's properties are the average of two independent valuations by licensed valuers, one selected by the landlord and the other by the tenant. The rent paid to Mr G.D. Bignell by the consolidated entity during the current financial year was \$1,127,447 (2007: \$1,032,547).

(e) Directors and Executives Disclosures – Option Holdings (Ordinary)

30 June 2008	Balance at beginning of period 01 July 07	Granted as remuneration	Options Exercised	Balance at end of period 30 June 2008	Vested at 30 June 2008 Exercisable	Vested at 30 June 2008 not Exercisable
D. L. Holst	-	-	-	-	-	-
Total	-	-	-	-	-	-
30 June 2007	Balance at beginning of period 01 July 06	Granted as remuneration	Options Exercised	Balance at end of period 30 June 2007	Vested at 30 June 2007 Exercisable	Vested at 30 June 2007 not Exercisable
D. L. Holst	\$175,000	-	\$175,000	-	-	-
Total	\$175,000	-	\$175,000	-	-	-

Refer to Note 31 for specific details of share-based payment arrangements

(f) Directors and Executives Disclosures – Share Holdings (Ordinary)

30 June 2008

	Balance 1 July 07	Granted as remuneration	On exercise of Options	Net Change Other	Balance at 30 June 2008
G. D. Bignell	4,554,002	-	-	78,292	4,632,294
D. L. Holst	600,000	20,000	-	(290,934)	329,066
S. A. Swift	16,957	20,000	-	-	36,957
C. Stillwell	558,116	-	-	-	558,116
A. Spagnuolo	250,000	20,000	-	-	270,000
S. J. Officer	9,913	-	-	-	9,913
M. A. Ward	18,099	-	-	(18,099)	-
T. Swinden	7,050	20,000	-	-	27,050
Total	6,014,137	80,000	-	(230,741)	5,863,396

Notes to and Forming Part of the Accounts

29. Related party disclosures (continued)

30 June 2007

	Balance 1 July 06	Granted as remuneration	On exercise of Options	Net Change Other	Balance at 30 June 2007
G. D. Bignell	8,054,002	-	-	(3,500,000)	4,554,002
D. L. Holst	594,600	-	175,000	(169,600)	600,000
S. A. Swift	16,957	-	-	-	16,957
C. Stillwell	558,116	-	-	-	558,116
A. Spagnuolo	250,000	-	-	-	250,000
S. J. Officer	-	-	-	9,913	9,913
M. A. Ward	-	-	-	18,099	18,099
T. Swinden	7,050	-	-	-	7,050
Total	9,480,725	-	175,000	(3,641,588)	6,014,137

(g) Indemnity and insurance arrangements

The consolidated entity entered into an indemnity agreement with all Directors of the Group entities named earlier in this report. Under the agreement, the consolidated entity has agreed to indemnify these Directors against claims, expenses or costs that may arise as a result of work performed in their respective capacities.

(h) Other Director transactions

The Directors of the Group, or their Director-related entities, have transactions with Group entities that occur within a normal employee or customer relationship, on terms and conditions no more favourable than those available on similar transactions to employees or customers. These transactions include the following:

- Purchase, sale and servicing of motor vehicles;
- Receipt of dividends on shares held in the parent entity and partly controlled entities;
- Interest paid on moneys loaned to the Group by Directors and their Director-related entities.

(i) Compensation of Executives

Compensation by category

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$	\$	\$	\$
Short-Term	2,003,461	2,056,611	142,409	129,626
Post Employment	223,938	208,280	12,600	11,430
Deferred Share Plan	248,872	-	-	-
	2,476,271	2,264,891	155,009	141,056

30. Business combination

(a) Summary of acquisitions

On 1 November 2007 Adtrans Group Limited acquired the business of Best Hino and on 1 April 2008 acquired the business of Camden Hino, for a total cash consideration of \$5,755,030 with goodwill of \$2,822,815 recognised to reflect synergies expected from the business combination.

The acquired business contributed revenues of \$22,402,847 and a net loss of \$549,652. It is not possible to accurately determine the full year contribution to revenue and net profit if this acquisition had occurred from 1 July 2007, because this information is not readily or accurately available.

Notes to and Forming Part of the Accounts

30. Business combination (continued)

(a) Summary of acquisitions (continued)

Details of net assets acquired and goodwill are as follows:

	Recognised on acquisition \$	Carrying Value \$
Fair value of assets and liabilities:		
Property plant and equipment	3,267,051	3,267,051
Inventory	890,604	890,604
Prepayments	13,976	13,976
Deferred tax assets	85,535	85,535
Trade and other payables	(789,770)	(789,770)
Provisions (current)	(238,851)	(238,851)
Provisions (non-current)	(46,267)	(46,267)
Hire purchase liability	(250,063)	(250,063)
Fair value of net identifiable assets acquired	2,932,215	2,932,215
Goodwill	2,822,815	-
Total cost of acquisition	5,755,030	

On 21 January 2008 Adtrans Group Limited acquired the business of Colrain Truck & Trailer at Traralgon, for a cash consideration of \$428,815.

The acquired business contributed revenues of \$1,175,200 and a net loss of \$77,500 to the Group. It is not possible to accurately determine the full year contribution to revenue and net profit if this acquisition had occurred from 1 July 2007, because this information is not readily or accurately available.

Details of net assets acquired and goodwill are as follows:

	Recognised on acquisition \$	Carrying Value \$
Fair value of assets and liabilities		
Prepayments	1,869	1,869
Inventory	362,947	362,947
Property plant and equipment	39,787	39,787
Deferred tax assets	2,481	2,481
Provisions (current)	(8,269)	(8,269)
Fair value of net identifiable assets acquired	398,815	398,815
Goodwill	30,000	-
Total cost of acquisition	428,815	

(b) Purchase consideration

	CONSOLIDATED		PARENT	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Outflow of cash to acquire business	6,184	993	-	-
Less: cash balances acquired	-	-	-	-
Cash	-	-	-	-
Outflow of cash	6,184	993	-	-

Notes to and Forming Part of the Accounts

31. Share-based payment plans

(a) Recognised share-based payment expenses

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Expense arising from equity-settle share-based payment transactions	857	-	-	-
Total expense arising from share-based payment transactions (Note 4)	857	-	-	-

(b) Types of share-based payments

Options

In the year ended 30 June 2007, the final tranche of options under a plan approved by shareholders at the Annual General Meeting of 23 October 2001 were exercised. The following table summarises the key elements of these options in that comparative year:

	Options	
	2008	2007
Total number issued to employees during the year	-	-
Total market value of options issued since commencement of the agreement	(i) -	\$530,656
Total number issued to employees since commencement of the Agreement	-	1,575,000
Total number expired during the year	-	-
Total number expired since commencement of the Agreement	-	525,000
Total number exercised by employees during the year	-	350,000
Total number exercised by employees since commencement of the Agreement	-	1,050,000
Total number of employees eligible to participate in this Agreement	-	2

(i) Options in Adtrans Group Limited are not listed. The market value of the options at issue date has been estimated using a Black-Scholes option valuation methodology as at the date of issue, modified to allow for the probability of performance hurdles being achieved.

Employee share plans

(i) Tax Exempt Share Plan

In July 2007, the Company implemented a tax exempt share plan where permanent employees with more than three years service were invited to buy up to \$1,000 worth of Adtrans Group shares at a 20% discount to market. Shares issued under this Plan may not be sold until three years after issue, or cessation of employment, whichever is the earlier date/event. Shares can be new issues or purchased on market six-monthly/bi-annually

Notes to and Forming Part of the Accounts

Share-based payment plans (continued)

(b) Types of share-based payments (continued)

(ii) Deferred Employee Share Plan

Adtrans' Deferred Employee Share Plan was introduced in July 2007. The Plan operates on a salary sacrifice basis whereby, on accepting an offer, the participants are able to apply for shares instead of receiving some of their annual remuneration.

- For General Managers, shares will be allocated to the participant at a 20% discount. These shares may not be sold until the earlier of three years after allocation or cessation of employment.
- For key operators and senior executives, (but excluding the Executive Chairman), the company will allocate, on a one-for-one basis, free matching shares to the participants. Shares held under this Plan will be subject to a four year restriction period. During this time, participants will not be able to sell, transfer or otherwise deal with any of the shares. If a participant leaves the company before the end of the four year restriction period, their matching free shares will be forfeited.

While shares are held under the Plan, if a participant's employment is terminated for cause (ie fraud, theft or gross misconduct), all shares acquired by that participant under the Plan, will be forfeited.

Shareholder approval was obtained for shares issued to Executive Directors during the year.

The purpose of the plans is to encourage employees to improve the performance of the company and its return to shareholders by providing them with an opportunity to share in the growth and value of the company.

Shares issued under either plan during the year were as follows:

	2008	2007
Total number of shares issued	227,474	-
Weighted average fair value per share	\$4.49	-

The fair value of these shares was determined on the basis of the prevailing market price.

32. Closed group class order

Pursuant to Class Order 98/1418, the wholly-owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of their financial reports.

As a condition of the Class Order, the company and each of the listed subsidiaries ("the Closed Group") entered into a Deed of Cross Guarantee on 25 June 2008. The effect of the Deed is that the company has guaranteed to pay any deficiency in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. The subsidiaries have also given a similar guarantee in the event that the company is wound up.

The subsidiaries subject to the Deed are:

Adtrans Australia Pty Ltd
 Adtrans Automotive Group Pty Ltd
 Adtrans Corporate Pty Ltd
 Adtrans Hino Pty Ltd
 Adtrans Truck Centre Pty Ltd
 Adtrans Trucks Pty Ltd
 Adtrans Used Pty Ltd
 Stillwell Trucks Pty Ltd
 Whitehorse Trucks Pty Ltd

Adtrans Group Limited and its Controlled Entities

32. Closed group class order (continued)

	Closed Group	
	2008 \$'000	2007 \$'000
The consolidated income statement and balance sheet of the entities that are members of the Closed Group are as follows:		
Consolidated income statement		
Profit before income tax	16,248	12,116
Income tax expense	(5,041)	(3,731)
Profit after tax	11,207	8,385
Retained earnings at the beginning of the year	30,069	26,826
Dividends to shareholders	(5,603)	(5,143)
Dividends proposed	(3,803)	-
Retained earnings at the end of the year	31,870	30,068
Consolidated balance sheet		
Current assets		
Cash and cash equivalents	23,522	12,251
Trade and other receivables	31,173	23,917
Prepayments	1,210	853
Inventories - Bailment	68,981	54,980
Inventories - Other	43,340	36,493
Total current assets	168,226	128,494
Non-current assets		
Property, plant and equipment	43,151	38,145
Intangibles	8,674	5,821
Deferred tax assets	3,736	3,275
Total non-current assets	55,561	47,241
Total assets	223,787	175,735
Current liabilities		
Trade and other payables	27,024	23,660
Interest-bearing liabilities - Bailment	96,841	69,803
Interest-bearing liabilities - Other	4,057	5,367
Income tax payable	2,381	1,984
Provisions	10,953	6,360
Total current liabilities	141,256	107,174
Non-current liabilities		
Interest-bearing liabilities - Other	19,179	11,242
Deferred tax liabilities	3,263	2,421
Provisions	1,623	1,338
Total non-current liabilities	24,065	15,001
Total liabilities	165,321	122,175
Net assets	58,466	53,560
Equity		
Contributed equity	16,589	14,937
Reserves	10,007	8,555
Retained earnings	31,870	30,068
Total equity	58,466	53,560

Adtrans Group Limited and its Controlled Entities

DIRECTORS' DECLARATION

The Directors declare that:

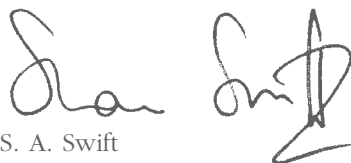
- (a) the financial statements and notes of the company and the consolidated entity comply with the accounting standards and Corporations Regulations 2001;
- (b) the financial statements and notes give a true and fair view of the financial position as at 30 June 2008 and performance of the company and consolidated entity for the year then ended; and
- (c) in the opinion of the Directors:
 - (i) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, and
 - (ii) the financial statements and notes are in accordance with the Corporations Act 2001.
- (d) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2008.
- (e) In the opinion of the directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 32 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

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

On behalf of the Directors.



G. D. Bignell
Director



S. A. Swift
Director

ADELAIDE
25 August 2008

Ernst & Young's Independent Audit Report



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Independent auditor's report to the members of Adtrans Group Limited

Report on the Financial Report

We have audited the accompanying financial report of Adtrans Group Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of recognised income and expense and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.-

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our 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, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have met the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Ernst & Young's Independent Audit Report

Auditor's Opinion

In our opinion:

1. the financial report of Adtrans Group Limited is in accordance with the
 - a) Corporations Act 2001, including:
 - i. giving a true and fair view of the financial position of Adtrans Group Limited and the consolidated entity at 30 June 2008 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.
2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 14 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Adtrans Group Limited for the year ended 30 June 2008, complies with section 300A of the Corporations Act 2001.



Ernst & Young



Colin W. Dunsford
Partner
Adelaide
25 August 2008

Stock Exchange Information

Listed on the Australian Stock Exchange at 25 August 2008 were 24,533,437 fully paid ordinary shares.

Substantial shareholders

The company's register of substantial shareholders showed the following particulars as at 25 August 2008.

Shareholder	Number of ordinary shares held	Date of last notification
A P Eagers Limited	6,141,944	01/07/2008
G D Bignell Nominees Pty. Ltd.	4,554,002	01/05/2007

At 25 August 2008 there were 1,555 holders of ordinary shares

Distribution of shareholders as at 25 August 2008

Category	Fully Paid Ordinary Shares (Holders)
1 - 1,000	387
1,001 - 5,000	714
5,001 - 10,000	257
10,001 - 100,000	175
100,001 and over	22

27 shareholders held less than a marketable parcel.

Voting rights

The voting rights attaching to the ordinary shares, set out in Clause 117 of the parent entity's Constitution, are:

On a vote by a show of hands, each member has one vote.

On a poll, each member has one vote for each share the member holds.

Stock Exchange Information

20 largest shareholders as at 25 August 2008

	Number of Fully Paid Ordinary Shares	Percentage of capital
A P Eagers Ltd.	6,136,944	25.01
G D Bignell Nominees Pty. Ltd.	3,727,299	15.19
Mr Graeme David Bignell	895,585	3.65
C P Causby Nominees Pty. Ltd.	617,651	2.52
Mr Alan Brien Fitzgerald & Ms Janice Frances Fitzgerald	605,676	2.47
Push Ridge Pty. Ltd.	483,592	1.97
CPU Share Plans Pty. Ltd.	443,500	1.81
HSBC Custody Nominees (Australia) Limited	434,291	1.77
Milton Corporation Limited	410,000	1.67
Talbot Properties Pty Ltd Super Fund	302,000	1.23
Kireda Pty. Ltd.	300,000	1.22
Mr Antimo Spagnuolo	250,000	1.02
Invia Custodian Pty. Ltd.	213,860	0.87
Patterson Cheney Investments Pty. Ltd.	199,829	0.81
Mr David Alan Reid	162,000	0.66
Mr Malcolm Ewart Nancarrow	152,000	0.62
Citicorp Nominees Pty Limited	138,858	0.57
G G Calvert Services Pty. Ltd.	129,625	0.53
J P Morgan Nominees Australia Limited	106,744	0.44
D F B Nominees Pty Ltd	102,000	0.42

The twenty largest shareholders hold 64.45 per cent of the ordinary shares of the company

Operating Locations

Subsidiaries

Adtrans Automotive Group Pty. Ltd. ABN 83 007 866 917
 Stillwell Trucks Pty. Ltd. ABN 19 008 014 720
 Graham Cornes Motors Pty. Ltd. ABN 73 008 123 993
 Adtrans Trucks Pty. Ltd. ABN 71 008 264 935
 Adtrans Australia Pty. Ltd. ABN 47 008 278 171
 Adtrans Corporate Pty. Ltd. ABN 85 056 340 928
 Adtrans Used Pty. Ltd. ABN 11 074 561 514
 Adtrans Truck Centre Pty. Ltd. ABN 17 106 764 327
 Whitehorse Trucks Pty. Ltd. ABN 13 116 437 702
 Adtrans Hino Pty. Ltd. ABN 51 127 369 260

Operating Locations

South Australia

Adrian Brien Automotive, 1305 South Road, St Marys
 Adrian Brien Service Centre, 63 Everard Avenue, Keswick
 Adtrans Kia, 1178 South Road, Clovelly Park
 Adtrans Used Cars, 1115 South Road, St Marys
 Cornes Toyota, 46 Belair Road, Hawthorn
 Cornes 4x4 Centre, 103-107 Glen Osmond Road, Eastwood
 Graham Cornes Used Cars, 35 Main North Road, Medindie
 Rebel Ford, 19-21 Elizabeth Way, Elizabeth
 Rebel Ford, 905 Main North Road, Pooraka
 Reynella Hyundai, 80-84 Main South Road, Reynella
 Reynella Hyundai Service, Cnr Main South Road & Flaxmill Road, Morphett Vale
 Stillwell City Service Centre, 231 Pulteney Street, Adelaide
 Stillwell Ford, 1-15 Main North Road, Medindie
 Stillwell Ford, 414 Port Road, Hindmarsh
 Stillwell Ford Commercial Vehicles, 38 Main North Road, Medindie
 Stillwell Hyundai, 141-149 Main North Road, Nailsworth
 Stillwell Hyundai, 187 Bridge Road, Ingle Farm
 Stillwell International Trucks, 503a South Road, Regency Park
 Stillwell Kia, 17 Main North Road, Medindie
 Stillwell Parts Warehouse, 28 Tikalara Street, Regency Park
 Stillwell Premium Vehicles, 27 Main North Road, Medindie
 Stillwell Trucks, Cnr South Road & Aruma Street, Regency Park

Victoria

Adtrans Truck Centre, Cnr Boundary/Raymond Rd, Laverton
 Melbourne International Truck Centre, 2-20 Quantum Close, Dandenong
 Valley Truck Centre, 177 Argyle Street, Traralgon
 Whitehorse Truck & Bus, 198 Whitehall Street, Footscray
 Whitehorse Truck Centre, 67-75 Princes Highway, Dandenong
 Whitehorse Truck Parts, 89 Canterbury Road, Kilsyth

New South Wales

Adtrans Hino, 1 Ironbark Avenue, Camden
 Adtrans Hino, 253-259 Coward Street, Mascot
 Adtrans Hino, 9 Cary Street, Wyoming
 Stillwell Trucks/The Truck Centre, 20 Ashford Avenue, Milperra

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Adtrans Group Limited

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Annual Report 2008