

23 October 2008

TO: AUSTRALIAN STOCK EXCHANGE LTD

## ADTRANS GROUP ANNUAL GENERAL MEETING CHAIRMAN'S ADDRESS

When considering our results for the past financial year, Adtrans' shareholders would have shared our pleasure at the record profit and, whilst the rate of profit growth was assisted by the ATO GST refund, it was a record performance in any event.

Our fully franked 25 cents per share annual dividend was also a record and total earnings per share of 49.8 cents was excellent in anyone's terms.

Whilst national markets for new and used cars and trucks for calendar year 2008 have in total remained almost aligned to 2007, our performance for the opening quarter of the 2008-2009 financial year has been disappointing.

In the Australian New Car market, the numbers have remained similar but the mix between private and business has changed with increasing business sales. This change of mix, coupled with the substantial swing to smaller cars, has resulted in reduced grosses.

The first quarter seems like an age away from our milestone June 30 result, with our profits down approximately 60% when compared with our all time record first quarter last year. I will list the main reasons for this lower profit as I see them currently.

The most significant change has been in Used Cars where, despite our experience in previous fuel price hikes, we were unable to quickly change available stock to the market's requirements.

Additionally, the rate of the drop in demand for 6 and 8 cylinder vehicles was hard to anticipate.

These market changes and reduced yard traffic were more driven by fuel costs at the pump and seemingly only a little affected by the interest rate rises. In any event, the combination has made the business extremely difficult.

Whilst we are currently handling our Used vehicle inventory better, almost every dealer in Australia is

Current vehicle franchises held by Adtrans Group include:

Cars: Ford, Toyota, Hyundai, Kia, Chrysler, Jeep and Dodge

Trucks: Sterling, Freightliner, Mercedes-Benz, Iveco/International, Fuso, UD, Hino and BCI Buses

### ADTRANS GROUP LIMITED

Adtrans Corporate Pty Ltd  
ADELAIDE

Adtrans Automotive Group Pty Ltd

ADELAIDE

Stillwell Ford  
Adrian Brien Ford  
Rebel Ford - Elizabeth  
Rebel Ford - Pooraka  
Stillwell Hyundai

Adrian Brien Hyundai

Reynella Hyundai

Stillwell Kia

Adtrans Kia

Adrian Brien Chrysler/Jeep

Stillwell Trucks Regency Park

Stillwell International Trucks

Adtrans Used Pty Ltd ADELAIDE

Graham Cornes Used Cars

Adtrans Used Cars

Graham Cornes Motors Pty Ltd

ADELAIDE

Cornes Toyota

Cornes Toyota 4x4 Centre

Stillwell Trucks Pty Ltd SYDNEY

Adtrans Trucks Pty Ltd SYDNEY

The Truck Centre

Adtrans Hino Pty Ltd SYDNEY

Adtrans Hino - Mascot

- Gosford

- Camden

Adtrans Australia Pty Ltd MELBOURNE

Whitehorse Truck and Bus

Melbourne International Truck Centre

Adtrans Truck Centre Pty Ltd MELBOURNE

Adtrans Truck Centre

Whitehorse Trucks Pty Ltd MELBOURNE

Whitehorse Truck Centre

Australia Wide Transport Spares

The Valley Truck Centre

---

in the same predicament where prices of 6 and 8 cylinder vehicles have dropped significantly with the market wanting automatic 4 cylinder cars which are difficult to buy. At the present time, our senior management believes our stock is adequate for the current marketplace environment and, even in these times, we are convinced we will perform better in the near future.

Apart from the aforementioned Used Car difficulties, we have also experienced a significant decline in total profits from New Truck sales.

Shareholders will recall as far back as the last AGM when I mentioned that we were expecting difficulties in sourcing the 2008 compliant engines in certain truck brands and my prediction proved to be correct. For example, in the case of Freightliner's best and largest truck, the Argosy, the 2008 models first started to become available in September. We have a significant order bank for Argosys which we expect to slowly catch up with in the next few months. The lack of supply of Argosys has had a significant impact on our large Sydney and Melbourne Mercedes-Benz truck dealerships.

If all the above was not enough, our New Car showroom floors, particularly insofar as Ford is concerned, make a contrasting difference to last year. I am sure all our shareholders realise that Ford has traditionally been a large car manufacturer with its big-selling Falcon and Territory vehicles and despite these cars being, generally speaking, fuel efficient, the public have been turned off most vehicles above 4 cylinder, or anything that is not super efficient.

Currently Ford is concentrating more and more on its smaller cars. Its 4 cylinder Focus will be manufactured in Australia from 2010 and Fiesta will be manufactured in South East Asia in 2011 where this most attractive new model will benefit from a cheaper manufacturing cost and we can expect its volume sales to increase accordingly.

In the past few weeks, Ford has embarked on a significantly increased advertising presence which will help sales of Fiesta, Focus, Falcon, Territory and commercial vehicles improve.

Looking to the future, there are many positives, including that:

- We are now receiving the 2008 Freightliner Argosy trucks.
- The Used Truck market has stood up well through the quarter and we expect good used truck markets to continue in the foreseeable future.
- Our Used Car stock has been quite well adjusted to better suit today's conditions.
- Ford is now aggressively advertising again.
- We are gradually adjusting our expenses to match our current incomes, even on the New Car floors.
- Our financiers, Esanda, Toyota and Mercedes-Benz, have supported us through these periods and done their bit to maintain our finance sales income.
- Our current banking arrangements were organised last October and our banking, coupled with our cash buoyed by last year's profits, is at least adequate to handle our requirements in the future.
- Our six Korean brand dealerships should continue to prosper in the remaining three quarters of the current financial year.
- We are still operating profitably.
- We believe our staff and senior executives, having learned from history, are all cutting down expenses where they can and will handle the reduced forecast GDPs in the future.
- Our Group has always been generous with dividends and we expect to continue to distribute a large percentage of our profits.

We are looking forward to Australia's economy recovering and hopefully seeing lower interest rates and better fuel prices.

---

But in any event, we are confident our Group will remain profitable and our 2008-2009 results will be in the top percentile compared to other automotive retailers.

We'll now move to "Ordinary Business" on the agenda.