



**2007 ANNUAL GENERAL MEETING  
Chairman's Address**

Ladies and gentlemen

On behalf of our Board of Directors, it is with considerable pride that I welcome you to our 20th Annual General Meeting of Adtrans Group Limited.

When we reflect on the past 20 years, we note that our shareholders have enjoyed excellent prosperity from the Company. During this time, the dividend income per share has, on average, risen by 9.3% per annum.

To provide a better perspective on the increase to our shareholders, while we do not have a Total Shareholder Return for the full 20 years, you may be pleased to know that our total shareholder return during the past decade alone, has seen our shareholders enjoy an average 19.1% per annum growth which, in turn, has led to our current solid share price.

When reflecting over the full 20 years, our earnings performance could be described as "impressive".

During the past financial year, our Company acquired Australia Wide Transport Spares in Victoria in September 2006 and Adtrans Kia in South Australia at the end of the second quarter. Both these acquisitions were achieved at a very modest goodwill figure.

Australia Wide Transport Spares has been located at Whitehorse Truck Centre and has greatly improved the Whitehorse performance which was already very good.

Adtrans Kia is our second Kia franchise. Whilst Kia's market penetration is modest, we do expect the franchise will rapidly increase penetration in the near future. This Kia dealership, located on South Road in Clovelly Park South Australia, brings our total Korean franchises to six, including our four Hyundai franchises.

When we reflect on the total Australian vehicle market, we note that over the past four years the market has sat between 940,000 and 1 million units and thus been totally stable. In fact, in the last financial year the market topped 1 million units for the first financial year ever and is predicted to top 1 million units for the calendar year 2007.

While the total truck market has risen steadily to approximately 32,000 units, the all important heavy duty segment of the truck market has had some remarkable gains over the same four years. This has grown from 10,320 units in 2004 to an estimated 12,750 in calendar year 2007 – that's a more than 20% gain over the 2006 calendar year.

January 1, 2008 sees Australia adopt a new Truck Emission Standard called "Euro4". This Emission Standard change has partially caused the large heavy duty truck sales increase in calendar 2007 as the lower emission engines come at extra cost.

More importantly than the engine change has been Australia's increase in freight, and it is this increase in freight that is the main driver of the heavy duty highway segment of the market. The government predictions in the next decade on freight alone will lead to large increase in demand in the truck market generally.

Since the beginning of the current financial year, Adtrans has contracted to buy a New South Wales retail truck outlet styled "Best Hino". We will commence operations on November 1.

Hino – which is principally owned by Toyota – has rapidly improved its market share over recent years and is now number 2 in overall truck sales. While in the past Hino has been predominantly in the under 15 tonne or urban truck market, it has recently released the new F700 model which is an intrastate highway truck.

The "Best Hino" retail outlet operates out of Mascot (Sydney) and Gosford on the south central coast. The "Best Hino" prime market area is one of the largest in Australia for Hino and the dealership – which has been based on service and parts – and is a good acquisition for Adtrans considering the predicted increase in freight.

Because the heavy duty truck market, due to the emission control changes, has (along with freight) pushed the 2007 truck market to record levels, the same increase could cause the calendar 2008 market to be lumpier than normal, not only because of the pull forward effect, but manufacturers will have shortages caused by the massive demand, and as well, the large engineering changes for the 2008 marketplace.

Despite all of the above, the prediction for the calendar 2008 truck year is for it to be better than all the markets prior to 2007.

The first quarter of the new financial year for Adtrans Group has seen excellent results, recording a 26% increase in earnings over the same period of the prior year. While for the above and other reasons, the Board does not expect the 26% first quarter increase to be indicative of the whole year, the Board is nevertheless very confident of another solid result in 2007-2008.

The Board has recently approved an Employee Share Plan scheme whereby long-term employees can purchase Adtrans shares at a 20% discount to market and this, coupled with an Executive Deferred Employee Share Plan, we believe, will give a sense of ownership to many of our good employees and will have a cumulative effect as the years go by on our staff of around 900 people.

Additionally, we believe our car businesses (which are all situated in South Australia) will enjoy the prosperity of South Australia in general with the future prospects for mining, ship-building and oil exploration all playing a large part in South Australia's future. The next decade will be an exciting one for all South Australians.

Our Board is definitely looking forward to the future with confidence.

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