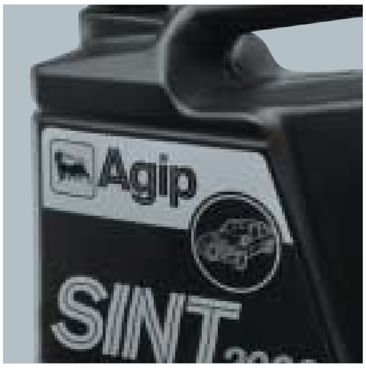
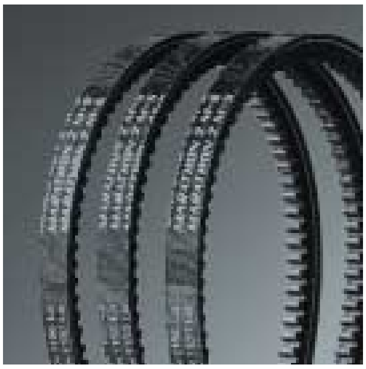
Multispares Holdings Limited

MULTISPARES

ANNUAL REPORT 2001

We aim to provide





Quality Parts with Professional Service

at Competitive Prices

Annual Report 30 June 2001

Multispares Holdings Limited

ACN 003 135 680

Contents

Corporate Directory

Directors

H R Forsyth

H M O Anderson

G T Lingard

G D H Stewart

Chairman

H R Forsyth

Managing Director

G D H Stewart

Company Secretary

P W Gill

Registered Office

151 Fairfield Road

Guildford NSW 2161

Telephone	9722 2020
Facsimile	9722 2095
E-mail	admin@multispares.com.au

Auditors

Arthur Andersen

Bankers

ANZ Banking Group Limited

Solicitors

Blake Dawson Waldron

Share Registry

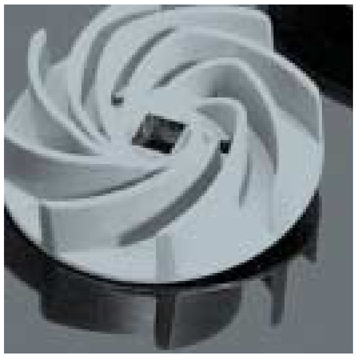
Computershare Investor Services Pty Limited

Stock Exchange Listing

Multispares Holdings Limited (ASX code MSG) shares are quoted on the Australian Stock Exchange

Chairman's Report

I am delighted to be able to report on a result for the year that reflects my projection last year – steady growth in revenue with New Zealand producing an outstanding 36% increase. Profit growth was pleasing given the increased investment in development of infrastructure and personnel.



In a mostly difficult trading year I believe that Geoff Stewart, his dedicated management team and all Australian and New Zealand staff have produced a commendable result.

Operating profit after tax was $315,000 and I am pleased to be able to advise a final dividend of 0.5 cents has been declared which represents a pay out ratio of slightly over 30%.

Our present cash position and demands are such that it was deemed prudent to retain as much as is reasonable for working capital having considered the interests of shareholders and our substantial franking credits. The planned growth of our core business and the need to fund higher stock and debtor levels will require additional debt. We may also consider additional equity if attractive opportunities of greater product growth arise.

With no major external influences other than the start up of the GST and the Olympics our resources have been able to focus on internal matters and you will note much has been achieved on supply and distribution as well as information systems. As had been anticipated there was little disruption with the GST and it has allowed the simplification of our company structure.

The Board recognises that to grow shareholder wealth we must increase the revenues and profits beyond that which can be achieved from organic growth. However at the same time we can not afford to lose the directional focus that Geoff has developed over the past two years.

Looking to the future your Board has supported management investigating a number of potential acquisitions of industry aligned businesses in Australasia however to date none have met our strict criteria. Any worthwhile acquisition will more than likely require the issue of additional equity and therefore may be subject to shareholder approval.

Following on from the approval at the last annual general meeting of share options for the Managing Director these have been issued and it is planned that approval for further options be considered at this year's meeting. The extension of the option plan to senior executives has been endorsed by the Board on the recommendation of the Managing Director.

One of the many issues reviewed over the past year is risk management and our exposure. In prior years we have had to focus on the likely impact of Y2K and GST and with these safely behind us a redefining of our risk matrix is being undertaken with useful input from recent seminars on this subject being available.

The appointment of Geoff Stewart to our Board, approved at last year's annual general meeting, has added executive input which your non-executive representatives have welcomed. This has produced a more balanced consideration on many matters and I am pleased to report that a cohesive and cooperative spirit exists at Board level giving rise to sound debate and resolution on issues.

At this early stage our trading performance for the current financial year indicates that the forecast of double digit percentage growth in revenues for the group is being met albeit that economic conditions are still not buoyant. This emphasises the dedication by all our staff in Australia and New Zealand and on behalf of the Board and our shareholders I would take this opportunity to acknowledge and thank them for their support. I would also like to extend these same remarks to my fellow Board colleagues.

Managing Director’s Report

Multispares staff have achieved much over the last financial year and I thank them for their efforts. Specifically they are behind a number of initiatives that will underpin strong growth in our core business for a number of years.

Sales revenue increased by 3%, which on a tax adjusted like-for-like bases represents 12% growth over the last year, and we expect to continue double-digit growth over the current year. Earnings after tax increased by $209,000 (1 cent/share) when compared with the previous financial year and are expected to increase by a further 0.5 cents/share over the current year.

Our strategic focus remains the strengthening of core business over the long term. Significants on-going initiatives are outlined below.

Supply Chain

Recently we announced a number of sole distribution agreements with key suppliers for our European program. In some cases these agreements give us a competitive advantage but generally they have been written to support effective brand promotion and to secure a future return from brand investments.

Over the next 12 months we will consolidate recent work on our European program and strengthen supply arrangements for our Japanese program.

Distribution

Major changes to our distribution strategy have significantly improved stock availability at our regional outlets. Automated reorder systems now replenish stock up to 16 times each month, depending on location. This is driving stock efficiency on fast moving lines, which will help fund working capital requirements for the expansion of our product range.

Customer Service

Multispares outlets have adopted a service culture and now operate under a different performance regime to our supply and logistics structure. This service culture is improving local stock selection and encouraging the development of value adding alliances with other local suppliers. A new concept for our Adelaide Truck Parts shopfront opens in November and is expected to build revenue systems outside our traditional product range.

In three regional markets with significant growth potential we have formalised Dealership agreements with locally based companies as a strategy for improving customer service. These Dealers have access to Multispares stock holdings and support system and are able to provide service levels that are otherwise beyond the reach of a local business. This Dealership model fits well with our customer service objectives and will be expanded as we identify suitable alliances.

In other areas we now employ full time representatives who work with customers and our research team to interpret requirements and improve our ability to supply. We expect our representatives to play a major role in the acceleration of our program development.

Information Systems

In March 2001 our New Zealand central operating system was relocated to Sydney and all NZ staff now operate via a communications frame. This allows the sharing of information in real time with Australia, which has improved efficiency and customer service levels in NZ. It also consolidates our IT management in one location and over the next 12 months will allow us to extend management information systems.

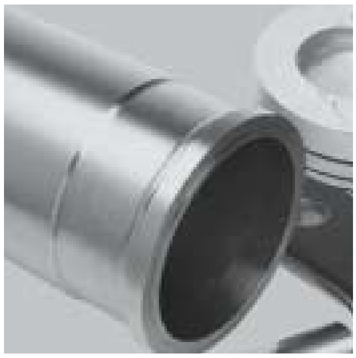
Finances

We have forecast working capital growth over the current year and expect to fund this through existing unused facilities. Our accounts indicate a $1,000,000 secured interest-bearing facility maturing in the current year and we anticipate rolling this over with current lenders.

Building Value

We believe we have outperformed the general commercial vehicle parts market in a difficult year. With solid plans for strong growth in our core business we will continue to build shareholder value in the year ahead.

Directors' Report



The Board of Directors of Multispares Holdings Limited has pleasure in submitting its report in respect of the financial year ended 30 June 2001.

Directors

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

H R Forsyth (Chairman)

H M O Anderson

G T Lingard

G D H Stewart (appointed 2 November 2000)

Unless indicated otherwise, all directors held their position as a director throughout the entire financial year and up to the date of this report.

Principal Activities

The principal continuing activity of the consolidated entity during the financial year was the provision of after market parts to the commercial vehicle industry.

Results

The consolidated profit of the consolidated entity for the financial year was $315,000 (2000 $106,000) after providing for income tax.

Dividends

The following dividends of the consolidated entity have been paid, declared or recommended since the end of the preceding financial year:

Final fully franked dividend for 2001 of 0.5 cents per share as recommended and declared by directors, payable 26 October 2001.	$97,000
Final fully franked dividend of 0.5 cents per share paid 27 October 2000.	$97,000

Review of Operations

The consolidated entity sales revenue for the year increased by 3.25% on last year. The revenue growth consists of an increase of 1.0% in the first half and 5.4% in the second half compared to the corresponding periods in previous year.

The consolidated entity profit from ordinary activities after income tax of $315,000 represents an increase of $209,000 on last year.

Additional information is detailed in Managing Director's Report.

Directors' Report (continued)

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year not otherwise disclosed in this report or the consolidated financial statements.

Significant Events after Year End

No matter or circumstance has arisen since the end of the financial year which is not otherwise dealt with in this report or the consolidated financial statements that has significantly affected or may significantly affect the operations of the consolidated entity, the result of those operations or the state of affairs of the consolidated entity in subsequent financial years.

Likely Developments and Future Results

The directors expect the consolidated entity's future operating results will continue to improve with sales growth expected to continue. Further expansion of product model coverage is always an ongoing consideration.

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 believe that it would be likely to result in unreasonable prejudice to one or more entities in the consolidated entity.

Environmental Regulation Performance

The consolidated entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Share Options

Details of options granted to directors or relevant officers as part of their remuneration are set out in the section of this report headed Directors' and Senior Executives' Remuneration. Details of shares and interests under option, or issued during or since the end of the financial year due to the exercise of an option, are set out in Note 18 of the financial statements and form part of this report.

Information on Directors

Harry Robert Forsyth - Chairman

Chairman of the Board since 1986, Chief Executive until September 1993, member of the Audit and Remuneration Committees, and Chairman of those Committees until March 1998. Previously held senior executive positions with the British Leyland Group in Australia.

Hugh Munro Outram Anderson

Non-executive Director since 1994 and Chairman of the Audit and Remuneration Committees. Currently a Director of unlisted property companies and private companies in the agricultural industry. Private Funds Manager. NSW Councillor of Australian Institute of Company Directors. Over 20 years experience as a Public Company Director.

Directors' Report (continued)

Garry Thomas Lingard

Member of the Board since 1996 as a Non-executive Director and a member of the Audit and Remuneration Committees since March 1998. He has significant experience in managing and developing a diverse range of companies.

Geoffrey David Huston Stewart

Appointed Chief Executive Officer in November 1999 and Managing Director in November 2000. He is a Chartered Professional Engineer (B.Mech) and has a MBA from Macquarie University. He also has over 10 years executive management experience in Road Transport Industry.

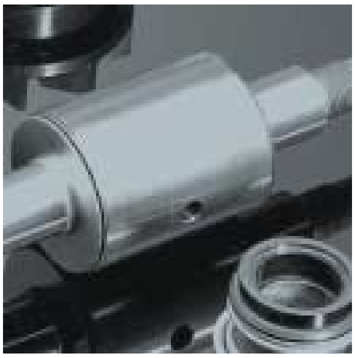
Directors' Meetings

The number of meetings of the Board of Directors and of Board Committees during the year were:

Board or Committee	Number of Meetings
Full Board	14
Audit	2
Remuneration	3

The attendance of directors at meetings of the board and committees were:

	Full Board	Audit Committee	Remuneration Committee
H R Forsyth	14	2	3
H M O Anderson	14	2	3
G T Lingard	14	2	3
G D H Stewart	10(10)	-	-



Where a director did not attend all meetings of the Board or relevant committee the number of meetings for which the director was eligible to attend is shown in brackets.

As at the date of this report the company had an Audit Committee of the Board of Directors which met twice during the year.

Directors' Interests

At the date of this report the relevant interest of each director in the shares and options of the company are:

(a) H R Forsyth is deemed to have a relevant interest in shares held by Hergfor Enterprises Pty Ltd a substantial shareholder (6,499,658 shares).

(b) H M O Anderson is deemed to have a relevant interest in shares held by Raida Pty Ltd (400,000 shares).

(c) G T Lingard is deemed to have a relevant interest in shares held by GT Lingard Holdings Pty Ltd (193,842 shares).

(d) G D H Stewart is deemed to have a relevant interest in shares held by D G Stewart (200,000 shares) and holds options on 250,000 ordinary shares of the company.

Directors' Report (continued)

Directors' and Senior Executives' Remuneration

The Remuneration Committee is responsible for making recommendations to the Board on remuneration policies and packages applicable to the Board members and senior executives of the consolidated entity. Remuneration is determined as part of an annual review which includes performance evaluation, regard to comparative remuneration and independent remuneration advice. The broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people.

Senior executives may receive bonuses based on the achievement of specific goals related to the performance of the consolidated entity. Non-executive directors do not receive any performance related remuneration.

Details of remuneration provided to Directors and the most highly remunerated officers are as follows:

	Salary	Fee	Bonus	Superannuation	Options	Other	Total	Options granted (a)
Directors								
H R Forsyth	-	26,900	-	24,000	-	-	50,900	-
H M O Anderson	-	-	-	32,400	-	-	32,400	-
G T Lingard	-	30,000	-	2,400	-	-	32,400	-
G D H Stewart	111,100	-	-	30,000	2,500	9,300	152,900	250,000
Officers								
P W Gill	106,100	-	-	26,600	-	10,200	142,900	-
B A McKenna	105,600	-	-	14,800	-	10,200	130,600	-

(a) Each option entitles the holder to purchase one ordinary share in Multispares Holdings Limited. Details of terms and conditions of options are set out in Note 18. All options were granted on the same date and the directors estimate that the fair value at issue date was one cent each.

Indemnification of Directors

During or since the financial year the company paid an insurance premium that indemnifies officers of the company and any other related body corporate against a liability incurred as such an officer, to the extent permitted by the Corporations Law. The company has not otherwise indemnified or made a relevant agreement to indemnify an officer of the company or any related body corporate against a liability incurred as such an officer.

Rounding of Amounts

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

This report has been made in accordance with a resolution of directors.

H R Forsyth
Director

H M O Anderson
Director

Sydney, 30 August 2001.

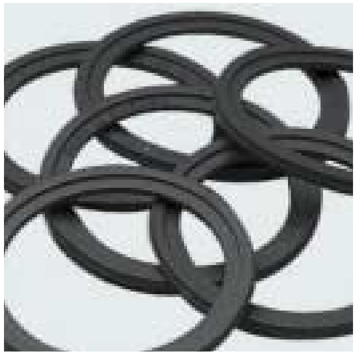
Statement of Corporate Governance Practices

The Board of Directors

The Board of Directors is responsible for appointing the Managing Director, setting the strategic direction, establishing the policies of Multispares Holdings Limited and ensuring the organisation is adequately resourced. It is responsible for overseeing the financial position, and for monitoring the business and affairs of the company on behalf of the shareholders, by whom the directors are elected and to whom they are accountable. It also addresses issues relating to internal controls and approaches to risk management. Responsibility for day to day activities is usually delegated to the Managing Director.

The Board currently comprises three non-executive directors (including the Chairman) and one executive director ensuring independence and objectivity. The Directors report contains details of Directors skill, experience and service.

In the event that a potential conflict of interest may arise, involved Directors withdraw from all deliberations concerning the matter and are not permitted to exercise any influence over other Board members. With the approval of the Chairman, any Director or committee of the Board can seek external professional advice as considered necessary, at the Company's expense. The Audit Committee is responsible for monitoring the independence and suitability of all professional advisers.



Committees of the Board

The Board has two committees which have been established to consider issues and strategies, within common areas, in order to advise and guide the Board. Ad hoc committees are also established as the need arises. These committees comprise non-executive directors and senior executives as required with the exception of the Audit Committee which comprises only non- executive directors.

Board committees that operated through the year were:

Committee	Responsibilities
Audit Committee	Ensures compliance with statutory responsibilities relating to accounting policy and disclosure. Liaises with, assesses the quality and reviews the scope of work and reports of the external auditors. Assesses the adequacy of accounting, financial and operating controls.

Statement of Corporate Governance Practices (continued)

Committee	Responsibilities
Remuneration Committee	Formulates policy and criteria for assessment of candidates to the Board, and identifies potential candidates. Reviews the remuneration of directors and senior management and makes recommendations to the Board on these matters.

The membership and details of attendances of Committees of the Board are detailed in the Directors' Report, which precedes this statement.

Remuneration

The details of Directors and Officers remuneration are provided in the Directors' Report, which precedes this statement.

Internal Controls and Risk Management

Procedures have been established at the Board and executive management levels which are designed to safeguard the assets and interests of Multispares Holdings Limited and its controlled entities to ensure the integrity of reporting. These include accounting, financial reporting and internal control policies and procedures.

The Board is responsible for the risk management of the company and together with management have developed a risk matrix which identifies the risk exposures both financial and non-financial and the ways in which those risks are managed.

Statement of Financial Position

at 30 June 2001

	Note	Consolidated		Parent	
		2001	2000	**2001**	2000
		$000	$000	**$000**	$000
Current Assets					
Cash assets	28	**22**	12	**5**	6
Receivables	4	**3,454**	3,091	**-**	-
Inventories	5	**8,018**	6,744	**-**	-
Other	6	**13**	12	**-**	-
Total Current Assets		**11,507**	9,859	**5**	6
Non-Current Assets					
Receivables	7	-	-	**4,761**	4,504
Other financial assets	8	-	-	**1,398**	1,398
Property, plant and equipment	9	**1,345**	1,466	**592**	600
Deferred tax assets	10	**390**	356	**90**	81
Total Non-Current Assets		**1,735**	1,822	**6,841**	6,583
Total Assets		**13,242**	11,681	**6,846**	6,589
Current Liabilities					
Payables	11	**3,942**	3,064	**27**	19
Interest bearing liabilities	12	**1,922**	715	**-**	-
Tax liabilities	13	**254**	129	**24**	31
Other provisions	14	**643**	595	**215**	215
Total Current Liabilities		**6,761**	4,503	**266**	265
Non-Current Liabilities					
Interest bearing liabilities	15	**78**	1,072	-	-
Deferred tax liabilities	16	**37**	37	-	-
Other provisions	17	**262**	201	**158**	132
Total Non-Current Liabilities		**377**	1,310	**158**	132
Total Liabilities		**7,138**	5,813	**424**	397
Net Assets		**6,104**	5,868	**6,422**	6,192
Equity					
Contributed equity	18	**4,837**	4,837	**4,837**	4,837
Reserves	19	**(79)**	(97)	-	-
Retained profits	20	**1,346**	1,128	**1,585**	1,355
Total Equity		**6,104**	5,868	**6,422**	6,192

The accompanying notes form an integral part of this Statement of Financial Position.

Statement of Financial Performance

for the year ended 30 June 2001

	Note	Consolidated 2001 $000	Consolidated 2000 $000	Parent 2001 $000	Parent 2000 $000
Sales revenue	2	**21,882**	21,194	**-**	-
Cost of sales		**(13,605)**	(13,550)		
Gross profit		**8,277**	7,644	**-**	-
Other revenues		**122**	204	**547**	451
Employee benefits expenses		**(4,326)**	(3,807)	**(149)**	(152)
Depreciation & amortisation expense		**(301)**	(340)	**(8)**	(11)
Leasing expenses		**(871)**	(813)	**-**	-
Borrowing costs	2	**(173)**	(159)	**-**	-
Other expenses		**(2,225)**	(2,508)	**(61)**	(107)
Profit from ordinary activities before income tax expense		**503**	221	**329**	181
Income tax expense relating to ordinary activities	3	**(188)**	(115)	**(3)**	(11)
Profit from ordinary activities after related income tax expense		**315**	106	**326**	170
Net profit		**315**	106	**326**	170
Net exchange difference on translation of financial report of self-sustaining foreign operations		**18**	(21)	**-**	-
Total changes in equity other other than those resulting from transactions with owners as owners		**333**	85	**326**	170
Basic and diluted earnings per share (cents per share)		**1.63**	0.55		
Weighted average number of ordinary shares used in the calculation of basic earnings per share		**19,345,845**	19,345,845		

The accompanying notes form an integral part of this Statement of Financial Performance.

Statement of Cash Flows

for the year ended 30 June 2001

	Note	Consolidated		Parent	
		2001	2000	**2001**	2000
		$000	$000	**$000**	$000
		Inflows (Outflows)			
Cash flows from operating activities					
Receipts from customers		**23,739**	20,946	**54**	79
Payments to suppliers and employees		**(22,358)**	(20,926)	**(1)**	(13)
GST Paid		**(1,031)**	-	**-**	-
Interest received		**12**	11	**2**	2
Interest paid		**(169)**	(144)	**-**	-
Income taxes paid		**(96)**	30	**-**	-
Net operating cash flows	28b	**97**	(83)	**55**	68
Cash flows from investing activities					
Payments for property, plant and equipment		**(324)**	(197)	**-**	-
Proceeds from sale of property, plant and equipment		**101**	-	**-**	-
Repayment by other debtors		**-**	30	**-**	30
Loans to and by wholly owned bodies corporate		**-**	-	**41**	(261)
Net investing cash flows		**(223)**	(167)	**41**	(231)
Cash flows from financing activities					
Proceeds from borrowings		**281**	86	**-**	-
Repayment of borrowings		**(115)**	(100)	**-**	-
Dividends paid		**(97)**	-	**(97)**	-
Net financing cash flows		**69**	(14)	**(97)**	-
Net increase (decrease) in cash held		**(57)**	(264)	**(1)**	(163)
Cash at the beginning of the financial year		**(164)**	118	**6**	169
Exchange rate variations on foreign cash balances		**19**	(18)	**-**	-
Cash at the end of the financial year	28a	**(202)**	(164)	**5**	6

The accompanying notes form an integral part of this Statement of Cash Flows.

Notes to the Financial Statements

for the year ended 30 June 2001

1. Statement of Significant Accounting Policies:

(a) Basis of Accounting

The financial statements have been prepared as a general purpose financial report which complies with the requirements of the Corporations Act (2001), Australian Accounting Standards and Urgent Issues Group Consensus Views. Except for a change in policy for determining the basis of measuring certain classes of non-current assets the accounting policies used are consistent with those adopted in the previous year. The financial statements have also been prepared in accordance with the historical cost convention and do not take account of changes in either the general purchasing power of the dollar or in the prices of specific assets.

(b) Principles of Consolidation

The consolidated financial statements include the financial statements of the parent entity, Multispares Holdings Limited, and its controlled entities, referred to collectively throughout these financial statements as the 'Consolidated Entity'. All inter-entity balances and transactions have been eliminated.

Financial statements of foreign controlled entities presented in accordance with overseas accounting principles are, for consolidation purposes, adjusted to comply with group policy and generally accepted accounting principles in Australia.

(c) Foreign Currency Transactions

Transactions in foreign currencies are converted at the exchange rates in effect at the date of each transaction.

Amounts payable to or by the consolidated entity in foreign currencies have been translated into Australian currency at the exchange rates current at balance date.

Exchange differences relating to monetary items are included in the Statement of Financial Performance in the period when the exchange rates change as exchange gains or losses.

The financial statements of a self-sustaining foreign operation are translated using the current method. Any exchange difference arising through the use of the method is taken to the foreign currency translation reserve.

(d) Borrowing Costs

Borrowing costs are expensed as incurred.

(e) Income Tax

The financial statements apply the principles of tax-effect accounting. The income tax expense in the Statement of Financial Performance represents the tax on the pre-tax accounting profit adjusted for income and expenses never to be assessed or allowed for taxation purposes. The provision for deferred income tax liability and the future income tax benefit include the tax effect of differences between income and expense items recognised in different accounting periods for book and tax purposes, calculated at the tax rates expected to apply when the differences reverse. The components of the deferred tax assets and deferred tax liabilities are shown in notes 10 and 16 respectively.

The benefit arising from estimated carry forward tax losses is only recorded in the future income tax benefit account where realisation of such benefit is considered to be virtually certain.

(f) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is weighted average into store cost. Obsolete and redundant inventories are provided for as appropriate.

Notes to the Financial Statements

for the year ended 30 June 2001

1. Statement of Significant Accounting Policies (continued):

(g) Recoverable Amounts of Non-Current Assets

All non-current assets are reviewed at least annually to determine whether their carrying amounts require write down to recoverable amount. Recoverable amount is determined using net cash flows discounted to present values.

(h) Other Financial Assets

Investments in controlled entities are valued in the parent entity's financial statements at cost. The carrying amounts of investments are reviewed annually to determine whether they exceed their recoverable amount. Investments other than in controlled entities are valued at the lower of cost or recoverable amount.

(i) Leased Assets

Assets acquired under finance leases are capitalised and amortised over the life of the relevant lease or, where ownership is likely to be obtained on expiration of the lease, over the expected useful life of the asset. Lease payments are allocated between interest expense and reduction in lease liability.

Operating leases are not capitalised and rental payments are charged against operating profit in the period in which they are incurred.

(j) Property, Plant and Equipment

Land and buildings are carried at deemed cost, refer to changes in Accounting policy section below for prior year treatment.

Property, plant and equipment, excluding freehold land, are depreciated or amortised over their useful economic lives as follows:

	Life	**Method**
Buildings	50 Years	Straight Line
Plant and Equipment	2 - 20 Years	Straight Line

(k) Goodwill

Goodwill is initially recorded as the difference between the purchase consideration plus incidental expenses and the fair values of identifiable net assets acquired. Purchased goodwill is amortised on a straight line basis over the period which the benefits are expected to arise which is currently not in excess of five years. The unamortized balance of goodwill is reviewed at each balance date and charged to the statement of financial performance to the extent that applicable future benefits are no longer probable.

(l) Provision for employee entitlements

Provision has been made in the financial statements for benefits accruing to employees in relation to such matters as annual leave and long service leave measured at their nominal amount. The directors do not consider the difference between nominal amount and future discounted value to be material. No provision is made for non-vesting sick leave as the anticipated pattern of future sick leave taken indicates that accumulated non-vesting leave will never be paid.

All on-costs, including payroll tax and workers' compensation premiums are included in the determination of provisions.

(m) Financial Instruments included in Equity

Ordinary contributed equity bears no special terms or conditions affecting income or capital entitlements of the shareholders.

Notes to the Financial Statements

for the year ended 30 June 2001

1. Statement of Significant Accounting Policies (continued):

(n) Financial Instruments included in Liabilities

Loans are recognised when issued at amount of net proceeds received.

Interest is recognised as an expense over term of loan.

(o) Financial Instruments included in Assets

Trade Debtors are initially recorded at the amount of sales proceeds.

Provision for doubtful debts is recognised to the extent that recovery of outstanding receivables balance is considered less than likely. Any provision established is based on a review of all outstanding amounts at year end. A specific provision is maintained for identified doubtful debts, and a general provision is maintained in respect of receivables which are doubtful of recovery but which have not been specifically identified. Bad debts are written off when they are identified.

(p) Superannuation plans

Contributions to superannuation plans maintained by the consolidated entity are expensed in the year they are paid or become payable. The consolidated entity has no legal obligation to cover any shortfall in the funds' obligations to provide benefits to employees on retirement.

(q) Revenue

Sales revenue is recognised when the goods are provided.

Interest income is recognised as it accrues.

Dividend revenue is recognised when the right to receive a dividend has been established.

(r) Changes in Accounting Policy

Property, Plant and Equipment
In accordance with the requirements of AASB1041 "Revaluation of Non-Current Assets", land and buildings previously carried at valuation were reverted to a cost basis of measurement. For the purpose of transitioning to a cost basis, the existing revalued carrying amounts at 1 July 2000 were deemed to be their cost. This change in policy had no impact on the financial position or financial performance of the consolidated entity as presented in this financial report.

(s) Comparative Amounts

The consolidated entity has adopted the presentation and disclosure requirements of Accounting Standards AASB 1018 "Statement of Financial Performance", AASB 1034 "Financial Presentation and Disclosure" and AASB 1040 "Statement of Financial Position" for the first time in the preparation of this financial report. In accordance with the requirements of these Standards, comparative amounts have been reclassified in order to comply with the new presentation format. The reclassification of comparative amounts has not resulted in a change to the aggregate amounts of current assets, non-current assets, current liabilities, non-current liabilities or equity, or the net profit of the company or consolidated entity as reported in the prior year financial report.

Notes to the Financial Statements

for the year ended 30 June 2001

2. Profit and Loss Items:

	Consolidated 2001 $000	Consolidated 2000 $000	Parent 2001 $000	Parent 2000 $000
Profit from ordinary activities after crediting the following revenues:				
Sales revenue :	**21,882**	21,194	**-**	-
Other revenues:				
Dividends received from:				
-Wholly owned related parties	**-**	-	**315**	161
Interest received from:				
-Other persons	**12**	10	**2**	1
Net foreign exchange gains from:				
Non-speculative activities	**8**	11	**-**	-
Rent received from:				
-Other persons	**50**	79	**50**	79
Management fees received from				
-Wholly owned related parties	**-**	-	**180**	210
Proceeds from sale of non-current assets (note 2(a) below)	**101**	-	**-**	-
Other income	**60**	75	**-**	-
Total other operating revenues	**231**	175	**547**	451
Total operating revenues	**22,113**	21,369	**547**	451
Profit from ordinary activities is after charging the following expenses:				
Depreciation and amortisation:				
Depreciation of:				
-Building	**8**	11	**8**	11
-Plant and equipment	**293**	265	**-**	-
-Amortisation of goodwill	**-**	64	**-**	-
	301	340	**8**	11
Borrowing Costs:				
Interest paid to or payable to:				
-other persons	**173**	159	**-**	-

Notes to the Financial Statements

for the year ended 30 June 2001

	Consolidated		Parent	
	2001	2000	**2001**	2000
	$000	$000	**$000**	$000
2. Profit and Loss Items (continued):				
Other expense items:				
Net bad debts written off	**13**	31	**-**	-
Net charge to provision for doubtful debts	**14**	13	**-**	-
Net loss on sale of property, plant and equipment (note a)	**13**	-	**-**	-
Operating lease rentals	**871**	813	**-**	-
Provision for employee entitlements	**134**	153	**25**	28
Provision for inventory obsolescence	**53**	87	**-**	-
Goodwill on business acquisitions written off (income tax effect nil)	**-**	287	**-**	-
Loss on revaluation of land and buildings (income tax effect nil)	**-**	60	**-**	51
Specific disclosure items above:				
(a) Revenue from sale of property, plant and equipment	**101**	-	**-**	-
Expenses from sale of property, plant and equipment	**(114)**	-	**-**	-
Loss on sale of property, plant & equipment	**(13)**	-	**-**	-

Notes to the Financial Statements

for the year ended 30 June 2001

	Consolidated		Parent	
	2001	2000	**2001**	2000
	$000	$000	**$000**	$000

3. Income Tax Expense:

The difference between income tax expense provided in the financial statements and the prima facie income tax expense is reconciled as follows:

	Consolidated 2001 $000	Consolidated 2000 $000	Parent 2001 $000	Parent 2000 $000
Profit from ordinary activities	**503**	221	**329**	181
Prima facie tax payable at 34% (2000 @ 36%)	**171**	79	**112**	65
Tax effect of permanent and other differences				
Amortisation of goodwill	**-**	23	**-**	-
Recoupment of prior year tax losses not brought to account	**-**	(179)	**-**	(27)
Dividends received	**-**	-	**(107)**	(58)
Goodwill written off	**-**	104	**-**	-
Loss on revaluation Land and Buildings	**-**	21	**-**	19
Other items not deductible	**9**	13	**(3)**	(4)
Amount under provided in prior year	**5**	-	**-**	-
Restatement of deferred tax balances due to income tax rate changes	**3**	54	**1**	16
Total income tax attributable to profit from ordinary activities	**188**	115	**3**	11
Total income tax expense comprises movements in:				
Provision for income tax	**222**	129	**11**	31
Future income tax benefit	**(34)**	4	**(8)**	(20)
Provision for deferred income tax	**-**	(18)	**-**	-
	188	115	**3**	11

4. Current Assets - Receivables:

	Consolidated 2001 $000	Consolidated 2000 $000	Parent 2001 $000	Parent 2000 $000
Trade debtors	**3,599**	3,238	**-**	-
Provision for doubtful debts	**(162)**	(147)	**-**	-
	3,437	3,091	**-**	-
Other debtors	**17**	-	**-**	-
	3,454	3,091	**-**	-

Notes to the Financial Statements

for the year ended 30 June 2001

	Consolidated		Parent	
	2001	2000	**2001**	2000
	$000	$000	**$000**	$000

5. Current Assets - Inventories:

Finished goods (at cost)	**7,428**	6,718	**-**	-
Provision for obsolescence	**(747)**	(692)	**-**	-
	6,681	6,026	**-**	-
Stock in transit (at cost)	**1,337**	718	**-**	-
	8,018	6,744	**-**	-

6. Current Assets - Other:

Prepayments	**13**	7	**-**	-
Security deposits	**-**	5	**-**	-
	13	12	**-**	-

7. Non- Current Assets - Receivables:

Amounts receivable from wholly owned related parties	**-**	-	**4,761**	4,504

8. Non- Current Assets - Other Financial Assets:

(a) Shares in controlled entities at cost in parent entity

	Class of Shares	Percentage Holdings	2001 $	2000 $
Multispares Aust. Limited	ORD	100%	**2**	2
Multispares Limited	ORD	100%	**367,429**	367,429
Multispares N.Z. Limited	ORD	100%	**1,030,600**	1,030,600
			1,398,031	1,398,031

The financial year of all controlled entities are the same as that of the parent entity. All companies are incorporated in Australia except Multispares NZ Limited which is incorporated in New Zealand. All entities operate solely in their country of incorporation.

(b) All companies, except Multispares NZ Limited, have entered into a Deed of Cross Guarantee dated 5 June 1992 with Multispares Holdings Limited which provides that all parties to the deed will guarantee to each creditor payment in full of any debt of each company participating in the deed on winding-up of that company. As a result of the Class Order issued by the Australia Securities Commission these companies are relieved from the requirement to prepare financial statements.

The Consolidated Statement of Financial Position and Statement of Financial Performance of all entities included in the class order "Closed Group" are set out in note (c).

Notes to the Financial Statements

for the year ended 30 June 2001

8. Non - Current Assets - Other Financial Assets (continued):

(c) Financial information for class order closed group.

Multispares Holdings Limited Closed Group

Statement of Financial Position at 30 June 2001

	Consolidated Entity	
	2001	2000
	$000	$000
Current Assets		
Cash assets	**21**	11
Receivables	**3,092**	2,789
Inventories	**7,310**	6,273
Other	**13**	12
Total Current Assets	**10,436**	9,085
Non-Current Assets		
Other financial assets	**1,030**	1,030
Property, plant and equipment	**1,286**	1,301
Deferred tax assets	**349**	326
Total Non-Current Assets	**2,665**	2,657
Total Assets	**13,101**	11,742
Current Liabilities		
Payables	**3,525**	2,831
Interest bearing liabilities	**1,934**	255
Tax liabilities	**242**	129
Other provisions	**618**	579
Total Current Liabilities	**6,319**	3,794
Non-Current Liabilities		
Interest bearing liabilities	**78**	1,497
Deferred tax liabilities	**28**	30
Other provisions	**262**	201
Total Non-Current Liabilities	**368**	1,728
Total Liabilities	**6,687**	5,522
Net Assets	**6,414**	6,220
Equity		
Contributed equity	**4,837**	4,837
Retained profits	**1,577**	1,383
Total Equity	**6,414**	6,220

8. Non - Current Assets - Other Financial Assets (continued):

Multispares Holdings Limited Closed Group

Statement of Financial Performance for the year ended 30 June 2001

	Consolidated Entity	
	2001	2000
	$000	$000
Sales revenue	**19,781**	19,618
Cost of sales	**(12,470)**	(12,711)
Gross profit	**7,311**	6,907
Other revenues	**115**	197
Employee benefits expenses	**(3,871)**	(3,471)
Depreciation & Amortisation expenses	**(281)**	(315)
Leasing expenses	**(748)**	(714)
Borrowing costs	**(170)**	(156)
Other expenses	**(1,898)**	(2,201)
Profit from ordinary activities before income tax expense	**458**	247
Income tax expense relating to ordinary activities	**(167)**	(124)
Profit from ordinary activities after related income tax expense	**291**	123
Net profit	**291**	123
Total changes in equity other than those resulting from transactions with owners as owners	**291**	123

Notes to the Financial Statements

for the year ended 30 June 2001

	Consolidated		Parent	
	2001	2000	**2001**	2000
	$000	$000	**$000**	$000

9. Non-Current Assets - Property, Plant and Equipment:

Property, plant and equipment				
at deemed cost:				
Land				
Opening balance	**276**	229	**175**	120
Disposals	**(101)**	(8)	**-**	-
Increase resulting from revaluation (note b)	**-**	55	**-**	55
Closing balance	**175**	276	**175**	175
Buildings				
Opening balance	**425**	565	**425**	565
Decrease resulting from revaluation (note b)	**-**	(140)	**-**	(140)
Closing balance	**425**	425	**425**	425
Accumulated Depreciation				
Opening balance	**-**	23	**-**	23
Depreciation for the year	**8**	11	**8**	11
Write back on revaluation	**-**	(34)	**-**	(34)
Closing balance	**8**	-	**8**	-
Net book value	**417**	425	**417**	425
Total Property,plant and equipment at deemed cost, net (note a)	**592**	701	**592**	600
Property, plant and equipment at cost:				
Plant and equipment				
Opening balance	**1,919**	1,722	**-**	-
Additions	**294**	197	**-**	-
Disposals	**(66)**	-	**-**	-
Currency translation differences	**4**	-	**-**	-
Closing balance	**2,151**	1,919	**-**	-
Accumulated Depreciation			**-**	-
Opening Balance	**1,154**	891	**-**	-
Depreciation for the year	**293**	263	**-**	-
Disposals	**(51)**	-	**-**	-
Currency translation difference	**2**	-	**-**	-
Closing balance	**1,398**	1,154	**-**	-
Net book value	**753**	765	**-**	-
Total Property, Plant and Equipment at cost, net	**753**	765	**-**	-
Total Property, plant and equipment, net	**1,345**	1,466	**592**	600

(a) The directors estimate that the market value of land and buildings as at 30 June 2001 was $600,000.

(b) The valuation of freehold land and building was based on its estimated market value. The valuation in Dandenong was performed by Ms S K Clarke of Jones Lang LaSalle and dated 30 June 2000. The freehold land in Wellington was subject to an unconditional contract of sale and was written down to the estimated amount recoverable on sale at 30 June 2000.

Notes to the Financial Statements

for the year ended 30 June 2001

		Consolidated		Parent	
		2001	2000	**2001**	2000
		$000	$000	**$000**	$000

10. Non-Current Assets - Deferred Tax Assets:

	2001	2000	**2001**	2000
Future income tax benefits:				
Attributable to timing differences				
-Provision for doubtful debts	**50**	45	**-**	-
-Provision for employee entitlements	**243**	210	**83**	75
-Provision for obsolescence	**62**	64	**-**	-
-Other	**35**	37	**7**	6
	390	356	**90**	81

11. Current Liabilities - Payables:

	2001	2000	**2001**	2000
Trade creditors and accruals - unsecured	**3,942**	3,064	**27**	19

12. Current Liabilities - Interest Bearing Liabilities:

		2001	2000	**2001**	2000
Secured:					
Bank overdraft	(a)	**224**	176	**-**	-
Bank loans	(a)	**1,675**	525	**-**	-
Other loans	(b)	**23**	14	**-**	-
		1,922	715	**-**	-

(a) Bank overdrafts and bank loans are secured by a fixed and floating charge over the assets of Multispares Holdings Limited and controlled entities.

Bank overdrafts have no specific term and are subject to annual review in September each year. Interest rates on overdrafts are variable and during the year interest rate range was 8.25% to 9.95%. Bank loans comprise both fixed and variable interest rate components. The fixed rate component of $1,000,000 at 8.58% is due for renewal in March 2002. The variable rate component has no specific term and subject to annual review in September each year and repayable by quarterly instalments. Interest rate range during the year was 7.8% to 9.0%.

(b) Other loans comprises, hire purchase agreements secured on certain assets of certain controlled entities. The agreements are for three years and subject to monthly repayment and mature in June 2003 and June 2004. Interest rates on agreements range from 8.6% to 8.8%.

13. Current Liabilities - Tax Liabilities:

	2001	2000	**2001**	2000
Current year tax liabilities	**200**	129	**11**	31
Prior year tax liabilities	**54**	-	**13**	-
	254	129	**24**	31

14. Current Liabilities - Other Provisions:

	2001	2000	**2001**	2000
Dividend	**97**	97	**97**	97
Employee entitlements	**546**	498	**118**	118
	643	595	**215**	215

Notes to the Financial Statements

for the year ended 30 June 2001

		Consolidated		Parent	
		2001	2000	**2001**	2000
		$000	$000	**$000**	$000

15. Non-Current Liabilities - Interest Bearing Liabilities:

Secured:					
Bank loans	(a)	**-**	1,000	**-**	-
Other loans	(b)	**78**	72	**-**	-
		78	1,072	**-**	-

(a) Refer Note 12(a) for details of bank loans

(b) Refer Note 12(b) for details of other loans

16. Non-Current Liabilities - Deferred Tax Liabilities:

Provision for deferred income tax:

Attributable to timing differences				
-Depreciation	**35**	35	**-**	-
-Prepayments	**2**	2	**-**	-
	37	37	**-**	-

17. Non-Current Liabilities - Other Provisions:

Employee entitlements	**262**	201	**158**	132
	262	201	**158**	132

18. Contributed Equity:

Ordinary Shares				
19,345,845 shares of 25 cents fully paid	**4,837**	4,837	**4,837**	4,837

Directors' options over ordinary shares in Multispares Holdings Limited

	2001	
	Number of options	
Date of issue	21 March 2001	
On issue at beginning of the year	-	-
Issued during the year	125,000	125,000
Exercised during the year	-	-
Outstanding at balance date and at date of Directors' Report	125,000	125,000
Number of recipients	1	1
Exercise price	$0.13	$0.15
Exercise period	March 2001 to March 2003	March 2001 to March 2004
Expiration date	21 March 2003	21 March 2004

	Consolidated		Parent	
	2001	2000	**2001**	2000
	$000	$000	**$000**	$000

19. Reserves:

Foreign Currency Translation				
Opening balance	**(97)**	(76)	**-**	-
Exchange fluctuations arising on overseas net assets	**18**	(21)	**-**	-
Closing balance	**(79)**	(97)	**-**	-

20. Retained Profits and Dividends:

Retained Profits

Retained profits at the beginning of the financial year	**1,128**	1,119	**1,355**	1,282
Dividends provided for or paid	**(97)**	(97)	**(97)**	(97)
Net profit	**315**	106	**327**	170
Retained profits at the end of the financial year	**1,346**	1,128	**1,585**	1,355
Retained profits and reserves that could be distributed as dividends and franked out of existing franking credits or out of franking credits arising from income tax payable	**1,346**	1,128	**1,585**	1,385

Dividend franking:

All dividends paid during the year were fully franked at 34%. Dividends provided for as reported in Statement of Financial Performance to be paid after 1 July 2001 will be fully franked at the rate of 30%.

Equity

Total equity at the beginning of the financial year	**5,868**	5,880	**6,192**	6,119
Total changes in equity recognised in the Statement of Financial Performance	**333**	85	**327**	170
Dividends	**(97)**	(97)	**(97)**	(97)
Total equity at the reporting date	**6,104**	5,868	**6,422**	6,192

Notes to the Financial Statements

for the year ended 30 June 2001

	Consolidated		Parent	
	2001	2000	**2001**	2000
	$000	$000	**$000**	$000

21. Lease Commitments:

Operating lease commitments payable:				
- not later than one year	**982**	596	**-**	-
- later than one year and not later than five years	**1,566**	1,314	**-**	-
	2,548	1,910	**-**	-

Operating leases have been entered into for motor vehicles, office equipment and property. Rental payments on motor vehicles and office equipment are fixed. Rental payments on property are generally fixed, but with inflation escalation clauses. No purchase option exists in relation to operating leases and no operating leases contain restrictions on financing or other leasing activities.

22. Foreign Currency Exposure:

The Australian dollar equivalents of foreign currency monetary items included in the Statement of Financial Position headings to the extent that they were not effectively hedged are as follows. These amounts include the payables and receivables of a foreign subsidiary which are not effectively hedged by other foreign denominated items.

Current Assets				
Amounts receivable in foreign currency which are not effectively hedged				
German deutschemark	**13**	9	**-**	-
New Zealand dollar	**591**	447	**-**	-
	604	456	**-**	-

Current Liabilities				
Amounts payable in foreign currency which are not effectively hedged				
Euro currency	**10**	-	**-**	-
German deutschemark	**500**	212	**-**	-
Great Britain pound	**8**	-	**-**	-
Italian lire	**-**	13	**-**	-
Japanese yen	**157**	163	**-**	-
New Zealand dollar	**329**	242	**-**	-
Swedish kroner	**39**	42	**-**	-
United States dollar	**40**	7	**-**	-
	1,083	679	**-**	-

	Consolidated		Parent	
	2001	2000	**2001**	2000
	$000	$000	**$000**	$000

23. Auditors Remuneration:

Remuneration received or due and receivable by the auditors of the parent entity and its affiliates in respect of:				
Audit or review of the financial statements	**64**	60	**4**	4
Other services	**4**	5	**-**	-

24. Remuneration of Directors and Executives:

(a) Income of directors

The numbers of directors of the parent entity who were paid, or due to be paid, income directly or indirectly from the company or any related party as shown in the following bands were:

$30,001 - $40,000	**2**	2	**2**	2
$50,001 - $60,000	**1**	1	**1**	1
$150,001 - $160,000	**1**	-	**-**	-
The aggregate income of directors referred to in the above bands was	**266**	115	**115**	115

(b) Income of executives

The number of executives whose total income falls within the following bands were:

$100,001 - $110,000	**-**	1	**-**	-
$120,001 - $130,000	**-**	1	**-**	-
$130,001 - $140,000	**1**	1	**-**	-
$140,001 - $150,000	**1**	-	**-**	-
$150,001 - $160,000	**1**	-	**-**	-
The aggregate income of executives referred to in the above bands was	**424**	364	**-**	-

Income of executives comprises amounts paid or payable to executive officers domiciled in Australia, directly or indirectly, by the consolidated entity or any related party in connection with the management of the affairs of the entity or consolidated entity whether as executive officers or otherwise.

Notes to the Financial Statements

for the year ended 30 June 2001

	Consolidated		Parent	
	2001	2000	**2001**	2000
	$000	$000	**$000**	$000
25. Employee Entitlements:				
The number of full time equivalents employed as at 30 June are	**77**	85	**-**	-

Superannuation Commitments

The consolidated entity maintains superannuation funds covering all of its employees. Each Australian entity in the consolidated entity has a legal obligation to contribute 8% (2000 7%) of the employees gross salary to the funds, with employees contributing various percentages of their gross salary.

The funds are defined contribution funds and have been established to provide benefits to employees on retirement, death or disability.

No superannuation benefits are provided for employees of Multispares NZ Limited.

26. Segment Information:

Industry segments

The consolidated entity operates predominantly in one industry segment being the provision of after market parts for the commercial vehicle market.

Geographical segments

	Revenue from customers outside the economic entity $000	Intersegment revenue $000	Total revenue $000	Segment results (i) $000	Segment assets $000
30 June 2001					
Australia	18,738	1,043	19,781	910	11,825
New Zealand	3,144	9	3,153	82	1,417
Eliminations	-	(1,052)	(1,052)	(14)	-
Consolidated	**21,882**	**-**	**21,882**	**978**	**13,242**
30 June 2000					
Australia	18,864	754	19,618	718	10,562
New Zealand	2,330	20	2,350	34	1,119
Eliminations	-	(774)	(774)	(33)	-
Consolidated	**21,194**	**-**	**21,194**	**719**	**11,681**

The sale of goods between segments is at cost of the item plus a commercial margin.

(i) Segment results are operating profit before borrowing costs, income tax, depreciation and amortisation (EBITDA).

Notes to the Financial Statements

for the year ended 30 June 2001

27. Contingent Liabilities:

As explained in Note 8 the parent entity has entered a Deed of Cross Guarantee in accordance with a Class Order issued by the Australian Securities Commission. The parent entity and all the controlled entities which are a party to the Deed have guaranteed the repayment of all current and future creditors in the event that any of these companies are wound-up.

28. Notes to the Statement of Cash Flows:

(a) Reconciliation of cash

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

	Consolidated		**Parent**	
	2001	2000	**2001**	2000
	$000	$000	**$000**	$000
Cash on hand	**8**	3	**-**	-
Cash at bank	**14**	9	**5**	6
Bank Overdraft (Note 12)	**(224)**	(176)	**-**	-
	(202)	(164)	**5**	6

(b) Reconciliation of net cash provided by operating activities to net profit after income tax.

	2001	2000	**2001**	2000
Net profit after income tax	**315**	106	**326**	170
Adjustments for non-cash income and expense items:				
Dividends received	**-**	-	**(315)**	(161)
Loss on sale of property, plant and equipment	**13**	-	**-**	-
Loss on revaluation land and buildings	**-**	60	**-**	51
Depreciation of property, plant and equipment	**301**	276	**8**	11
Amortisation of goodwill	**-**	64	**-**	-
Goodwill written off	**-**	287	**-**	-
Other non cash items	**-**	-	**18**	(35)
Transfers to provisions:				
-Inventory obsolescence	**53**	87	**-**	-
-Employee entitlements	**107**	25	**25**	28
-Doubtful debts	**15**	14	**-**	-
Increase (decrease) in provision for:				
-Income tax payable	**125**	159	**(7)**	31
-Deferred taxes	**(33)**	(14)	**(8)**	(20)

Notes to the Financial Statements

for the year ended 30 June 2001

	Note	Consolidated 2001 $000	Consolidated 2000 $000	Parent 2001 $000	Parent 2000 $000

28. Notes to the Statement of Cash Flows: (continued)

	Note	Consolidated 2001 $000	Consolidated 2000 $000	Parent 2001 $000	Parent 2000 $000
Changes in assets and liabilities:					
(Increase) decrease in:					
Accounts receivable		**(361)**	(409)	**-**	-
Inventories		**(1,330)**	(696)	**-**	-
Other assets		**(17)**	42	**(2)**	-
(Decrease) increase in:					
Trade creditors and accruals		**909**	(84)	**10**	(7)
Net cash from operating activities		**97**	(83)	**55**	68

29. Financing Arrangements:

The consolidated entity has access to the following financing facilities.

	Note	Consolidated 2001 $000	Consolidated 2000 $000	Parent 2001 $000	Parent 2000 $000
Credit facilities		**3,030**	2,353	**-**	-
Amount utilised		**(2,099)**	(1,701)	**-**	-
Unused credit facility		**931**	652	**-**	-
The major facilities are summarised as follows:					
Bank overdrafts					
Credit facility (i)		**830**	578	**-**	-
Amount utilised		**(224)**	(176)	**-**	-
Unused credit facility		**606**	402	**-**	-
Bank loans					
Credit facility (i)		**850**	525		
Credit facility (ii)		**1,000**	1,000	**-**	-
Amount utilised		**(1,675)**	(1,525)	**-**	-
Unused credit facility		**175**	-	**-**	-
Documentary credit facility					
Credit facility (i)		**350**	150	**-**	-
Amount utilised		**(200)**	-	**-**	-
Unused credit facility		**150**	150	**-**	-

(i) No specific expiry date

(ii) Expires March 2002

All of the consolidated entity's facilities are subject to annual review and subject to cancellation at either party's election at each review date or upon expiry of each arrangement.

Notes to the Financial Statements

for the year ended 30 June 2001

30. Financial Instruments:

a) Objectives for Holding Derivative Financial Instruments

The consolidated entity uses derivative financial instruments to manage specifically identified foreign currency risks. The consolidated entity is primarily exposed to the risk of adverse movements in the Australian dollar relative to certain foreign currencies, including German deutschemark and Japanese yen.

Foreign currency forward exchange contracts are purchased to hedge the Australian dollar value of foreign currency purchases of spare parts.

b) Interest Rate Risk Exposures

The consolidated entity is exposed to interest rate risk through financial assets and liabilities.

The following table summarises interest rate risk for the consolidated entity together with effective interest rates as at balance date.

	Floating interest rate (i)	Fixed interest rate maturing			Non-interest bearing	Total	Average interest rate	
		1 year or less	1 to 5 years	Over 5 years			floating	fixed
	$000	$000	$000	$000	$000	$000	%	%
30 June 2001								
Financial assets								
Cash	13	-	-	-	8	21	3.0	-
Receivables	-	-	-	-	3,616	3,616	-	-
	13	**-**	**-**	**-**	**3,624**	**3,637**		
Financial liabilities								
Accounts payable	-	-	-	-	3,942	3,942	-	-
Bank loans	675	1,000	-	-	-	1,675	7.8	8.6
Other loans	-	-	102	-	-	102	-	8.8
	675	**1,000**	**102**	**-**	**3,942**	**5,719**		
30 June 2000								
Financial assets								
Cash	9	-	-	-	3	12	3.0	-
Receivables	-	-	-	-	3,238	3,238	-	-
	9	**-**	**-**	**-**	**3,241**	**3,250**		
Financial liabilities								
Accounts payable	-	-	-	-	3,064	3,064	-	-
Bank loans	701	-	1,000	-	-	1,701	9.2	8.6
Other loans	-	-	86	-	-	86	-	8.8
	701	**-**	**1,086**	**-**	**3,064**	**4,851**		

(i) Floating interest rates are the most recently determined rate applicable to the instrument at balance date.

Notes to the Financial Statements

for the year ended 30 June 2001

30. Financial Instruments (continued):

c) Foreign Exchange Risk

The consolidated entity enters into forward exchange contracts to hedge certain purchases undertaken in foreign currencies. The terms of these commitments are not more than six months.

The following table summarises by currency the Australian dollar value of forward exchange agreements.

		Average exchange rate		2001 Buy	2000 Buy
Currency		**2001**	**2000**	**$000**	**$000**
German deutschemark	3 months or less	1.18	1.23	564	619
Japanese yen	3 months or less	62.1	-	147	-
Great British pound	3 months or less	0.37	0.39	37	73
Italian lire	3 months or less	1,160	1,231	35	90
Euro currency	3 months or less	0.61	-	30	-
Total				**813**	**782**

The consolidated entity is exposed to foreign currency exchange risk through primary financial assets and liabilities modified through forward exchange agreements. The following table summarises by currency in Australian dollars this foreign exchange risk.

	New Zealand dollar $000	German mark $000	Japanese yen $000	Great British pound $000	Italian lire $000	United States dollar $000	Swedish kroner $000	Euro currency $000	Total $000
30 June 2001									
Financial assets									
Cash	13	14	-	-	-	-	-	-	27
Receivables	577	-	-	-	-	-	-	-	577
	590	**14**	**-**	**-**	**-**	**-**	**-**	**-**	**604**
Financial liabilities									
Accounts payable	**329**	**1,064**	**304**	**45**	**35**	**40**	**39**	**40**	**1,896**
30 June 2000									
Financial assets									
Cash	1	9	-	-	-	-	-	-	10
Receivables	446	-	-	-	-	-	-	-	446
	447	**9**	**-**	**-**	**-**	**-**	**-**	**-**	**456**
Financial liabilities									
Accounts payable	207	831	163	73	103	7	42	-	1,426
Bank loans	35	-	-	-	-	-	-	-	35
	242	**831**	**163**	**73**	**103**	**7**	**42**	**-**	**1,461**

30. Financial Instruments (continued):

d) Credit Risk Exposures

Credit exposure represents the extent of credit related losses that the consolidated entity may be subject to on amounts to be exchanged under forward exchange agreements or to be received from financial assets.

The credit risk on financial assets of the consolidated entity which have been recognised in the Statement of Financial Position is the carrying amount net of any provision for doubtful debt. The consolidated entity minimises the concentrations of credit risk by undertaking transactions with a large number of customers in Australia and New Zealand.

The credit risk on derivative financial instruments is represented by the net fair value of contracts disclosed in the previous table. The credit risk on forward exchange contracts is minimised as transactions are only undertaken with recognised financial institutions.

e) Net fair value of financial assets and liabilities

There are no financial assets or liabilities for which the carrying amounts are materially different from their net fair values.

31. Related Party Transactions:

a) The parent entity entered into the following transactions during the year with related parties in the wholly owned group:

Loans were advanced and repayments received on short term intercompany accounts. Dividends and management fees were received from wholly owned controlled entities. (See Note 2)

These transactions were undertaken on commercial terms and conditions.

b) Amounts due to and receivable from related parties in the wholly owned group are set out in the respective notes to the financial statements.

c) The ownership interests in related parties in the wholly owned group are disclosed in Note 8.

d) The ultimate controlling entity of the consolidated entity is Multispares Holdings Limited.

e) The names of each person holding the position of Director of Multispares Holdings Limited during the last two financial years were H R Forsyth, H M O Anderson, G T Lingard and G D H Stewart (appointed November 2001)

f) Mr G T Lingard is a director and shareholder in a company which leases premises on normal commercial terms and conditions to a wholly owned controlled entity total payments in 2001 $229,000 (2000 $210,000).

g)

Directors Shareholdings	**2001**	**2000**
Ordinary share options acquired by Directors from the parent entity during the year	**250,000**	-
Shares and share option held by Directors in parent entity at end of the year		
Directly		
Ordinary shares	**6,877,156**	6,637,156
Ordinary share options	**250,000**	-
Indirectly		
Ordinary shares	**416,344**	416,344

Directors' Declaration

The directors' declare that:

(a) the financial statements and associated notes comply with the Accounting Standards and Urgent Issues Group Consensus Views;

(b) the financial statements and notes give a true and fair view of the financial position as at 30 June 2001 and performance of the company and consolidated entity for the year then ended;

(c) in the director's opinion;

(i) there are reasonable grounds to believe that the company will be able to pay its debts as when they become due and payable, and the companies and parent entity who are party to the deed described in Note 8 will together be able to meet any obligations or liabilities to which they are, or may become subject by virtue of the deed of cross guarantee dated 5 June 1992; and

(ii) the financial statements and notes are in accordance with the Corporations Act (2001), including sections 296 and 297

Made in accordance with a resolution of the directors.

H R Forsyth
Director

H M O Anderson
Director

Sydney,
30 August 2001.

Independent Audit Report

To the Members of Multispares Holdings Limited

Scope

We have audited the financial report of Multispares Holdings Limited for the financial year ended 30 June 2001, as set out on pages 11 to 35. The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at year's end or from time to time during the financial year. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and statutory requirements, in Australia, so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

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

Audit Opinion

In our opinion, the financial report of Multispares Holdings Limited is in accordance with:

(a) the Corporations Act (2001) including:

- (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2001 and of their performance for the year ended on that date; and
- (ii) complying with Accounting Standards and the Corporations Regulations (2001); and

(b) other mandatory professional reporting requirements.

Arthur Andersen

Arthur Andersen
Chartered Accountants

A.P. Davies
Partner

Sydney
30 August 2001.

2001 Annual Report

Corporate Information

a) Shareholdings

The distribution of members and their holdings of 25 cents fully paid shares as at 28 August 2001 in the company's register was as follows:-

			Shareholdings
1	to	1,000	21
1,001	to	5,000	119
5,001	to	10,000	69
10,001	to	100,000	94
100,001	to	and over	34
Total shareholders			337

b) The number of shareholders who hold less than a marketable parcel is 109.

c) Directors Interests

Relevant interests of directors in the share capital and options of the company as at 28 August 2001

(i) H R Forsyth is deemed to have a relevant interest in shares held by Hergfor Enterprises Pty Ltd a substantial shareholder (6,499,658 shares).

(ii) H M O Anderson is deemed to have a relevant interest in shares held by Raida Pty Ltd (400,000 shares).

(iii) G T Lingard is deemed to have a relevant interest in shares held by GT Lingard Holdings Pty Ltd (193,842 shares).

(iv) G D H Stewart is deemed to have a relevant interest in shares held by D G Stewart (200,000 shares) and holds options on 250,000 ordinary shares of the company.

d) All ordinary shares carry one vote per share.

e) The address of the Principal Registered office in Australia is 151 Fairfield Road, Guildford NSW 2161.

f) The share registry is at Computershare Investor Services Pty Ltd Level 3, 60 Carrington Street, Sydney NSW 1115.

g) The company's auditors are Arthur Andersen 363 George Street, Sydney NSW 2000.

h) The company's securities are listed on the Australian Stock Exchange.

i) The company has appointed an Audit Committee of the Board of Directors.

j) The name of the Company Secretary is P W Gill.

k) There are no contingent liabilities for termination benefits under service agreements with directors or persons who take part in the management of the company or its controlled entities.

Corporate Information

l) Twenty largest shareholders

At 28 August 2001 the twenty largest shareholders were:

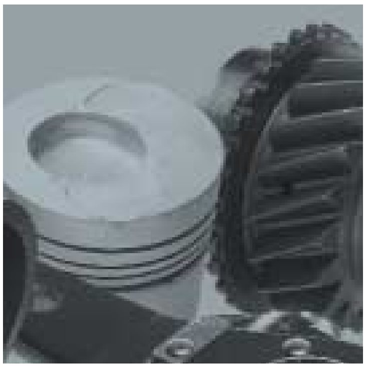
Name	Ordinary Shares Held
Hergfor Enterprises Pty Ltd	6,083,314
Evonda Pty Ltd	808,447
Bilbini Pty Ltd	792,133
Butomen Pty Ltd	730,000
Dixson Trust Pty Ltd	550,000
Sherkane Pty Ltd	500,000
Trilon Nominees Pty Ltd	500,000
Raida Pty Ltd	400,000
Mr F Alakus & Mrs A Alakus	354,000
Mr M Nakayama	352,875
I J Kennedy Pty Ltd	302,100
Mr G Forsyth	298,524
Trazrail Pty.Ltd.	261,622
Tizoku Securities Pty Ltd	247,740
Meadgate Pty Ltd	236,700
Mr G Wieland	235,094
Forest Coach Lines Pty.Ltd. (Retirement Fund)	223,000
Mr R Denison	220,000
Ewell Investments Pty.Ltd.	201,620
Macvest Pty.Ltd.	200,000
D G Stewart	200,000

The twenty largest shareholders held 13,697,169 ordinary shares equal to 70.8% of issued ordinary shares.

The company's register of substantial shareholders at 28 August 2001 are:

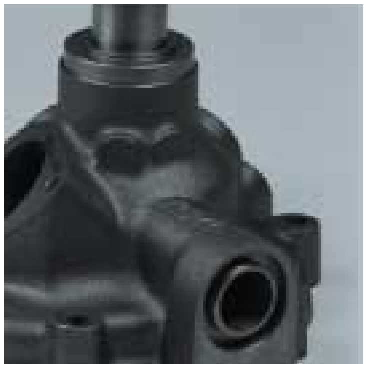
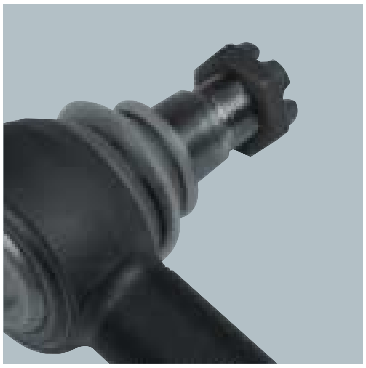
Hergfor Enterprises Pty Ltd	6,499,658
L.A. Niederer and Company Pty.Ltd.	1,273,594

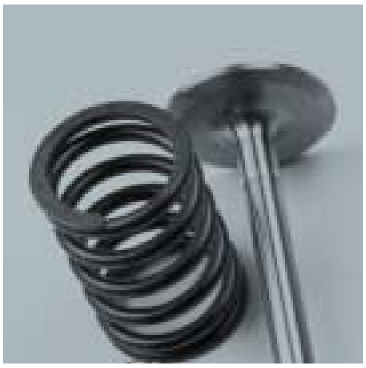
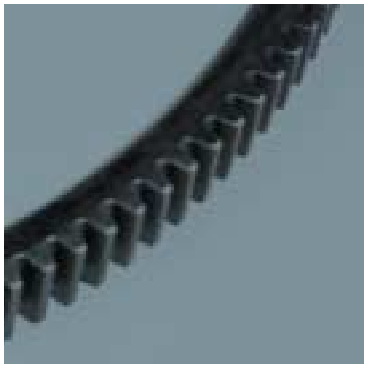
Regional Distribution




First in parts for

European and Japanese Trucks and Buses

Multispares Holdings Limited

ACN 003 135 680

www.multispares.com.au

Engine
Steering

Clutch
Suspension

Transmission
Filtration

Driveline
Electrics

Rear Axle
Cab Parts

Brakes
Accessories

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