



Multispare Holdings Limited

Annual Report 2002

**Quality Parts
with
Professional Service
at
Competitive Prices**

Annual Report 30 June 2002

Multispares Holdings Limited

ACN 003 135 680

Contents	Page
Corporate Information	2
Chairman's Report	3
Managing Director's Report	4
Directors' Report	5-9
Statement of Financial Performance	10
Statement of Financial Position	11
Statement of Cash Flows	12
Notes to the Financial Statements	13-32
Directors' Declaration	33
Independent Audit Report	34
ASX Additional Information	35-36
Corporate Governance Statement	37
Consolidated Financial Summary	38

Corporate Information

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 02 9722 2028
Facsimile 02 9722 2095
E-mail admin@multispares.com.au
Internet www.multispares.com.au

Auditors

Ernst & Young

Bankers

ANZ Banking Group Limited

Solicitors

Blake Dawson Waldron
Cornwall Stodart
Vpro Network Lawyers

Share Registry

Computershare Investor Services Pty Limited
Level 3
60 Carrington Street
Sydney NSW 2000
02 8234 5000

Stock Exchange Listing

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

Chairman's Report

It is a pleasure to be able to report a favourable result for your Company during the year to June 30 2002. An operating profit after tax of \$577,000 represents a substantial increase in earnings per share and further improves our net tangible asset position.

We have already announced to the market that a final dividend of 1.0 cent per share fully franked has been declared, again an improvement on last year. The payout ratio is being maintained at approximately one third of net profit to ensure that adequate internal funding of working capital growth is maintained.

Our intention to raise additional capital through an offering to existing shareholders was previously advised to the market and details of our Share Purchase Plan have already been distributed to shareholders with anticipation of a favourable response.

At this year's Annual General Meeting there are a number of agenda items, over and above routine items, for which your support is canvassed and these are:

- Adoption of a new constitution for the Company. Your Board recognises that good corporate governance practice involves maintaining an up to date constitution for the Company.
- Adoption of a new Company name. Multispares has become a strong brand within the commercial vehicle trade. Our future outlook includes an expansion to other business segments and some of these new activities will be undertaken through separate companies in order to protect the brand name and gain greater market acceptance.
- Increase Directors' fee maximum allowance. The current level was set at the A.G.M. in 1996. Amounts paid to your Directors have remained unchanged (other than for Superannuation levy increases) since then and the appointment of an additional non-executive Director is also under consideration.

Whilst there has been no acquisition to report we have recently expressed interest in a number of complementary businesses and will continue to review opportunities that meet our criteria. The Directors recognise the benefits to shareholders from a prudent increase to the capitalisation of our Company.

Expansion of our regional distribution network which has been more broadly detailed in the Managing Director's report is part of our ongoing pursuit of organic growth.

The extended Branch network with two new sites opened this calendar year means greater demands on all our staff who are the key to improved market presence. Geoff, his executive team and their staff are to be recognised for their endeavours in exceeding agreed targets in the past year and their commitment to double digit sales revenue growth in the current year.

Whilst we have achieved and exceeded our objectives over the past few years much remains to be done to produce a result that meets all our benchmark ratios and we will continue to focus on our expansion and future earnings potential.

The new financial year has continued to produce sales levels in line with expectations and subject to the economy remaining reasonably strong we expect a favourable result for the current financial year.

To my fellow directors I extend thanks on your behalf for their dedication and support over the past year. To Geoff Stewart and your hard working Multispares team in all locations thank you for a substantial improvement over last year.

Managing Director's Report

A year ago I forecast double-digit revenue growth and an increase in earnings after tax of 0.5 cents to 2.13 cents/share over the 2001-2002 financial year. Our actual result was 20% revenue growth and earnings of 2.98 cents/share, largely as a consequence of an exceptional final quarter.

Key ratios for the business all improved when compared with the previous year. Although stock levels grew by 12%, our Inventory Turnover also increased by 11% and growth in obsolete stock was constrained to less than 2%. The concentration of new stock in programs that are achieving or have the potential to achieve target performance levels has contributed to an increase in Return on Equity to 8.8% as at 30 June 2002.

Working capital growth was funded through profitability and the sale of our Dandenong property leaving us with Gearing of just 31% at year-end, which puts us in a strong position to fund future growth.

Review of Operations

Multispares business is structured around providing an efficient delivery of parts to the commercial vehicle trade. Improving this service requires ongoing investment in our supply chain, distribution infrastructure and electronic catalogue system and we have accelerated our investment in all three of these key areas over the past year.

Since our 2000 Annual Report we have consistently reported efforts to strengthen our supply chain with the announcement of a number of sole distribution agreements. These arrangements have allowed product differentiation and will continue to feed growth opportunities.

In our 2001 Annual Report I indicated greater emphasis on developing the supply chain for our Japanese program. This work has progressed well and we expect solid growth in our Japanese program this year. I also indicated greater emphasis on "value adding alliances with other local suppliers" to leverage our strong links with the trade and again I can report solid progress with a growing contribution to sales.

Since our last AGM we have relocated our Adelaide branch to larger, more suitable premises, opened new branches in Christchurch and Newcastle and continued to expand our Reseller network. These three branches are currently trading at or above expectations and together with our Reseller network will be major growth drivers over the next two years.

Our in-house electronic catalogue continues to expand at a rate of around 20% each year and it is our intention to leverage this powerful system across our Reseller network. Internal risk management processes identified continuous access to this catalogue, other on-line information and telephone services as key areas of vulnerability for the Group. As a consequence we have recently installed a back-up power supply in our Guildford Head Office. This will improve system availability and will pay for itself after the first half day of power outage.

Looking Forward

Strong sales results have continued over the first part of the 2002-2003 financial year and we expect to achieve double-digit growth over the full year. Earnings after tax are expected to increase to 3.3 cents/share.

Borrowing facilities are in place to fund growth in working capital over the current year. Stock levels are projected to increase by about \$1 million however with continuing active management of our stock programs Return on Assets will increase and we have set a two year target of 12% for Return on Equity.

The Multispares Staff

Our improved results over the 2001-2002 financial year are a great credit to the Multispares staff and I thank them on behalf of our shareholders for their efforts. We have built a strong team with the potential to achieve significantly more and I look forward to working with them over the next year.

Directors' Report

The Directors of Multispares Holdings Limited submit their report for the financial year ended 30 June 2002.

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

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

Results

The net profit of the consolidated entity after providing for income tax for the financial year was \$577,000 (2001: \$315,000).

Earnings Per Share

Basic and diluted earnings per share for the financial year are 2.98 cents per share (2001: 1.63 cents).

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 2002 of 1.0 cent per share as declared by directors, payable 16 September 2002.	\$193,000
Final fully franked dividend of 0.5 cents per share paid 26 October 2001.	\$97,000

Review of Operations

The consolidated entity experienced an improvement in both sales and profits in this financial year.

Sales revenue for the year increased by 20.4% on last year and comprises an increase of 22.3% in the first half and 18.6% in the second half compared to the corresponding periods in the previous year.

The consolidated entity profit from ordinary activities after income tax of \$577,000 represents an increase of \$262,000 on last year.

Further information is detailed in the Managing Director's Report and Chairman'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 Balance Date

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 Expected 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 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

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 below in the section headed Directors' and Senior Executives' Remuneration.

Unissued shares

As at the date of this report, there were 625,000 unissued ordinary shares under options (750,000 at balance date). Refer to Note 19 of the financial statements for further details of the options outstanding.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the company or any related body corporate or in the interest issue of any other registered scheme.

Shares issued as a result of the exercise of options

During the financial year no shares were issued by virtue of an option held by a director or employee. Since the end of the financial year G D H Stewart, a director, exercised the option to acquire 125,000 fully paid ordinary shares in Multispares Holdings Limited at an exercise price of 13 cents.

Directors' Report (continued)

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.

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 and has an MBA from Macquarie University. He also has over 10 years executive management experience in the Road Transport Industry.

Directors' Meetings

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

Board or Committees	Number of Meetings
Full Board	16
Audit	3
Remuneration	2

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

	Full Board	Audit Committee	Remuneration Committee
H R Forsyth	16	3	2
H M O Anderson	16	3	2
G T Lingard	15	3	2
G D H Stewart	16	-	-

As at the date of this report the company had an Audit Committee of the Board of Directors which met three times during the year, and a remuneration committee which met twice during the year.

Directors' Report (continued)

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 (6,083,314 shares).
- (b) H M O Anderson is deemed to have a relevant interest in shares held by Birubi Super Fund (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 holds 125,000 ordinary shares of the company and options to acquire a further 275,000 ordinary shares and is deemed to have a relevant interest in shares held by D G Stewart (200,000 shares).

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 incentives 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	Directors' Fees	Bonus	Super-annuation	Options	Other	Total	Options Granted (a)
		\$	\$	\$	\$	\$	\$	Number
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	120,100	-	20,100	30,000	1,500	9,300	181,000	150,000
Officers								
P W Gill	111,400	-	10,100	28,400	1,000	10,200	161,100	100,000
B A McKenna	109,500	-	10,100	15,300	1,000	10,200	146,100	100,000

- (a) Each option entitles the holder to purchase one ordinary share in Multispares Holdings Limited. All options were granted on the same day at an exercise price of 20 cents vesting in April 2004 and expiring in April 2007. The Directors estimate that the fair value of each option at grant date was one cent each and used an option pricing model as a guide in assessing this amount.

Directors' Report (continued)

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.

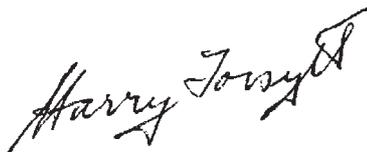
Rounding

The amounts contained in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

Corporate Governance

In recognition of the need for high standards of corporate behaviour and accountability the directors support and adhere to the principles of corporate governance. The company's corporate governance statement is contained in the additional ASX Information section of this annual report.

Signed in accordance with a resolution of directors.



H R Forsyth
Director

Sydney
29 August 2002

Statement of Financial Performance

for the year ended 30 June 2002

	Note	Consolidated		Parent	
		2002 \$000	2001 \$000	2002 \$000	2001 \$000
Sales revenue	2	26,344	21,882	-	-
Cost of sales		(16,872)	(13,613)	-	-
Gross profit		9,472	8,269	-	-
Other revenues	2	810	231	1,284	547
Salaries & employee benefits expenses		(4,790)	(4,326)	(148)	(149)
Borrowing costs	3	(221)	(173)	-	-
Depreciation & amortisation expense	3	(325)	(301)	(7)	(8)
Leasing expenses		(963)	(871)	-	-
Sale of non-current asset expenses		(595)	(114)	(584)	-
Other expenses		(2,543)	(2,212)	-	-
Profit from ordinary activities before income tax expense		845	503	545	390
Income tax expense relating to ordinary activities	4	(268)	(188)	(11)	(3)
Profit from ordinary activities after income tax expense		577	315	534	387
Net profit		577	315	534	387
Net exchange difference on translation of financial statements of foreign controlled entity		73	18	-	-
Total changes in equity other than those resulting from transactions with owners as owners		650	333	534	387
Basic and diluted earnings per share (cents per share)		2.98	1.63		
Weighted average number of ordinary shares used in the calculation of basic earnings per share		19,345,845	19,345,845		

Statement of Financial Position

at 30 June 2002

		Consolidated		Parent	
	Note	2002 \$000	2001 \$000	2002 \$000	2001 \$000
Current Assets					
Cash assets	28	292	22	-	5
Receivables	5	3,950	3,454	-	-
Inventories	6	9,305	8,018	-	-
Other	7	15	13	-	-
Total Current Assets		13,562	11,507	-	5
Non-Current Assets					
Receivables	8	-	-	5,753	4,761
Other financial assets	9	-	-	1,398	1,398
Property, plant and equipment	10	661	1,345	-	592
Deferred tax assets	11	465	390	96	90
Total Non-current Assets		1,126	1,735	7,247	6,841
Total Assets		14,688	13,242	7,247	6,846
Current Liabilities					
Payables	12	4,729	3,942	19	27
Interest bearing liabilities	13	162	1,922	-	-
Current tax liabilities	14	168	254	22	24
Provisions	15	993	756	432	318
Total Current Liabilities		6,052	6,874	473	369
Non-Current Liabilities					
Interest bearing liabilities	16	1,893	78	-	-
Deferred tax liabilities	17	17	37	-	-
Provisions	18	165	149	62	55
Total Non-Current Liabilities		2,075	264	62	55
Total Liabilities		8,127	7,138	535	424
Net Assets		6,561	6,104	6,712	6,422
Equity					
Contributed equity	19	4,837	4,837	4,837	4,837
Reserves	20	(6)	(79)	-	-
Retained profits	21	1,730	1,346	1,875	1,585
Total Equity		6,561	6,104	6,712	6,422

Statement of Cash Flows

for the year ended 30 June 2002

	Note	Consolidated		Parent	
		2002 \$000	2001 \$000	2002 \$000	2001 \$000
Inflows (Outflows)					
Cash flows from operating activities					
Receipts from customers		28,725	23,739	78	54
Payments to suppliers and employees		(28,130)	(23,400)	(13)	(1)
Interest received		-	12	-	2
Borrowing costs		(223)	(169)	-	-
Income taxes paid		(448)	(96)	-	-
Net cash flows from (used in) operating activities	28b	(76)	86	65	55
Cash flows from investing activities					
Purchase of property, plant and equipment		(231)	(294)	-	-
Proceeds from sale of property, plant and equipment		621	101	615	-
Advances to and by wholly owned related parties		-	-	(588)	41
Net cashflows from (used in) investing activities		390	(193)	27	41
Cash flows from financing activities					
Proceeds from borrowings		400	281	-	-
Repayment of borrowings		(123)	(115)	-	-
Payment of dividend on ordinary shares		(97)	(97)	(97)	(97)
Net cashflows from (used in) financing activities		180	69	(97)	(97)
Net increase (decrease) in cash held		494	(38)	(5)	(1)
Add opening cash brought forward		(202)	(164)	5	6
Closing cash carried forward	28a	292	(202)	-	5

Notes to the Financial Statements

for the year ended 30 June 2002

1. Statement of Significant Accounting Policies:

(a) 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 including applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

The financial report has been prepared in accordance with the historical cost convention and does not take into account changes in general purchasing power of the dollar or, except where stated, the price of specific assets.

(b) Principles of Consolidation

The consolidated financial statements include the financial statements of the parent entity, Multispare 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 rate of exchange ruling at the date of the transaction.

Amounts payable to or by the consolidated entity in foreign currencies have been translated into Australian currency at the rate of exchange ruling at the end of the financial year.

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) Cash and Cash Equivalents

Cash on hand and in banks and short term deposits are stated at nominal value.

For the purpose of the Statement of Cash Flows, cash includes cash on hand and in bank, net of outstanding bank overdrafts.

Bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues.

(e) Receivables

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

Provision for doubtful debts is recognised to the extent that recovery of outstanding receivable balances 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.

Receivables from related parties are recognised and carried at the nominal amount due.

Notes to the Financial Statements

for the year ended 30 June 2002

1. Statement of Significant Accounting Policies (continued):

(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.

(g) Recoverable Amount

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 which have not been discounted.

(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

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

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

Plant and equipment is measured at cost. Land and buildings are carried at deemed cost.

Depreciation is provided on a straight line basis on all property, plant and equipment other than freehold land. Major depreciation rates used are:

	2002	2001
Buildings	50 years	50 years
Plant and Equipment	2-20 years	2-20 years

(k) Employee Entitlements

Provision is made for employee entitlements benefits accumulated as a result of employees rendering services up to balance date. Benefits accruing to employees in relation to such matters as annual leave and long service leave are 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 superannuation, payroll tax and workers' compensation premiums are included in the determination of provisions.

Employee entitlements expenses arising in respect of the following categories:

- wages and salaries, non monetary benefits, annual leave, long service leave, sick leave and other leave entitlements; and
- other types of employee entitlements

are charged against profits on a net basis in their respective categories.

Notes to the Financial Statements

for the year ended 30 June 2002

1. Statement of Significant Accounting Policies (continued):

(l) Contributed Equity

Issued and paid up capital is recognised at the fair value of the consideration received by the company.

(m) 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.

Payables to related parties are carried at the principal amount.

(n) Interest Bearing Liabilities

Loans are measured at the principal amount. Interest is charged as an expense as it accrues.

(o) Superannuation Plans

Contributions to defined contribution superannuation funds 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.

(p) Revenue

Sales revenue is recognised when control of the goods has passed to the purchaser.

Interest income is recognised as it accrues.

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

(q) Taxes

Income taxes

Tax-effect accounting is applied using the liability method whereby income tax is regarded as an expense and is calculated on the accounting profit after allowing for permanent differences. To the extent that timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a deferred tax asset or deferred tax liability.

The net future income tax benefit relating to timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

Goods and Services Tax (GST)

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.

Notes to the Financial Statements

for the year ended 30 June 2002

1. Statement of Significant Accounting Policies (continued):

(q) Taxes (continued)

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

Cash flows are included in the Statement of Cash Flows 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.

(r) Earnings Per Share

Basic and diluted earnings per share are calculated as net profit attributable to members, adjusted to exclude cost of servicing equity (other than dividends) divided by weighted average number of ordinary shares. The revised AASB 1027 has been applied for the first time this year and has not resulted in any change to earnings per share.

(s) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures as a result of the first-time application of revised Accounting Standards AASB 1005 "Segment Reporting".

Notes to the Financial Statements

for the year ended 30 June 2002

	Consolidated		Parent	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000
2. Revenue				
Revenue from sale of goods	26,344	21,882	-	-
Revenues from non-operating activities:				
Dividends received from:				
-Wholly owned related parties	-	-	420	315
Interest received from:				
-Other persons	-	12	-	2
Net foreign exchange gains from non-speculative activities	21	8	-	-
Rent received from:				
-Other persons	69	50	69	50
Management fees received from				
-Wholly owned related parties	-	-	180	180
Proceeds from sale of non-current assets (Note 3(a) below)	621	101	615	-
Other income	99	60	-	-
Total revenues from non-operating activities	810	231	1,284	547
Total revenues from ordinary activities	27,154	22,113	1,284	547
3. Expenses and Losses (Gains)				
Expenses:				
Depreciation and amortisation:				
Depreciation of:				
-Building	7	8	7	8
-Plant and equipment	318	293	-	-
Total depreciation expense	325	301	7	8
Borrowing Costs:				
Interest paid to or payable to:				
-Other persons	221	173	-	-
Other Expense Items:				
Bad and doubtful Debts - trade debtors	45	36	-	-
Net (profit)/loss on disposal of property, plant and equipment (Note 3(a) below)	(26)	13	(31)	-
Operating lease rentals	963	871	-	-
Provision for employee entitlements	192	134	24	25
Provision for inventory obsolescence	7	53	-	-
(a) Revenue from sale of property, plant and equipment	621	101	615	-
Less expenses from sale of property, plant and equipment	595	114	584	-
Net (profit)/loss on disposal of property, plant and equipment	(26)	13	(31)	-

Notes to the Financial Statements

for the year ended 30 June 2002

	Consolidated		Parent	
	2002	2001	2002	2001
	\$000	\$000	\$000	\$000

4. Income Tax Expense:

The prima facie tax on profit from ordinary activities before income tax differs from income tax provided in the financial statements as follows:

Profit from ordinary activities	845	503	494	329
Prima facie tax payable at 30% (2001 at 34%)	254	171	148	112
Tax effect of permanent and other differences				
Dividends received	-	-	(126)	(107)
Non assessable gain on disposal of property, plant and equipment	(9)	-	(9)	-
Other items not deductible	22	9	(2)	(3)
Amount under provided in prior year	1	5	-	-
Restatement of deferred tax balances due to income tax rate changes	-	3	-	1
Income tax expense attributable to profit from ordinary activities	268	188	11	3

Total income tax expense comprises movements in

Current tax payable	359	222	17	11
Future income tax benefit	(73)	(34)	(6)	(8)
Provision for deferred income tax	(18)	-	-	-
	268	188	11	3

5. Current Assets - Receivables:

Trade debtors	4,122	3,599	-	-
Provision for doubtful debts	(180)	(162)	-	-
	3,942	3,437	-	-
Other debtors	8	17	-	-
	3,950	3,454	-	-

(a) Australian Dollar Equivalents

Australian dollar equivalents of amounts receivable in foreign currencies not effectively hedged:

New Zealand Dollar	695	577	-	-
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(b) Terms and Conditions

Terms and conditions relating to the above financial instruments:

- (i) Trade debtors are non interest bearing and generally on 30 day terms

Notes to the Financial Statements

for the year ended 30 June 2002

	Consolidated		Parent	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000
6. Current Assets - Inventories:				
Finished goods (at cost)	8,278	7,428	-	-
Provision for obsolescence	(760)	(747)	-	-
	7,518	6,681	-	-
Stock in transit (at cost)	1,787	1,337	-	-
	9,305	8,018	-	-
7. Current Assets - Other:				
Prepayments	15	13	-	-
8. Non-Current Assets - Receivables:				
Amounts receivable from wholly owned related parties (see Note 31)	-	-	5,753	4,761

9. Non-Current Assets - Other Financial Assets:

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

	Class of Shares	Percentage Holdings	2002 \$	2001 \$
Globac 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) Multispares Holdings Limited, Globac Limited and Multispares Limited (Closed Group) have entered into a Deed of Cross Guarantee dated 5 June 1992 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 Australian Securities Commission, Globac Limited and Multispares Limited are relieved from the requirement to prepare financial statements.

The Statement of Financial Performance and Statement of Financial Position 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 2002

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

(c) Financial Information for class order closed group

Statement of Financial Performance	Closed Group	
	2002 \$000	2001 \$000
for the year ended 30 June 2002		
Profit from ordinary activities before income tax expense	708	458
Income tax expense relating to ordinary activities	(216)	(167)
Profit from ordinary activities after income tax	492	291
Retained profits at the beginning of the financial year	1,577	1,383
	2,069	1,674
Dividends provided for or paid	(194)	(97)
Retained profits at end of the financial year	1,875	1,577
Statement of Financial Position at 30 June 2002		
Current Assets		
Cash assets	361	21
Receivables	3,462	3,092
Inventories	8,278	7,310
Other	31	13
Total Current Assets	12,132	10,436
Non-Current Assets		
Other financial assets	1,030	1,030
Property, plant and equipment	580	1,286
Deferred tax assets	417	349
Total Non-Current Assets	2,027	2,665
Total Assets	14,159	13,101
Current Liabilities		
Payables	4,094	3,525
Interest bearing liabilities	162	1,934
Current tax liabilities	162	242
Provisions	959	731
Total Current Liabilities	5,377	6,432
Non-Current Liabilities		
Interest bearing liabilities	1,893	78
Deferred tax liabilities	12	28
Provisions	165	149
Total Non-Current Liabilities	2,070	255
Total Liabilities	7,447	6,687
Net Assets	6,712	6,414
Equity		
Contributed equity	4,837	4,837
Retained profits	1,875	1,577
Total Equity	6,712	6,414

Notes to the Financial Statements

for the year ended 30 June 2002

	Consolidated		Parent	
	2002	2001	2002	2001
	\$000	\$000	\$000	\$000
10. Non-Current Assets - Property, Plant and Equipment:				
Property, plant and equipment at deemed cost:				
Land				
Opening balance	175	276	175	175
Disposals	(175)	(101)	(175)	-
Closing balance	-	175	-	175
Buildings				
Opening balance	425	425	425	425
Disposals	(425)	-	(425)	-
Closing balance	-	425	-	425
Accumulated Depreciation				
Opening balance	8	-	8	-
Depreciation for the year	7	8	7	8
Disposal	(15)	-	(15)	-
Closing balance	-	8	-	8
Net book value	-	417	-	417
Total property at deemed cost, net	-	592	-	592

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

Property, plant and equipment at cost:

Plant and equipment

Opening balance	2,151	1,919	-	-
Additions	231	294	-	-
Disposals	(86)	(66)	-	-
Currency translation difference	14	4	-	-
Closing balance	2,310	2,151	-	-

Accumulated Depreciation

Opening Balance	1,398	1,154	-	-
Depreciation for the year	318	293	-	-
Disposals	(75)	(51)	-	-
Currency translation difference	8	2	-	-
Closing balance	1,649	1,398	-	-
Net book value	661	753	-	-
Total plant and equipment at cost, net	661	753	-	-
Total property, plant and equipment, net	661	1,345	-	592

Notes to the Financial Statements

for the year ended 30 June 2002

	Consolidated		Parent	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000
11. Non-Current Assets - Deferred Tax Assets:				
Future income tax benefits:				
Attributable to timing differences				
-Provision for doubtful debts	54	50	-	-
-Provision for employee entitlements	290	243	90	83
-Provision for obsolescence	66	62	-	-
-Other	55	35	6	7
	465	390	96	90

12. Current Liabilities - Payables:

Trade creditors and accruals - unsecured	4,729	3,942	19	27
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(a) Australian Dollar Equivalents

Australian dollar equivalents of amounts payable in foreign currencies not effectively hedged:

Euro currency	948	10	-	-
German deutschemark	-	500	-	-
Great Britain pound	34	8	-	-
Japanese yen	176	157	-	-
New Zealand dollar	418	329	-	-
Swedish kroner	39	39	-	-
United States dollar	12	40	-	-
	1,627	1,083	-	-

(b) Terms and Conditions

Terms and conditions relating to the above financial statements:

(i) trade creditors are non interest bearing and are generally settled on 60 day terms.

13. Current Liabilities - Interest Bearing Liabilities:

Secured:

Bank overdraft	(a)	-	224	-	-
Bank loans	(a)	100	1,675	-	-
Other loans	(b)	62	23	-	-
		162	1,922	-	-

(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 8.6% to 8.8% Bank loans comprise fixed interest only loan of \$1,000,000 at 8.0% maturing 4 July 2003 and fixed interest loan of \$975,000 at 7.7% maturing 21 November 2004 and repayable by quarterly instalments.

(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%.

Notes to the Financial Statements

for the year ended 30 June 2002

	Consolidated		Parent	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000
14. Current Liabilities - Tax Liabilities:				
Current year tax liabilities	125	200	11	11
Prior year tax liabilities	43	54	11	13
	168	254	22	24
15. Current Liabilities - Provisions:				
Dividend	(a) 193	97	193	97
Employee entitlements	Note 25 800	659	239	221
	993	756	432	318

(a) Provision for dividend represents a final dividend of 1.0 cent (2001: 0.5 cent) per share fully franked for the financial year 30 June 2002. The extent to which dividends are franked and franking credits available for future years are disclosed in Note 21.

16. Non-Current Liabilities - Interest Bearing Liabilities:

Secured:				
Bank loans	(a) 1,875	-	-	-
Other loans	(b) 18	78	-	-
	1,893	78	-	-

(a) Refer Note 13(a) for details of bank loans

(b) Refer Note 13(b) for details of other loans

17. Non-Current Liabilities - Deferred Tax Liabilities:

Provision for deferred income tax:

Attributable to timing differences				
-Depreciation	15	35	-	-
-Prepayments	2	2	-	-
	17	37	-	-

18. Non-Current Liabilities - Provisions:

Employee entitlements	Note 25 165	149	62	55
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19. Contributed Equity:

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

(a) Share Options

Options over ordinary shares:

During the financial year, 500,000 options were issued over ordinary shares, exercisable from the second anniversary of issue and with an issue term of 5 years. The options had an average exercise price of \$0.20. Details are provided in Note 25. At the end of the year there were 750,000 (2001: 250,000) unissued ordinary shares in respect of which options were outstanding.

(b) Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of surplus assets in proportion to the number of, and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

Notes to the Financial Statements

for the year ended 30 June 2002

	Consolidated		Parent	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000
20. Reserves:				
Foreign Currency Translation				
Opening balance	(79)	(97)	-	-
Gain(Loss) on translation of overseas controlled entities	73	18	-	-
Closing balance	(6)	(79)	-	-

Foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of self sustaining foreign operations.

21. Retained Profits and Dividends:

Retained Profits

Balance at beginning of year	1,346	1,128	1,585	1,355
Dividends provided for or paid	(193)	(97)	(193)	(97)
Net profit	577	315	483	327
Balance at the end of year	1,730	1,346	1,875	1,585

Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and franking debits arising from payment of dividend liability at reporting date and franking credits that may be prevented from distribution in subsequent financial years	5,563	5,032	4,282	4,010
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Dividends Paid or Provided on Ordinary Shares

Dividends proposed				
Franked dividends (1.0 cent per share) (2001: 0.5 cents)	193	97	193	97
Dividends paid during the year				
Previous year final franked dividends (0.5 cents per share) (2001: 0.5 cents)	97	97	97	97

Dividend Franking

All dividends paid during the year were fully franked at 30%. Dividends declared to be paid after 1 July 2002 will be fully franked at the rate of 30%.

Notes to the Financial Statements

for the year ended 30 June 2002

	Consolidated		Parent	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000
22. Lease Commitments:				
Operating lease commitments payable:				
- not later than one year	1,046	982	-	-
- later than one year and not later than five years	1,176	1,566	-	-
	2,222	2,548	-	-

Operating leases have been entered into for motor vehicles, office equipment and property and have an average lease term of 4 years. 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.

23. Auditors Remuneration:

Amounts received or due and receivable for audit or review of the financial reports:

Ernst & Young	57	-	5	-
Arthur Andersen	12	64	-	4
	69	64	5	4

Amounts received or due and receivable by the auditors for other services:

Ernst & Young	-	-	-	-
Arthur Andersen	5	4	-	-
	5	4	-	-

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	-	-
\$180,001 - \$190,000	1	-	-	-
The aggregate income of directors referred to in the above bands was	297	266	116	115

(b) Income of executives

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

\$130,001 - \$140,000	-	1	-	-
\$140,001 - \$150,000	1	1	-	-
\$150,001 - \$160,000	-	1	-	-
\$160,001 - \$170,000	1	-	-	-
\$180,001 - \$190,000	1	-	-	-
The aggregate income of executives referred to in the above bands was	489	424	-	-

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 2002

	Consolidated		Parent	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000
25. Employee Entitlements:				
Accrued salaries and wages and on costs	183	142	-	-
Provision current	800	658	239	221
Provision non current	165	149	62	55
	1,148	949	301	276
Number of employees at year end	85	77	-	-

Share Option Plan

A share option plan has been established where executive directors and certain members of staff of the consolidated entity are issued with options over ordinary shares of Multispares Holdings Limited. The options, issued for nil consideration are issued when certain performance guidelines established by the directors of Multispares Holdings Limited are achieved. The options are generally issued for terms ranging from 2 years to 5 years and are generally exercisable on the second anniversary of the date of issue. The option cannot be transferred and will not be quoted on the ASX. There is currently one executive director and five staff participating in this plan.

Information with respect to the number of options granted under the share option plan is as follows:

	2002		2001	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at beginning of year	250,000	0.14	-	-
Issued	500,000	0.20	250,000	0.14
Exercised	-	-	-	-
Balance at end of year	750,000	0.18	250,000	0.14

The following table summarises information about options outstanding and exercisable at 30 June 2002:

Option Price	Options	Outstanding		Exercisable	
		Average option life	Average option price	Number of options	Average option price
0.13	125,000	0.5	0.13	125,000	0.13
0.15	125,000	1.5	0.15	125,000	0.15
0.20	500,000	4.5	0.20	-	-
	750,000			250,000	

Superannuation Commitments

The consolidated entity maintains superannuation funds covering Australian employees. Each Australian entity in the consolidated entity has a legal obligation to contribute 8% of the employees' ordinary earnings 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.

Notes to the Financial Statements

for the year ended 30 June 2002

26. Segment information:

Business segments

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

Geographical segments	Australia		New Zealand		Eliminations		Consolidated	
	2002	2001	2002	2001	2002	2001	2002	2001
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000

Revenue

Sales to customers outside the consolidated entity	22,092	18,738	4,252	3,144	-	-	26,344	21,882
Other revenues from outside the consolidated entity	796	123	14	108	-	-	810	231
Intersegment revenues	1,330	1,043	25	9	(1,355)	(1,052)	-	-
Total segment revenues	24,218	19,904	4,291	3,261	(1,355)	(1,052)	27,154	22,113

Results

Segment results	708	458	145	58	(8)	(13)	845	503
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Consolidated entity profit from ordinary activities before income tax expense							845	503
Income tax expense							(268)	(188)

Consolidated entity profit from ordinary activities after income tax expense							577	315
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Net profit							577	315
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Assets

Segment assets	14,159	13,101	1,814	1,405	(1,285)	(1,264)	14,688	13,242
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Liabilities

Segment liabilities	7,447	6,687	879	644	(199)	(193)	8,127	7,138
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Other segment information

Acquisition of property, plant and equipment, intangible assets and other non current assets	183	298	48	26	-	-	231	324
Depreciation	297	281	28	20	-	-	325	301
Non-cash expenses other than depreciation	239	194	15	38	-	-	254	232

Segment accounting policies are the same as the consolidated entity's policies described in Note 1. During the year, there were no changes in segment accounting policies that had a material effect on the segment information.

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

Revenue is attributed to geographical areas based on location of the assets producing the revenues.

27. Contingent Liabilities:

As explained in Note 9 the parent entity has entered a Deed of Cross Guarantee in accordance with a Class Order issued by the Australian Securities & Investments 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.

Notes to the Financial Statements

for the year ended 30 June 2002

	Consolidated		Parent	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000
28. Notes to the Statement of Cash Flows:				
(a) Reconciliation of cash				
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:				
Cash on hand	16	8	-	-
Cash at bank	276	14	-	5
Bank (overdraft) (Note 13)	-	(224)	-	-
	292	(202)	-	5
(b) Reconciliation of net profit after tax to the net cash flows from operations				
Net profit after income tax	577	315	483	326
Adjustments for non-cash income and expense items:				
Dividends received	-	-	(420)	(315)
Profit on sale of property, plant and equipment	(26)	13	(31)	-
Depreciation of property, plant and equipment	325	301	7	8
Other	-	-	17	18
Transfers to provisions:				
-Inventory obsolescence	7	53	-	-
-Employee entitlements	152	107	24	25
-Doubtful debts	16	15	-	-
Increase (decrease) in provision for:				
-Income tax payable	(86)	125	(2)	(7)
-Deferred taxes	(94)	(33)	(6)	(8)
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	(523)	(361)	-	-
Inventories	(1,300)	(1,329)	-	-
Other assets	89	2	-	(2)
(Decrease) increase in:				
Trade creditors and accruals	787	878	(7)	10
Net cash flow from operating activities	(76)	86	65	55

Notes to the Financial Statements

for the year ended 30 June 2002

	Consolidated		Parent	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000
29. Financing Facilities Available:				
At balance date the following facilities had been negotiated and were available				
Total credit facilities	3,024	3,030	-	-
Amount utilised	(2,245)	(2,099)	-	-
Unused credit facility	779	931	-	-
The major facilities are summarised as follows:				
Bank overdrafts				
Credit facility (i)	674	830	-	-
Amount utilised	(70)	(224)	-	-
Unused credit facility	604	606	-	-
Bank loans				
Credit facility (ii)	1,000	850	-	-
Credit facility (iii)	1,000	1,000	-	-
Amount utilised	(1,975)	(1,675)	-	-
Unused credit facility	25	175	-	-
Documentary credit facility				
Credit facility (i)	350	350	-	-
Amount utilised	(200)	(200)	-	-
Unused credit facility	150	150	-	-

- (i) No specific expiry date
- (ii) Expires November 2004
- (iii) Expires July 2003

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 2002

30. Financial Instruments:

a) 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) \$000	Fixed interest rate maturing			Non- interest bearing \$000	Total \$000	Average interest rate	
		1 year or less \$000	1 to 5 years \$000	Over 5 years \$000			floating %	fixed %
30 June 2002								
Financial assets								
Cash	276	-	-	-	16	292	2.8	-
Receivables	-	-	-	-	4,130	4,130	-	-
	276	-	-	-	4,146	4,422		
Financial liabilities								
Payables	-	-	-	-	4,729	4,729	-	-
Bank loans	-	100	1,875	-	-	1,975	-	7.8
Other loans	-	62	18	-	-	80	-	8.8
	-	162	1,893	-	4,729	6,784		
30 June 2001								
Financial assets								
Cash	14	-	-	-	8	22	3.0	-
Receivables	-	-	-	-	3,616	3,616	-	-
	14	-	-	-	3,624	3,638		
Financial liabilities								
Payables	-	-	-	-	3,942	3,942	-	-
Bank loans	899	1,000	-	-	-	1,899	7.8	8.6
Other loans	-	23	78	-	-	101	-	8.8
	899	1,023	78	-	3,942	5,942		

(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 2002

30. Financial Instruments (continued):

b) Foreign Exchange Risk

The consolidated entity is exposed to the risk of adverse movements in the Australian dollar relative to certain foreign currencies. To manage this 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.

Currency		Average exchange rate		2002	2001
		2002	2001	Buy \$000	Buy \$000
German deutschemark	3 months or less	-	1.18	-	564
Japanese yen	3 months or less	70.0	62.1	177	147
Great British pound	3 months or less	-	0.37	-	37
Italian lire	3 months or less	-	1,160	-	35
Euro currency	3 months or less	0.59	0.61	661	30
US currency	3 months or less	0.54	-	14	-
Total				852	813

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	Great German mark \$000	Japanese yen \$000	British pound \$000	Italian lire \$000	United States dollar \$000	Swedish kroner \$000	Euro currency \$000	Total \$000
30 June 2002									
Financial assets									
Cash	1	-	-	-	-	-	-	6	7
Receivables	695	-	-	-	-	-	-	-	695
	696	-	-	-	-	-	-	6	702
Financial liabilities									
Payables	418	-	353	34	-	26	39	1,609	2,479
Bank loans	70	-	-	-	-	-	-	-	70
	488	-	353	34	-	26	39	1,609	2,549
30 June 2001									
Financial assets									
Cash	13	14	-	-	-	-	-	-	27
Receivables	577	-	-	-	-	-	-	-	577
	590	14	-	-	-	-	-	-	604
Financial liabilities									
Payables	329	1,064	304	45	35	40	39	40	1,896

Notes to the Financial Statements

for the year ended 30 June 2002

30. Financial Instruments (continued):

c) Credit Risk Exposure

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 debts. The consolidated entity minimises the concentration 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.

d) 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 9.

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

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

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 2002: \$256,000 (2001: \$229,000).

g) Directors' Shareholdings

	2002	2001
Ordinary share options acquired by Directors from the parent entity during the year	150,000	250,000
Shares and share option held by Directors in parent entity at end of the year		
Directly		
Ordinary shares	6,877,156	6,877,156
Ordinary share options	400,000	250,000
Indirectly		
Ordinary shares	-	416,344

Directors' Declaration

In accordance with a resolution of the directors of Multispares Holdings Limited, I state that:

(1) In the opinion of the directors:

- (a) the financial statements and notes of the company and of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2002 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

(2) 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 9 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.

On behalf of the Board



H R Forsyth
Director

Sydney
29 August 2002

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 2002, as set out on pages 10 to 33, including the Directors' Declaration. The financial report includes the financial statements of Multispares Holdings Limited, and 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 2002 and of their performance for the year ended on that date; and
- (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

Ernst & Young



Christopher George

Partner

Sydney

29 August 2002

ASX Additional Information

a) Shareholdings

- a) The distribution of members and their holdings of 25 cents fully paid shares as at 27 August 2002 in the company's register was as follows:-

			Shareholdings
1	to	1,000	21
1,001	to	5,000	118
5,001	to	10,000	65
10,001	to	100,000	77
100,001	to	and over	33
Total shareholders			<hr/> <u>314</u>

- b) The number of shareholders who hold less than a marketable parcel is 74.

c) Directors Interests

Relevant interests of directors in the share capital and options of the company as at 27 August 2002.

- (i) H R Forsyth is deemed to have a relevant interest in shares held by Hergfor Enterprises Pty Ltd, a substantial shareholder (6,083,314 shares).
 - (ii) H M O Anderson is deemed to have a relevant interest in shares held by Birubi Super Fund (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 holds 125,000 ordinary shares of the company and options to acquire a further 275,000 ordinary shares and is deemed to have a relevant interest in shares held by D G Stewart (200,000 shares).
- 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 Ernst & Young 321 Kent 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.

ASX Additional Information

l) Twenty largest shareholders

At 27 August the twenty largest shareholders were:

Name	Ordinary Shares Held
Hergfor Enterprises Pty Ltd	6,083,314
Ewell Investments Pty.Ltd.	1,012,292
Bilbini Pty Ltd	792,133
Butomen Pty Ltd	730,000
Mrs J E Davies	600,000
Dixson Trust Pty Ltd	550,000
Sherkane Pty Ltd	500,000
Trilon Nominees Pty Ltd	500,000
Mr M Nakayama	482,875
Birubi Super Fund	400,000
Mr F Alakus & Mrs A Alakus	354,000
I J Kennedy Pty Ltd	302,100
Mr D Woodcock	300,000
Mr G Forsyth	298,524
Niederer Asset Management Pty.Ltd.	292,000
Trazrail Pty.Ltd.	276,922
Meadgate Pty Ltd	236,700
Mr S Kahlert & Mrs B Kahlert	235,600
Mr G Wieland	235,094
Forest Coach Lines Pty.Ltd. (Retirement Fund)	223,000

The twenty largest shareholders held 14,404,554 ordinary shares equal to 74.0% of issued ordinary shares.

The company's register of substantial shareholders at 27 August 2002 are:

Hergfor Enterprises Pty Ltd	6,083,314
L.A. Niederer and Company Pty.Ltd.	1,373,594
Ewell Investments Pty.Ltd.	1,012,292

Corporate Governance Statement

The Board of Directors

The Board of Directors is responsible for the corporate governance of the consolidated entity. The Board sets the strategic direction, establishes the policies of Multispares Holdings Limited and ensures 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 who is appointed by the Board.

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 of and reviews the scope of work and reports of the external auditors and monitors their independence. Assesses the adequacy of accounting, financial and operating controls.
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.

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.

Monitoring Board's Performance

In order to ensure the Board continues to discharge its responsibilities in an appropriate manner, the performance of all Directors is reviewed annually by the Chairman. Directors whose performance is unsatisfactory are asked to retire.

Communication to Shareholders

The Board aims to ensure that shareholders are informed of information necessary to assess the performance of Directors. Information is communicated through

- Annual report which is distributed to shareholders.
- Annual general meeting and other meetings which may be called to obtain approval for Board action as appropriate.

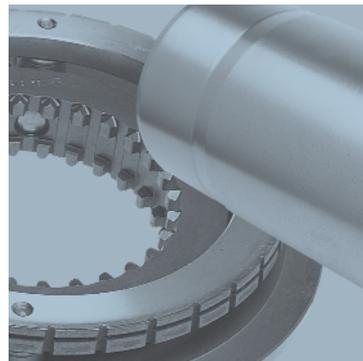
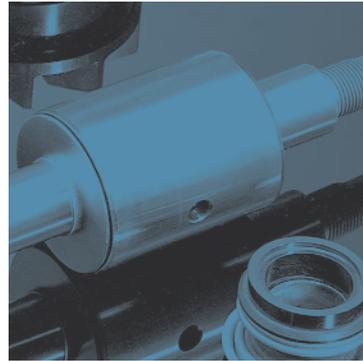
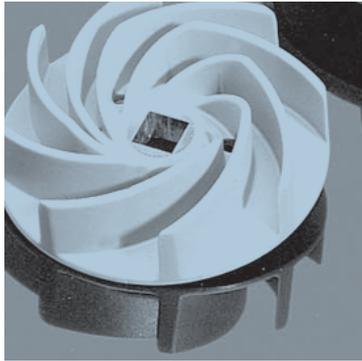
Five Year Consolidated Finance Summary

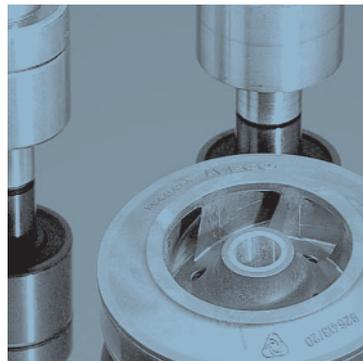
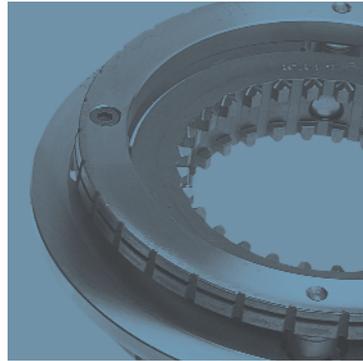
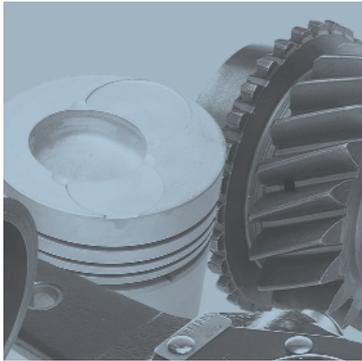
	2002	2001	2000	1999	1998
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Financial data:</u>					
Sales revenue	26,344	21,882	21,194	20,385	23,141
Total revenue	27,154	22,113	21,369	20,562	23,669
EBITDA	1,391	977	655	9	1,486
EBIT	1,066	676	380	(423)	858
Profit (loss) before tax	845	503	221	(585)	692
Profit (loss) after tax	577	315	106	(585)	338
Earnings per share (cents)	2.98	1.63	0.55	(3.02)	1.50
Dividends (cents per share)	1.00	0.50	0.50	-	1.50
Total assets	14,688	13,242	11,681	11,393	12,514
Total interest bearing debt	2,055	2,001	1,787	1,675	1,900
Total equity	6,561	6,104	5,868	5,880	6,507
Cash flow from (used) in operating activities	(76)	86	(83)	431	960
Cash flow from (used) in investing activities	390	(193)	(167)	(410)	(615)
Cash flow from (used) in financing activities	180	69	(14)	(372)	(180)
Net movement in cash	494	(38)	(264)	(351)	165
<u>Financial ratios:</u>					
Inventory turnover (a)	2.4	2.1	2.2	2.5	2.8
Interest cover (b)	6.3	5.6	4.13	0.06	7.85
Gearing (c)	31.3%	32.8%	30.5%	28.5%	29.2%
Net tangible asset backing (cents per share)	33.9	31.5	30.3	28.6	31.1
Return on average total assets	4.1%	2.5%	0.9%	-4.9%	2.7%
Return on average total equity	9.1%	5.3%	1.8%	-9.4%	5.2%

(a) Inventory turnover (times) - cost of goods sold divided by average net finished goods

(b) Interest cover (times) - ebitda divided by interest

(c) Gearing - total interest bearing debt as a % of total equity







Regional Distribution



Multispares Holdings Limited

ACN 003 135 680